



Performance Framework 2016 - 17

SA Health



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state of health.

Contents

1. Overview	3
2. Purpose and Scope of the Performance Framework	3
2.1. Attributes of the Performance Framework	4
3. Performance Requirements	4
3.1. Key Performance Indicators	4
3.2. Service Measures and Standards	5
3.3. Other Measures	5
4. Operation of the Performance Framework	5
4.1. Overview	5
4.2. Performance Review Process	6
4.3. Performance Assessment Criteria and Performance Triggers	6
4.4. Process for Escalation and De-escalation	7
5. Governance Arrangements	9
5.1. DHA Roles and Responsibilities	9
5.2. LHN/SAAS Roles and Responsibilities	9

1. Overview

This Framework applies to the Local Health Networks (LHNs), South Australia Ambulance Service (SAAS) and State-wide Clinical Support Services (SCSS) and sets out the framework within which the Department for Health and Ageing (DHA) monitors and assesses the performance of public sector health services in South Australia.

It includes the performance expected of health services to achieve levels of health improvements, service delivery and financial performance as set out in their Service Level Agreements (SLAs) and responses to performance concerns and management processes that support achievement of the outcomes in accordance with government policy. This framework aligns to the revised governance arrangements and structures within SA Health.

A broad range of strategic and performance expectations for the SA Health system are articulated in the SLAs, including performance expectations agreed through a range of national agreements and the National Health Performance Authority Performance Framework and associated indicators.

2. Purpose and Scope of the Performance Framework

This framework provides an integrated process for performance review and assessment and forms an integral component of the service agreement framework that underpins the relationship between the DHA and each LHN, SAAS and SCSS.

It outlines a transparent monitoring process through which performance will be assessed, responses in cases of poor performance and where performance concerns arise, the process of escalation and collaboration to restore and maintain effective performance. The identification of high performance will also be recognised and lessons will be shared across SA Health. At all times, the DHA aims to work with LHNs, SAAS and SCSS to restore and maintain effective performance.

The SA Health Performance Framework comprises:

- Annual SLAs.
- Clearly stated performance requirements including strategic priorities and governance requirements as outlined in the SLAs.
- The roles and responsibilities of LHNs, SAAS, SCSS and the DHA in the operation of the framework.
- Key Performance Indicators (KPIs) and performance thresholds that if not met may raise a performance concern.
- Transparent monitoring and reporting processes.
- Clear levels of response to address performance issues.
- Robust governance processes through which escalation/de-escalation of responses is determined.

2.1 Attributes of the Performance Framework

Transparency	Clear agreed performance milestones to achieve performance targets.
Accountability	Clear roles and responsibilities of the DHA, LHNs, SAAS and SCSS who all have a role to play in ensuring that performance expectations are met.
Responsiveness	Performance issues are identified early and responses are timely.
Predictability	It is clear what constitutes good performance and when performance concerns arise what responses are required.
Recovery	Ensure recovery plans are clear and practical.
Integrated	The Performance Framework incorporates SA Health Strategic Priorities and links the objectives of safe, effective, patient centred and efficient health service delivery.
Consistency	Responses to poor performance are proportionate to the issue being addressed and based on the level of risk.
Recognition	Sustained and/or superior performance is appropriately recognised and lessons from good practice are shared.
Informed Purchasing	The Performance Framework provides a process for pre-emptive and pro-active decision making to support current and future service needs.

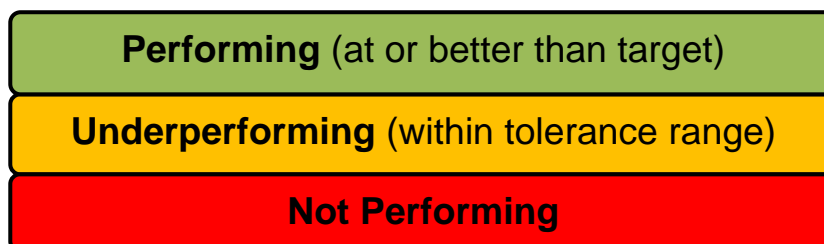
3. Performance Requirements

LHNs, SAAS and SCSS are to meet the performance requirements as set out in the SLAs, within the allocated budget and specifically:

- Managing activity volumes within agreed parameters.
- Achieving the required productivity improvements and implementation of agreed service transfers and other agreed plans.
- Achieving KPI Targets to support implementation of Transforming Health and other key strategic priorities. The KPIs are grouped into headline and supporting indicators under the following performance domains:
 - Equity and Access
 - Safety and Quality of Care
 - Productivity and Efficiency
 - Finance
 - People and Culture

3.1 Key Performance Indicators

KPIs have been established for which performance targets have been determined. Performance against these indicators is reported in the Monthly Performance Report prepared by DHA. The performance of an LHN or SAAS is assessed in terms of whether it is meeting the performance targets for individual KPIs.



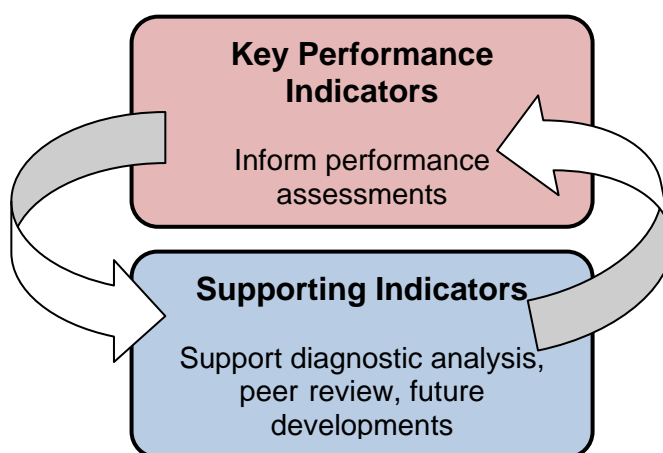
A tolerance band for each indicator has been set. Actual performance for each indicator will be assessed to determine whether the indicator is outside the tolerance band.

Key performance indicators (Tier 1) generate a performance concern where performance is outside the tolerance threshold for the applicable reporting period.

3.2 Supporting Indicators

In addition to KPIs, the DHA will continue to monitor a range of other indicators (Tier 2) which provide context to KPI performance and allow for more detailed analysis and interrogation of a broad range of factors that may impact on performance in order to gain a more comprehensive understanding and ‘tell the story’.

The level of performance concern in each case is determined by the particular indicator, the seriousness of the issue, the speed with which the situation could deteriorate further and the time it would take to achieve turnaround.



The technical specifications and tolerance bands for each KPI can be obtained at <http://metadata.health.sa.gov.au>.

LHNs are required to flow their activity caps by month and provide them to the DHA (a template will be provided). Performance during the year will be monitored against the monthly caps.

LHNs and SAAS may also be required to flow their targets by month to reflect the level of anticipated progress towards the annual target, aligned to agreed strategies and operational plans.

3.3 Service Measures and Standards

In addition to key and supporting performance indicators, a range of service standards have been agreed through Transforming Health which will be applied to future service redesign and development and implementation of new service models. Service measures may be included in the performance reports to assist in monitoring performance against these service standards and other agreed outcomes.

3.4 Other Measures

In addition to the above, DHA will continue to monitor a broad range of measures, including strategic priorities, emerging health issues, reporting requirements to the Commonwealth and participation in nationally agreed data collections with which health services need to comply. These measures may assist with benchmarking, ensuring compliance with any mandatory standards and ongoing development, providing insight on potential future areas of focus.

Supporting indicators and other measures will be reported through similar processes to the KPIs, when data is made available. Performance issues related to these monitoring measures will be discussed with the LHN/SAAS/SCSS and may become a KPI(s) until the performance issue is resolved.

4. Operation of the Performance Framework

4.1 Overview

The operation of the Performance Framework involves:

- Ongoing review of the performance with each LHN/SAAS/SCSS.
- Identifying performance issues and determining appropriate responses.
- Determining when a performance recovery plan is required.
- Determining when the performance response needs to be escalated or can be de-escalated.
- Determining when an LHN/SAAS/SCSS no longer needs a performance response.

4.2 Performance Review Process

The following are the key steps in the performance review process:

- Distribution of an integrated, Monthly Performance Report detailing performance against the KPIs and supporting indicators and service/other measures. LHNs, SAAS and SCSS may be required to provide input in the production of this report and/or response to the assessment.
- Pro-active conversations between the Department and LHNs/SAAS and SCSS on an ongoing basis.
- Monthly Contract Performance Meetings between DHA and the LHN/SAAS/SCSS coordinated by System Performance and Service Delivery (SPSD), where performance will be formally reviewed and to monitor delivery of recovery plans and mitigation strategies where applicable.
- Where a performance issue is identified, confirmation of the issue with the LHN/SAAS/SCSS and determination of appropriate action to address the issue in accordance with the Performance Framework.
- Bi-annual performance review to identify key priorities for resolution in year, to inform any mid-year budget allocation/changes and variations to the SLA and to support negotiations in relation to the development of the SLA for the following year.

Where a performance issue is identified, the frequency of meetings may be increased until the issue is resolved. Depending on the issues under review, attendance by the CE may be indicated.

Contract Meetings are coordinated by the SPSPD Division and chaired by the Deputy CE, System Performance and Service Delivery. The meetings are held in a centrally convenient location and videoconference facilities will be available to enable participation.

During 2016/17 the Project Management Office (PMO) will continue to support successful delivery of the Transforming Health (TH) Program with a primary focus to advise, guide and provide assurance services to the TH Implementation Committee and other SA Health decision making bodies, in respect to key actions to be made in the achievement of program milestones and benefits (related to service delivery change). The PMO will complement performance monitoring arrangements articulated in the Performance Framework, working closely with key functional groups across SA Health and the TH Implementation Partner in monitoring and reporting on the implications of delivery progress on program outcome achievement.

4.3 Performance Assessment Criteria and Performance Triggers

Assessments will be made primarily through consideration of the Monthly Performance Reports prepared by DHA along with information provided by the LHN/SAAS/SCSS.

Table 1: Performance Assessment Criteria and Triggers

Performance Requirement	Performance Trigger
Strategic Priorities	Failure to make satisfactory progress or achieve key milestones.
Tier 1 KPIs	Generate a performance concern where performance is outside the tolerance threshold for the applicable reporting period.
Tier 2 KPIs	Generate a performance concern when performance is outside of the tolerance threshold for at least more than one reporting period.
Agreed turnaround and/or recovery plans	Failure to meet designated critical milestones as per the agreed turnaround and/or recovery plan.

A turnaround plan relates to a financial and operational strategy to align expenditure to budget over an agreed timeframe. A recovery plan is an agreed strategy and timeline to address a specific performance concern.

At each Contract Performance Meeting, the LHN/SAAS/SCSS will report on performance against KPIs and the progress of recovery plans to address performance outside tolerance bands.

Annual review

A formal annual review of performance under the SLA will be undertaken between the SA Health CE and the CEO of each LHN/SAAS and Group Executive Director, SCSS. The annual review will consider performance against the annual KPIs and assess capability to achieve the outcomes identified for the following year. A target will be considered met if the annual target value lies within the tolerance limit of the target.

A review will also be undertaken on an annual basis to assess LHN, SAAS and SCSS capability to achieve the outcomes identified in the SLAs.

4.4 Process for Escalation and De-escalation

The following processes are undertaken to determine whether the performance of the LHN/SAAS/SCSS warrants escalation/de-escalation:

- Where there are no existing performance concerns and a performance concern arises (any of the Tier 1 indicators), the issue will be discussed directly with the LHN/SAAS/SCSS or at the next Contract Performance Meeting depending on the nature of the concern. The LHN/SAAS/SCSS will be asked to report on underlying factors and if appropriate, may be asked to develop a recovery plan.
- Through discussions, and depending on the nature of the performance issue, there may be opportunity for support from other LHNs, SAAS or other Health Services and/or DHA to assist in performance improvement, such as tools, techniques and staffing resource.
- Implementation of the recovery plan (if applicable) and subsequent performance will continue to be monitored through the Contract Performance Meetings. Where performance does not improve, the performance issue may be escalated to the CE. Further actions may be agreed where performance does not improve, including financial implications, and targets may be adjusted to reflect the agreed recovery plan.
- Where there is an existing performance concern, progress will be assessed to determine whether sufficient improvement has been made or whether performance escalation is required to CE.
- Where there is significant variation in Tier 2 indicators or failure to make satisfactory progress in relation to strategic priorities, including milestones associated with delivery of

Transforming Health, these will be reviewed at the Contract Performance Meetings and a formal recovery plan may be requested. Where performance does not improve, the performance issue may be escalated to the CE.

- Following a Contract Performance Meeting, the DHA will distribute the agreed actions from the meeting within 5 working days.
- Where the performance concern is sustained, despite mitigation strategies in place, or performance deteriorates further, the matter is referred to the SA Health CE and Minister for Health for resolution.

The following table summarises the steps that guide a decision to escalate or de-escalate. Escalation and de-escalation may not be sequential. The initial level of escalation and response is based on the seriousness of the performance issue, the likelihood of rapid deterioration and the magnitude of the issue.

Table 2: Performance Escalation Levels

Level of Response	Point of Escalation	Point of De-escalation	Response
<p>Level 1</p> <p>“Under Review”</p> <p>Assessment and advice</p>	<p>Performance issue identified</p>	<p>The issue is satisfactorily resolved</p>	<p>DHA notifies LHN /SAAS/SCSS CEO/Group Executive Director of escalation to Level 1.</p> <p>The LHN/SAAS/SCSS CEO/Group Executive Director to provide formal advice on:</p> <ul style="list-style-type: none"> • reasons that led to the performance issue • whether any action is required and if so, intended action and timeframe • There may be opportunity for support such as tools, techniques and staffing resource as appropriate
<p>Level 2</p> <p>“Under-performing”</p> <p>Recovery plan required</p>	<p>DHA/Contract Meeting considers that a formal recovery plan is required (original issue that triggered level 1 is not resolved and/or other performance issues emerge)</p>	<p>The issue is resolved and does not re-emerge for at least one more reporting period (month/quarter as appropriate)</p>	<p>DHA notifies LHN/SAAS/SCSS CEO/Group Executive Director of escalation to Level 2.</p> <p>The LHN/SAAS/SCSS CEO/Group Executive Director is required to:</p> <ul style="list-style-type: none"> • undertake an in-depth assessment of the problem and identify mitigation • provide a detailed recovery plan for approval at Contract Meeting (timeframe for recovery will be agreed) • report progress • Support may be provided to work collaboratively to develop and implement appropriate strategies
<p>Level 3</p> <p>“Serious under-performance risk”</p> <p>Additional support and involvement</p>	<p>The recovery plan is not progressing well and is unlikely to succeed without additional support/input</p> <p>A revised recovery strategy has been developed</p>	<p>The revised recovery strategy has succeeded and the performance issue is improving (shows no indication of re-emergence in the ensuing 3 months)</p>	<p>SA Health CE will meet with LHN/SAAS/SCSS CEO/Group Executive Director to formally advise of escalation to Level 3 and to agree recovery strategy.</p> <p>This may require assigning support from DHA to work collaboratively with LHN/SAAS/SCSS to develop and implement the strategy or to have more direct involvement in the operation of the service and/or other measures such as commissioning an independent/external review of governance, management, capability)</p> <p>LHN/SAAS/SCSS CEO/Group Executive Director is required to demonstrate that turnaround is achievable within a reasonable timeframe</p> <p>Progress will be formally monitored for an agreed timeframe. The timing and scope of any action will be determined by the nature of the performance issue/s.</p>
<p>Level 4</p> <p>“LHN/SAAS/SCSS challenged and failing”</p> <p>Changes to the governance of the LHN/SAAS/SCSS may be required</p>	<p>The recovery strategy has failed</p>	<p>The performance issue has improved and there is demonstrable evidence that the LHN/SAAS/SCSS now has the issue under control/capability</p>	<p>The SA Health CE/ Minister for Health will meet with LHN/SAAS/SCSS to formally advise of escalation to level 4.</p> <p>The timing and scope of any action will be determined by the nature of the performance issues and is likely to involve formal turnaround measures.</p>

4.5 Superior Performance

A consistently high performing health system is a key goal for the DHA. The Performance Framework aims to contribute to an overarching objective of continuous and sustainable performance improvement. Consistently high performance or significant improvement will facilitate recognition of achievements and sharing of good practice and innovation.

5. Governance Arrangements

This section outlines the arrangements that govern the activities, roles and responsibilities of both the DHA and LHNs/SAAS/SCSS to operationalise this Performance Framework.

5.1 DHA Roles and Responsibilities

The DHA is responsible for monitoring and reviewing the overall performance of the publicly funded health system.

SPSD will be responsible for the overall coordination of the DHA activities under the Performance Framework to enable a collaborative approach to performance improvement. All performance issues that require a response and/or escalation will be channelled through a single, integrated process.

The coordination by SPSPD includes:

- Liaison with other Branches and Divisions to prepare consolidated performance reports and undertake performance analysis.
- Preparation of a Monthly Performance Report for Contract Meeting discussions with LHNs, SAAS and SCSS.
- Scheduling and coordination of monthly Contract Performance Meetings and escalation processes.
- Maintaining records of performance assessment outcomes, turnaround and recovery plans.
- Issuing formal actions agreed during Contract Meetings within 5 business days.
- Arranging the appropriate level of support when further escalation is required, including liaison with other LHNs and Health Services where required to support recovery plans in order to ensure there is a coordinated approach.
- Identification of initiatives, evidence, policies or processes that will or may contribute to addressing performance turnaround (e.g. new model of care).

All Divisions will work closely to ensure a coordinated and consistent approach. The DHA Purchasing and System Performance Committee will provide advice and support to SA Health CE to assist in managing performance and to ensure clear and consistent messages and processes. In particular the Committee will determine funding and activity methodologies, policies, protocols and appropriate performance measures to enable the health system to perform effectively.

Other Divisions will continue to have dialogue with LHNs, SAAS and SCSS on a range of policy and program matters as required.

5.2 LHN/SAAS/SCSS Roles and Responsibilities

- Each LHN, SAAS and SCSS is to have in place an effective internal performance framework which supports delivery of the SLA, including:
 - Processes to actively monitor the KPIs and other measures.
 - Appropriate governance arrangements in place for performance management and improvement that include clearly identified accountabilities and responsibilities.

- Identification of delegated responsibility at service level for delivery against KPIs.

Each LHN/SAAS/SCSS will:

- Report promptly to DHA any emerging or potential performance issues and/or performance risks including immediate actions taken and/or early assessment of actions that may be required to prevent the issue from deteriorating.
- Ensure information is submitted in accordance with requirements of each data collection, ensuring data quality and timeliness.
- Ensure the provision of information and/or analysis to support performance monitoring and improvement processes, including preparation and submission of progress reports and risk assessments for achieving successful outcomes and options to mitigate any risks to the monthly Contract Meetings as required.
- Work collaboratively with DHA to resolve performance issues and adhere to all responses to performance concerns as determined.
- Establish and maintain a culture of performance improvement by:
 - Promoting the Performance Framework at all levels within the LHN/SAAS/SCSS.
 - Identifying shortfalls in relation to performance and devising and implementing appropriate support and development arrangements to facilitate long-term and sustainable delivery.
 - Providing relevant tools and resources to enable effective performance improvement and ensuring that key staff understand their performance responsibilities and the consequences of not effectively executing these.
 - Ensuring active monitoring of implementation of agreed actions.