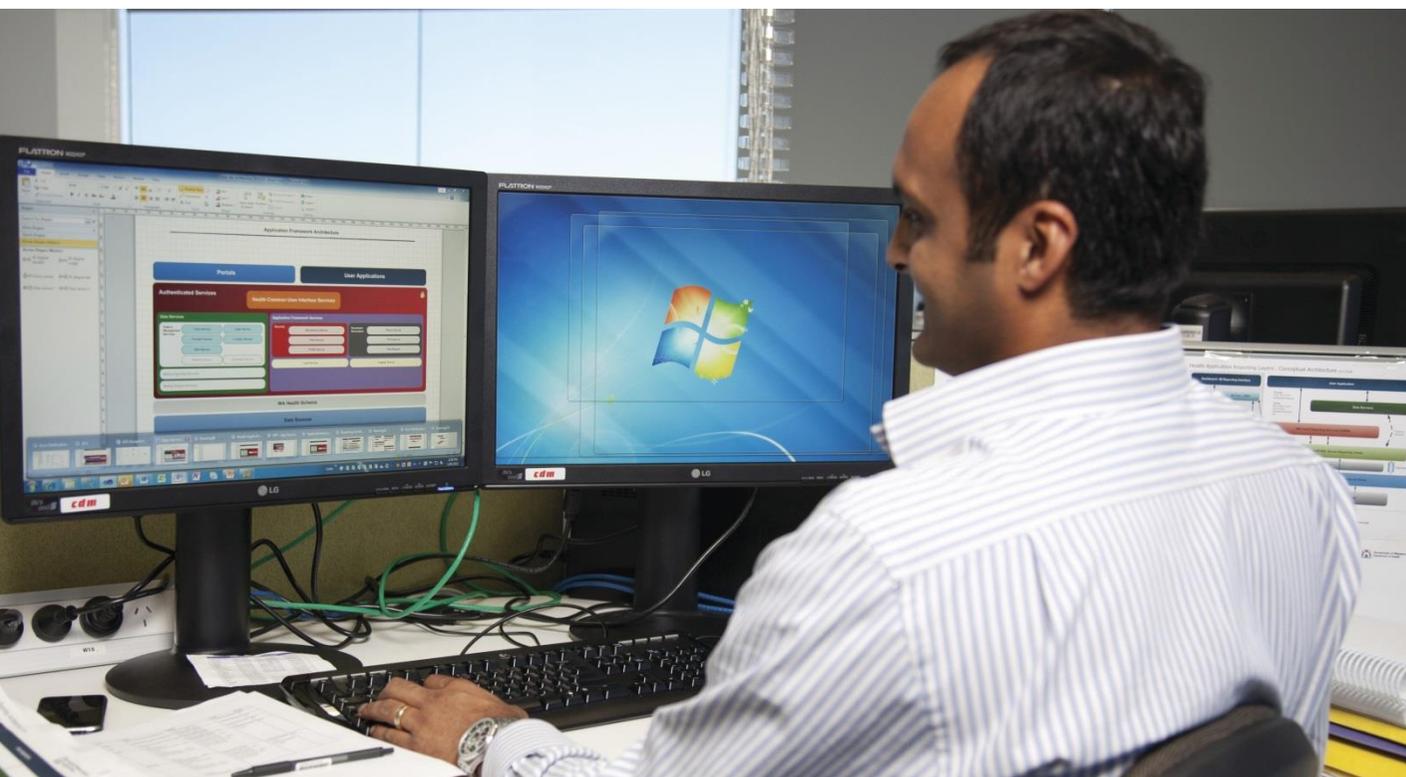




Government of **Western Australia**
Department of Health

Health Support Services Service Agreement 2016-17

improving care | managing resources | delivering quality



Contents

1. Health Support Services Delivery Commitment	1
2. Background.....	3
3. Arrangements under the <i>Health Services Act 2016</i>	4
4. Health Support Services Management.....	5
Memorandum of Understanding.....	5
Conduct Review Panels and Medical Appeals Panels	5
Bilateral Discussions.....	5
Performance Management, Evaluation and Review.....	5
Performance Objectives.....	6
Client Engagement	6
5. 2016-17 Budget & Resource Allocation	7
Setting and Distribution of WA Health Budget.....	7
Method for Distributing the WA Health Budget.....	7
Health Support Services	7
Government Corrective Measures	7
6. Health Support Services	8
7. Key Outcomes and Priorities	8
8. Misconduct, Discipline and Public Interest Disclosure and Performance Management.....	8
9. Summary of Activity and Funding^	9

1. Health Support Services Delivery Commitment

This Service Agreement sets out the shared intention to work in partnership to improve health outcomes for all Western Australians and ensure the sustainability of the Western Australian public health system.

The Parties agree that the Department of Health (the Department) and the Health Support Services will work in partnership to:

1. improve patient access to services and public hospital efficiency
2. improve standards of clinical care
3. improve system performance
4. improve system transparency
5. improve accountability for financial and service performance.

This Service Agreement is in accordance with enabling Western Australian (WA) Legislation. The WA Health System has the meaning given under Section 19(1) of the *Health Services Act 2016*. The Department Chief Executive Officer (CEO) of Health is recognised as the System Manager of the WA Health System under Section 19(2) of the *Health Services Act 2016*. The Department CEO and the Health Service Providers must enter into a Service Agreement for the provision health services as per Section 46 of the *Health Services Act 2016*.

The Service Agreement is also in accordance with the *National Health Reform Agreement (2011)*. The Department, through the Department CEO, will retain responsibility for system-wide coordination and policy; resource acquisition, allocation and stewardship; purchasing and regulation. This agreement is to be read in conjunction with the Purchasing and Resource Allocation

Policy Framework, Performance Policy Framework and the Service Agreement Management Policy (the Policy).

The Parties hereby confirm their commitment to this Service Agreement. In signing the 2016-17 Service Agreement, the Department CEO notes the following:

1. risks identified by the Health Support Services (HSS) in achieving the budget parameters set in the 2016-17 Service Agreement
2. HSS will make every effort to achieve targets within the budget provided
3. regular monthly meetings will be set to best understand the current issues/risks and progress being made to mitigate them
4. the establishment of a Financial Program Board and Financial Recovery Plan to identify and manage the necessary steps to operate within budget parameters.

The Department CEO agrees to provide funding and other support to the HSS as outlined under '*Role of the Department CEO*' in the Policy Framework and associated Policy. The HSS agrees to meet the service obligations and performance requirements outlined under '*Role of the Health Service Provider*' as outlined in the Policy Framework and associated Policy.

The Department CEO will continue to emphasise, as a priority, the importance of state and national safety and quality standards across the WA Health System. This Service Agreement recognises the priority commitment that the HSS has in delivering improvements in safety and quality for health service provision—consistent with the level of care consumers would expect from WA Health Service Providers.

Execution

Executed as a Service Agreement in Western Australia.

Parties to the Agreement:

Department CEO

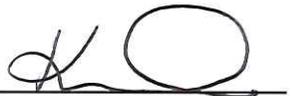
Dr David J Russell-Weisz
Director General
Department of Health

Date: 01 July 2016 Signed: 

The Common Seal of the
Health Support Services)
was hereunto affixed in the presence of:)



Ms Kylie Towie
A/Chief Executive
Health Support Services

Date: 1 July 2016 Signed: 

2. Background

This Service Agreement is between the Department CEO of Health as the System Manager of the WA Health System (herein referred to as 'WA Health') and the Health Support Services (HSS). Both parties acknowledge that this Service Agreement follows frameworks, policies, guidelines and plans as outlined below:

- WA Health Strategic Intent 2015-2020
- Clinical Services Framework (CSF) 2014-2024
- Purchasing and Resource Allocation Policy Framework
- Service Agreement Management Policy
- Performance Policy Framework
- WA Clinical Governance Framework
- WA Strategic Plan for Safety and Quality 2013-2017
- National Safety and Quality Health Service Standards
- Research Policy Framework
- Clinical Teaching and Training Policy Framework
- WA Aboriginal Health and Wellbeing Framework 2015-30
- WA Health Information and Communications Technology (ICT) Strategy 2015-2018
- ICT Policy Framework.

WA Health Strategic Intent 2015-2020

The Strategic Intent defines WA Health's overarching vision, values and priorities.

WA Health's vision is *delivering a safe, high quality, sustainable health system for all Western Australians.*

WA Health's Code of Conduct identifies the values that are fundamental in how employees perform their work and describes how these values translate into action. The six values are; *Quality Care, Respect, Excellence, Integrity, Teamwork and Leadership.*

WA Health's strategic priorities are focused on a continuum of care to support and guide health care through integrated service delivery from prevention and health promotion, early intervention, primary care through to diagnosis, treatment, rehabilitation and palliation, ensuring all Western Australians receive safe, high quality and accessible health care.

3. Arrangements under the *Health Services Act 2016*

Pursuant to Section 49 of the *Health Services Act 2016*, the term of the Service Agreement is for a one year period. This Service Agreement covers the period from 1 July 2016 to 30 June 2017. The forecast period allocations provided within the Service Agreement are indicative only.

In accordance with Section 46(3)(a),(b) and (g) of the *Health Services Act 2016*, the main function of the HSS is to provide health services (finance, human resources, supply and information technology) as well as teaching, training and research in support of the provision of health services. The services to be provided by the HSS are detailed in the Service Agreement schedules (Section 10).

As outlined in Section 46(3)(c) of the *Health Services Act 2016*, the funding to be provided to the HSS is detailed in the Service Agreement schedules (Section 10). The Department manages the distribution of funds sourced from the WA Government and from the National Health Funding Pool (includes Commonwealth and State funding). These funds are disbursed to the HSS based on the payments schedule agreed by the Department and the HSS. Further information on the method for distributing funds can be found in Section 5 with the detailed information on the HSS Cash Budget at Schedule J.

Under Section 46(3)(d),(e) and (f) of the *Health Services Act 2016*, the performance measures and targets for the provision of health services as well as the performance evaluation, review of results and data collection requirements is to be undertaken as prescribed in the Performance Policy Framework.

The HSS will ensure that structures and processes are in place to comply with this Service Agreement, fulfil its statutory obligations and to ensure good corporate governance, as outlined in the *Health Services Act 2016*, legislative requirements, and WA Health operational directives, policy frameworks, policies and guidelines.

In accordance with Section 50 of the *Health Services Act 2016*, a party that wants to amend the terms of the agreed Service Agreement must provide written notice of the proposed amendment to the other party. The Service Agreement amendment process is detailed within the Purchasing and Resource Allocation Policy Framework.

4. Health Support Services Management

Memorandum of Understanding

At proclamation of the *Health Services Act 2016* on 1 July 2016 Health Service Providers will become responsible and accountable for a range of new functions relating to the governance of their service. A range of these functions were previously the responsibility of the Department CEO and undertaken by the Department of Health on behalf of the WA Health System.

To transition these functions from the Department to the Health Service Providers a Memorandum of Understanding has been developed. This Memorandum of Understanding between the Department CEO and the Health Service Provider Chief Executive sets out the Parties' agreed terms for the provision of certain functions by the Department for Health Service Providers during a period of transition (the 2016-17 financial year). Further information can be found within the Memorandum of Understanding between the Department CEO and the Health Service Provider.

Conduct Review Panels and Medical Appeals Panels

Conduct Review Panels and Medical Appeals Panels convened prior to 1 July 2016 under the *Memorandum of Understanding between the Minister for Health, the Director General of Health and the Boards of Management and the Australian Medical Association (Western Australia) Incorporated in respect of Clinical Privileges, Conduct and Governance in Western Australian Government Hospitals and Health Services 2015*, will continue to be managed by the Department CEO until the matters are resolved.

Bilateral Discussions

Throughout the course of 2016-17, regular discussions will be held between the Department CEO and the Chief Executive (or equivalent) from the HSS.

From 2017-18 pursuant to Section 47(1)(b), if the Department CEO and the HSS cannot agree on some or all of the terms within the Service Agreement, then the Department CEO will decide on the term at least one month before the expiry of the existing agreement (30 June 2017) and advise the HSS of the decision. The term decided in this circumstance will be included in the Service Agreement.

Performance Management, Evaluation and Review

The performance reporting, monitoring evaluation and management of the HSS is undertaken as prescribed in the Performance Policy Framework.

The Performance Policy Framework states that performance review meetings between the Department and the HSS will initially be held monthly for the first quarter of 2016-17. Thereafter, the performance review meetings will be on a quarterly basis when no performance concerns are identified. Sustained high performance may lead to less frequent performance review meetings. If performance concerns are identified, the frequency of the performance review meetings will be held monthly until performance issues are resolved.

Performance Objectives

The HSS is a key partner and system enabler in the delivery of health services. The HSS will seek to develop a performance and value-based relationship with its clients and support them to deliver health services.

The purchasing priorities are:

- to improve efficiencies in supply, procurement and contract management in order to support improved value for money for WA Health
- to provide technology, supply, human resources and financial services to support WA Health in the effective delivery of health care
- to be financially sustainable.

Client Engagement

The HSS will enter into Service Level Agreements (SLAs) with each of its clients. These SLAs will define the services to be delivered by the HSS to each individual client and the Key Performance Indicators used to measure performance from a client perspective.

The HSS will also establish the HSS Client Forum. This Forum will provide key clients with a mechanism to directly influence the HSS's strategic directions, assist in prioritising work, and ensure the HSS is proactive in supporting the needs of its clients. It will allow clients to collectively determine the key priority areas for HSS service improvement.

5.2016-17 Budget & Resource Allocation

Setting and Distribution of WA Health Budget

For 2016-17, WA Health's total approved expense limit for the WA public health system is \$8.6 billion, accounting for over a quarter of the State's total expenditure for general government services.

As part of the 2016-17 budget submission, WA Health provided the State Government with advice as to the likely volume of inpatient activity, Emergency Department activity, hospital-based non-admitted activity and block funded services expected for 2016-17 and for the three out-years of the forward estimates. This approach allows the State Government to make informed decisions through the annual budget process about the quantum of activity to be delivered by WA Health within the available State resources.

Method for Distributing the WA Health Budget

The Department and the Health Support Services resource allocation falls within the non-hospital products/block funded component of the State's budget.

Block funded services are increased by the Consumer Price Indexation rate.

Health Support Services

For 2016-17, the Department will continue to use a budget-to-budget methodology for HSS that considers new initiatives, approved cost escalations, organisation re-alignments and the adjustment of programs that were previously undertaken and no longer carried out. Financial Products (i.e. Depreciation, RiskCover Premium Payments) are factored into the budget build.

Government Corrective Measures

A number of public sector corrective measures have been implemented to assist the Government to manage the State's significant medium-term fiscal challenges, these include:

- Agency Expenditure Review – identified savings to be harvested from the WA Health's budget settings for 'non hospital services' commencing in 2017-18.
- Workforce Renewal Policy - identified in the State Budget includes a salary budget reduction for staff separations and replacements funded at a lower level
- Targeted Separations Scheme - reduction in salaries budget for 2015-16 onwards to recognise the impact of the 2014-15 Government Severance Scheme.

Budget allocation has been adjusted for the impact of the corrective measures

6. Health Support Services

The HSS brought together the Health Information Network and the Health Corporate Network with a common purpose of supporting WA Health in the effective delivery of health care through the provision of technology, supply, workforce and finance services.

7. Key Outcomes and Priorities

HSS priorities include:

- support improvements in patient care through more effective and timely delivery of technology, supply, workforce and finance services across WA Health
- drive improved value in the delivery of support services through transparency of the services delivered, their cost and performance levels with a focus on meeting the needs of Health Service Providers and the Department
- increase savings and performance through the management of whole of WA Health contracts
- implement an updated computer operating environment, removing difficulties encountered by staff in using outdated operating and other systems.
- improve information management and sharing, helping clinicians to access necessary clinical information to improve patient care.

8. Misconduct, Discipline and Public Interest Disclosure and Performance Management

Misconduct matters, breach of discipline matters, Public Interest Disclosure matters and Performance Management matters that commenced prior to 1 July 2016, and for which the Department CEO is decision maker, or which are being investigated or managed by the Department of Health on behalf of a Health Service Provider, will continue to be managed by the Department CEO and the Department of Health on behalf of Health Service Providers until those matters are finalised.

9. Summary of Activity and Funding

	2016-17 Budget		Forward Estimates					
	WAUs (#)	Budget (\$)	2017-18		2018-19		2019-20	
			WAUs (#)	Budget (\$)	WAUs (#)	Budget (\$)	WAUs (#)	Budget (\$)
Health Support Services	—	251,212,677	—	254,238,652	—	254,631,715	—	254,953,937
ACTIVITY BASED SERVICES	—	—	—	—	—	—	—	—
ABF Schedules	—	—	—	—	—	—	—	—
NON-ACTIVITY BASED SERVICES		251,212,677		254,238,652		254,631,715		254,953,937
Schedule M—Revenue Plan		251,212,677		254,238,652		254,631,715		254,953,937
Health Support Services		251,212,677		254,238,652		254,631,715		254,953,937

Notes:

- 1 This schedule outlines budget allocation for services provided by the HSS.
- 2 The Performance Policy Framework specifies the targets and performance thresholds for Activity.



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