



West Moreton Hospital and Health Service

Business case for change:

WMHHS Turnaround Plan 2012-13

21 September 2012

Executive Summary

Background

On 1 July 2012 Queensland Health, through the *Hospital and Health Boards Act 2011*, established 17 new statutory authorities known as Hospital and Health Services (HHS).

With this change in legislation and governance, West Moreton Hospital and Health Service (WMHHS) was formed, and now operates in an environment of increased accountability and responsibility to deliver health services in line with the funding and performance expectations outlined in the formal service agreement undertaken with the system manager.

The complexity and significance of the change required to ensure appropriate strength in the domains of governance, finance, quality systems and processes, and people should not be under-estimated. WMHHS has been assessed as requiring targeted external support in relation to the HHSs readiness and preparedness to function as an independent statutory body.

The areas of organizational development have been integrated into all programs of work and governance pathways to ensure the HHS strengthens its current position and moves toward being able to demonstrate robust independence and systems of control.

1.0 Introduction

Turnaround Plan 2012-13

The need to develop a clear, targeted and considered Plan for the whole of WMHHS to improve its' current performance is the organisation's number one priority for the 2012-13 year. A Turnaround Plan has been developed and represents the need to undertake a coordinated program of works to review, revitalise and stabilise the WMHHS to ensure service and operational excellence, and financial stewardship and viability into the future.

Of particular focus within the Plan, is the FTE and financial savings required to deliver a balanced budget position in the 2013-14 year. The Turnaround Plan has been developed and is being implemented utilising well established project and program management methodologies to:

- Design and implement an effective initiative management framework that will enable effective delivery of objectives within the required timeframes
- Clearly outline the process and authorisation for scoping of strategies, diagnostics and solutions design to ensure a coordinated and focused program management approach
- Articulate key performance indicators and measures to monitor progress and escalate early triggers and adjustment to strategy as/when required
- Provide clear lines of reporting, accountability and responsibility for Programs of Work and Work Streams

- Minimise disruption to service delivery and minimise distress to individuals and teams involved in the process through effective change management, consultation and communication
- Effectively communicate operational objectives, performance requirements and targets for each Division, Business Unit and individual
- Promote a culture of service and operational excellence and provide a common sense of purpose and direction for the HHS
- Develop robust internal governance, performance and business processes within a sustainable infrastructure of performance monitoring and reporting.

2.0 Purpose of the Business Case

This business case has been prepared to comply with Queensland Health's consultation obligations and sets out the details and benefits of implementing the Turnaround Plan across WMHHS.

The Turnaround Plan is aligned to achieving the agreed operating position and performance as outlined in the escalation key performance indicators of the service agreement between the System Manager and WMHHS.

3.0 Governance

Governance of the Turnaround Plan will be implemented within the following accountability framework:

- Program Sponsor: Chief Executive
- Program Coordinator: Executive Director Performance, Strategy and Planning
- Work Stream Accountable Officers: Allocated Executive Directors
- Work Stream Responsible Officers: Nominated Line Managers
- Program Reference Group: Clinical Advisory Council.

The approach to the Turnaround Plan governance and program management methodology draws heavily on best practice across other industries to develop a dedicated infrastructure focused on governance, performance, and strategy development and deployment. This will take the form of the Performance, Strategy and Planning Division (PSP), and is outlined in the PSP Division's business case for change.

Programs of Work are articulated as high-level strategies within the Turnaround Plan, and include the program management and program governance elements for 'major initiatives' coordinated by the PSP Division. The high-level strategies are outlined within this business case under '5.0 Scope of Change and Program of Works'.

Work Streams sit within Programs of work and are allocated to an Executive Director to oversee implementation and ensure delivery in line with agreed service review deliverables. Work Streams formally undergo a diagnostic phase and a solutions design phase prior to formal costing and authorisation as part of the Service Review documentation.

Work Stream initiatives undergo a considered risk and impact assessment as part of the solutions design process. This risk and impact assessment considers the level of risk in relation to continuity of service delivery, staff impacts, financial impacts, safety and quality considerations and political or reputational damage.

Following completion of the Service Review Documentation, authorisation is provided by the Chief Executive, and the initiative is allocated an initiative number and included and staged into the Turnaround Plan. Budget adjustments are made in line with the plan's projections. Should there be a change or deviation from the original plan and/or benefits realisation, the Executive Director is required to complete a Scope Change document and negotiate with the Chief Executive an alternative(s) work stream initiative to deliver agreed savings for their area of accountability.

Reporting against staged deliverables occurs on a fortnightly basis for FTE targeted strategies. Progress reports are provided weekly to the Chief Executive and Executive Work Stream Accountable Officers. The Turnaround Plan deliverables and key performance indicators are included in the Chief Executive Monthly Performance and Accountability Meetings with Executive Directors, and reported and monitored through various governance pathways in the form of committee structures and situation rooms for an escalation response.

Consultation with staff, unions and stakeholders in relation to implementation of the service review forms part of a managed implementation plan process. A formal Internal Communication Plan has been developed to ensure staff are kept informed, involved and engaged in all aspects of implementation of the Turnaround Plan.

Consultation obligations will be managed by the respective Line Managers to their work teams and individual employees, through individual and team meetings and by Senior and Executive Managers through implementing the Turnaround Communication Plan in full, and through the District Consultative Forum.

At any time during implementation, should the risk or impact assessment change to a higher risk category, the Executive Director is to provide a briefing to the Chief Executive who will approve the recommended course of action.

4.0 Acknowledgements

This business case acknowledges that for many staff within the WMHHS, this is a time of great change and concern. Whilst the WMHHS understands the concerns of staff, it is committed to working through this change agenda in a way in which staff and consumers would expect. The WMHHS Executive, and all Managers have a responsibility to lead change actively and effectively, and to work diligently to ensure its' success for the purpose of delivering sustainable health services to the community we serve.

Leaders and Managers have a responsibility to work and communicate in ways that demonstrate our values in action. This commitment is even more important and to be held foremost during times of change. The following principles support our organizational values, and are included as underpinning all aspects of the implementation of the Turnaround Plan:

- ***We will respect every individual:*** Respect for every individual includes respect for individuals representing customers, the community, and society in general. Our staff have shared with us that to be respected is the most important thing they want from their managers and from the organisation. The value of respecting every individual will become an important element to our decision making, and our communications, and can be represented as follows:
 - Because we respect every individual, we will always place safety first;
 - Because we respect every individual, we will empower all staff to be an active part of the change agenda;
 - Because we respect every individual, we will make all of our communications open and transparent.
- ***We will lead with humility:*** One common trait of leadership teachings of service and operational excellence is a sense of humility. A leader's willingness to seek input, to listen carefully, and to continuously learn creates an environment where staff feel respected and give of their best. Improvement ideas can come from anywhere within the organisation, and our leaders can learn something new from anyone. Our improvement is only possible when people are willing to abandon ownership, bias and expert prejudices. The value of leading with humility is an important foundation to our approach, and can be represented as follows:
 - Because we lead with humility, we are open to good ideas and innovation from anywhere in the organization
 - Because we lead with humility, we accept responsibility and enable change (particularly in challenging times when our teams need us)
 - Because we possess humility, we seek, trust and follow the direction the organisation has set, and those with a responsibility to lead.
- ***Decision-making will be ethical and informed:*** Data and information will be used and shared to inform decision-making. Decisions will be considered and take into account safety and risk perspectives, and the impact on service delivery and staff. The outcomes required will be defined and measured against agreed key performance indicators.
- ***We will commit to service and operational excellence:*** a continuous improvement, well researched, and risk management approach will be embraced and built into how we do business and undergo change. We will commit to continuity of service delivery, and safety first in every action and decision. Our performance will be regularly and routinely reviewed to ensure deliverables are achieved, and we will hold each other able to succeed.

5.0 Scope of Change and Program of Works

Given the task required of the organisation, it is important to understand and acknowledge openly to all involved the scale of the change agenda over the next 12 months.

As part of a considered approach, and to minimise negative long-term impact on staff and the service, a decision has been made to focus on FTE targeted strategies in the first tranche (August – December 2012) to enable implementation to occur, and then a period of stabilisation to ensue whilst a

further tranche of non-labour efficiencies are progressed. It is anticipated that with the required MOHRI FTE target programs of works identified in full by mid December 2012, from January 2013, the focus will turn to stabilising the business, building leadership, teams and capability, and progressing rolling non-labour work streams. The sequencing of the Turnaround Plan has therefore been deliberate in its' staging to deliver both a turnaround and a realignment to secure immediate outcomes, and in parallel establish the foundations to refocus the organisation for future success. Strategy has been matched to situation to provide an accelerated approach with both a focus on business priorities and behavioural change.

With over 300 vacancies temporarily filled within the organisation, and an attrition rate of 9%, there has been a concerted effort to review individual positions and align opportunities that will have the least impact on permanent staff positions and on the continuity of service delivery to the community served.

The full Program of Works within the Turnaround Plan are summarised as follows:

5.1 Realignment of the Executive Structure and Functions

With the transition to the WMHHS an interim Executive (Tier 2) and Division Structure has been described in the WMHHS Executive Structure Business Case. The structure has been realigned to effectively deliver on the organisations' key priorities, functions and objectives. The new structure functionally commenced on 27 August 2012. Within this change process, FTE efficiencies have been identified and realised in line with the Turaround Plan.

The Chief Executive has now tasked each Executive Director with implementing the changes outlined in the overarching business case within their respective Divisions, and leading Turnaround Plan Work Streams within their area of accountability. Additional work will continue to ensure streamlining of functions and structure over time, and further developed design of ideas and suggestions put forward from staff.

5.2 Review of the Tier 2, 3 and 4 Structure and Functions

The internal Tier 2, 3 and 4 functional structure of the 4 Clinical Divisions and the 4 Support Divisions will be reviewed to identify efficiencies, with a focus on:

- maintaining safe and effective models of care
- achieving consistency of administrative and clinical support functions
- eliminating duplication and waste of effort
- enhancing business support and reporting to inform effective decision making
- streamlining the internal structure, including merging sub-units and teams where indicated.

5.3 Whole of HHS Administrative Review

To ensure front-line services are able to continue to deliver care without disruption, non-front -line and administrative services and functions will be a high priority area of review for the organisation. Each service line with undertake a service profiling exercise and an administrative mapping exercise to ensure consistency of application and streamlining of functions is maximised.

5.4 Whole of WMHHS Operational and BEMS Services Review

Whilst over time the organization has undertaken several organizational restructures, the organisation has not extensively reviewed the support functions and structures for operational, and building, engineering and maintenance services. It is considered that a review of services within a whole of HHS matrix service arrangement will yield efficiencies of effort and support infrastructure.

5.5 Service Reviews to ensure the delivery of services within allocated resources:

To ensure services are delivering the required volume/ functions and services in line with allocated resources, and from an integrated HHS model, there have been a number of high priority areas identified for inclusion in the Turnaround Plan service reviews, these include:

- Medical Business Unit (demand management strategy)
- Women's Health
- Home and Community Care Services
- Sub and Post Acute Services
- Workforce (previous People and Culture Division) (including Occupational Health and Safety)
- Safety & Quality
- Finance
- Education, Training and Development (including Medical Administration)
- Medical Records
- Security
- Switch and intake services (Ipswich, The Park & Community)
- Pharmacy
- Medical Imaging
- Rural Health Services
- Oral Health Services
- Ambulatory Care and Outpatient Services
- Surgical Business Unit
- Child and Family Health Service
- Mental Health and related services.

5.6 Division and Business Unit Budget Build Allocations and Corrections

Extensive data analysis has been undertaken, including a forensic analysis of FTE growth compared to activity and acuity over time to inform prioritisation of diagnostics and solutions design for inclusion within the Turnaround Plan. This information has led to the identification of several 'on-costs' and FTE anomalies being built within the base budget for 2012-13. A Program of Work has been identified to remove anomalies from the budget, and develop revised budget build principles for uploading (eg. Business rules in relation to back-fill of non front-line non-essential FTE).

5.7 Non-labour Efficiencies and Revenue Optimisation:

Further analysis has been undertaken in relation to non-labour opportunities. 47 strategies were identified in an initial externally facilitated session with the Executive Team. These strategies were progressed to high-level data analysis, and then taken through a consultation workshop with clinicians and staff from across the HHS. 12 themes were identified for consultation and work-up, with 4

Work Stream Leads identified from within the consultation group to progress these projects. The priority areas included:

- Drugs
- Clinical Supplies
- Inventory management / imprest
- Pathology utilisation
- Backfill of workers comp
- Linen utilisation
- Non clinical areas
- Services provided to other HHS/ other organisations
- Services provided where they are also being provided by another organisation

Strategies to increase own-source revenue have been outlined in a 2012-13 Revenue Optimisation Strategy that will be reconciled within the Turnaround Plan in the coming phase when costing and reporting sensitivity analysis is completed.

Several 'business as usual' strategies were identified from the workshop and have been allocated to Work Stream leads as part of Division Turnaround Plans. Examples include:

- Christmas/ New Year 2012-13 service activity
- Demand Management strategies
- Annual leave and RDO management
- Overtime and rostering
- Workforce mix - senior/ junior staff mix; Nursing; HPs; Other areas

5.8 Contestability:

It has been identified that in an environment where the organisation is required to live within its' means, a review of the service delivery models and cost of delivering those support services requires analysis to consider value for money within a commercial environment to ensure the best use of the healthcare dollar.

Summary of Impact

The targeted goal of the Turnaround Plan is to simultaneously reduce debt, reduce costs and increase capability and effectiveness. The Turnaround Plan has identified strategies (compiled of tranches of Programs of Work and Work Streams) which will balance the budget and return the WMHHS operating position back to a balanced position, and allow a considered level of adjustment over the coming 12 months. This approach will deliver a degree of confidence for the commencement of the 2013-14 financial year.

As the Turnaround Plan undergoes implementation, the Board and Executive will monitor and evaluate what further change is required to achieve the obligations and performance requirements for the HHS to live within the funding allocated to deliver services. Every effort will be made to ensure risks are mitigated and managed, and communication is open, transparent and timely in relation to any adjustment or additions to the agreed Plan, and further consultation will be undertaken as necessary.

6.0 Supporting Staff through Change

6.1 Work group impacts

The WMHHS will comply with the requirements of relevant enterprise bargaining agreements, award provisions and relevant Public Service Commission directives, which stipulate the need to consider employees requiring placement to temporary and permanent vacancies before proceeding to fill a vacancy by other means. Where organizational change impacts on a permanent employee's substantive role, the HHS is required to explore opportunities for them to transfer to other suitable positions.

6.2 Staffing impacts

The WMHHS values and respects its staff and the contribution they make to the health of our community. The WMHHS will, wherever possible, aim to avoid or minimise the effects of the proposed change on existing staff. Input of staff, and consultation through implementing the changes will be a key strategy utilised to help minimise negative impacts.

Where possible, displaced staff will be directly 'matched' to existing vacancies dependent upon their suitability.

For employees identified as requiring placement the supports offered will include:

- One on one discussion with affected employees offering certainty about the impact of the changes as soon as is possible in the process;
- Consultation will be conducted with staff and relevant unions as to ways to minimise the effects of the change;
- Supporting and assisting employees through the process for employees requiring placement;
- Employee Assistance Program (EAP) including face-to-face counselling and other strategies; and
- A package of documents providing advice on options and ways to get assistance. For employees generally the supports will include:
 - Offering detail about decisions and impacts as soon as possible in the process;
 - Employee Assistance Program including face-to-face counselling and other strategies;
 - Line manager support; and
 - Team-based support where required.

Other strategies that will also be considered include the introduction of flexible work arrangements where operationally convenient including job share and part time work.

7.0 Evaluation

The aim of the Turnaround Plan 2012-13 is to ensure the WMHHS achieves its objectives and performance requirements around MOHRI FTE reductions and budget position. Evaluation measures and reporting processes have been built into the Program of Works. A high-level program overview of evaluation includes:

- Level of staff participation in information sessions, meetings and forums
- Volume and content of comments through the WM connect email address

- Number of employees accessing Employee Assistance Service
- Achievement of critical deliverables in the operational and turnaround plan for 2012-13
- Achievement of performance indicators in the HHS operational plan and service agreement.

8.0 Benefits

WMHHS is a growing and complex organization, facing many challenges over the next four years. Addressing these challenges in the timeframes required will require an integrated and targeted approach to managing the program of works and work streams outlined within the Turnaround Plan. The newly formed Performance, Strategy and Planning Division will assist the organisation to coordinate the multifaceted and complex nature of the governance of the Plan.

With a compelling vision and a solid strategy, the opportunity to synchronise organisational alignment and team restructuring, with a renewed focus on service and operational excellence, will lay firm foundations to for longer-term success.

9.0 Costs

The return on investment and performance outcomes across the organisation are expected to realise the MOHRI FTE and financial efficiency requirements in full.

10.0 Sensitivities and Risks

A number of sensitivities and risks are associated with delivering on such an agenda. These risks are being mitigated through effective consultation and communication, application of the risk management framework and monitoring of progress against plans. Several tollgates have been built into the program methodology to ensure appropriate forward planning, escalation and management of risks.

Key Success Criteria and Implementation Risks

Key Success Factors	Risk	Risk Cause	Risk Impact	Risk Treatment
Employees have the required capability and capacity to achieve organisational objectives	Required outputs and outcomes not realised	Insufficient skilled resources or capacity	Outcomes and outputs either delayed, not delivered or not delivered to required standard	Following confirmation of Plan, undertake detailed capability/capacity mapping to identify critical gaps/vulnerabilities
Staff are engaged and expectations managed	Employee distress, lack of motivation and disengagement	Poor communication with and engagement with staff during change process	Low levels of acceptance of change	Regular communication with staff Engagement with staff through Clinician Advisory Group, Staff Workshops and meetings, and iManage forum Encourage staff to seek clarification

				early
Required outcomes (FTE, budget) are realised	Unable to deliver required outcomes within timeframes required	Lack of discipline in relation to Program of Work and Work Stream implementation Poor due diligence in relation to financial processes	Unable to measure performance and accountabilities	Due diligence with Service Review planning and staging Rigor around reporting and monitoring Implementation of Performance & Accountability Framework

11.0 Recommendation

The WMHHS Board and Executive endorse, oversee and monitor the implementation of the Turnaround Plan and its' full Program of Works and Work Streams to enable the WMHHS to deliver on the financial and performance targets within the service agreement.

DOCUMENT HISTORY

Version	Date	Prepared by	Comments
0.1	02/10/12	L. Hardy	Draft for consultation
0.2			
0.3			