



Health
Nepean Blue Mountains
Local Health District

CM Ref: 23/ 28542

2 August 2023

Mr Strehon Billingham
Chief Executive Officer
Hawkesbury District Health Service



Dear Strehon

Interim 2023 -24 Service Agreement schedules

As you are aware, the deferral of the NSW 2023- 24 Budget until 19 September 2023 necessitates a staged approach to the service agreements and budget allocation for the financial year 2023 -24.

An Instrument of Authorisation has been issued allowing clusters to access Consolidated Funds from 1 July 2023 in accordance with the *Government Sector Finance Act 2018*. This replaces the authority of an Appropriation until the NSW Budget is handed down and allows the Ministry to issue an interim funding allocation, which includes approved escalations and savings initiatives.

There is no requirement that this letter be signed by the Board Chair and Chief Executive .

The Interim NSW State Efficient Price and initial annual activity targets may be adjusted depending on the nature and scope of the NSW Budget in September 2023 . The Interim NSW State Efficient Price for 2023 -24 of \$5,161 per NWAU23, has been informed by the Cost per NWAU data of the 2021-22 District and Network Returns (DNR Clinical Costing Study). The district's performance will continue to be monitored by the System Sustainability and Performance Division in line with the NSW Health Performance Framework. NBMLHD will continue with local performance framework arrangements.

NBMLHD has to date received zero additional growth for business-as-usual activities in the LHD budget allocation. However please note we are in receipt of additional *Deferred Care* funding to address ongoing elective surgery backlog waitlists .

This letter is to formally advise HDHS of the following:

- * The interim FY24 activity allocation is consistent with the FY23 initial NWAU allocation (adjusted to version NWAU23)
- * NBMLHD & HDHS are to agree in writing by CoB 4 August 2023 the quantum of deferred care funding required to address waitlist backlog by 31 December 2023.
- * Non-ABF components of HDHS budget are set at FY23 amounts pending the finalisation of the NSW State budget in September.

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HDHS – Full Year activity and 1st Qtr.

Stream	Full Year	1st Qtr.
Acute	9,329	2,482
Emergency	3,699	880
Sub-Acute	1,166	259
Non-Admitted	1,330	402
TOTAL	15,525	4,023

In addition to NWAU funding, NBMLHD is committed to funding TTR & TACP to the same level as provided in FY23, noting the amounts for FY23 were \$1.570 M & \$0.916M respectively. Funding provided for Aboriginal Health in FY23 will also be acknowledged in the FY24 allocation.

As per prior year allocations a purchasing adjutor will be applied to the budget allocation. I can confirm the FY24 adjutor for HDHS is \$0.134M.

The escalation provided to date in the NBMLHD Interim allocation is 2.51%, comprising CPI for both employee related and goods & services expenses. This section is built into the state price. Noting wage determinations for FY24 are yet to be finalised, it is acknowledged the full effect of future wage increase is not fully factored into the NSW State price. NBMLHD is yet to receive formal advice to advise the NSW Government's funding offer to NSW Health and its entities.

Capital Allocation

NBMLHD continues to work with both SJOG & NSW Ministry of Health on a contract extension beyond the current end date. Consultants are yet to complete the comprehensive audit of HDHS assets which, once complete, will inform future capital allocations from NSW Health. As an interim approach, NBMLHD will make representations to the NSW Health Chief Financial Officer seeking the continuation of the \$500k allocation provided to HDHS in FY24. Further advice will be provided in due course.

Actions required

- * Acknowledge receipt of this letter by email to:
[REDACTED]
- * Provide workings to Luke Bellman to support Deferred Care activity provision (volume and forecast NWAU).

Should you require further information or have specific questions about the Service Agreement, please contact Luke Bellman, Director Finance & Corporate Services.

Yours sincerely



Vanessa Clements
A/Chief Executive
Nepean Blue Mountains Local Health District