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| Home Based Care Performance and Reporting Requirements Policy |
| May 2022, Effective from 1 July 2021 |
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# Introduction

The *Home-based care (HBC) performance and reporting requirements policy* *May 2022* (the policy) outlines to service providers the monitoring and review of performance against funded targets and the processes for managing under and over performance in the delivery of HBC services for vulnerable children and young people in Victoria.

In funding HBC services, the Department of Families, Fairness and Housing (the department) adheres to the principles of best value, performance outcomes, financial responsibility, performance accountability and partnership to maximise responsiveness to client needs.

For HBC activities, service providers comprising funded community service organisations (CSOs) and Aboriginal Community Controlled Organisations (ACCOs) are monitored against the performance measures and targets as specified in their service agreement. Monitoring is undertaken with HBC service providers and allows providers and the department the opportunity to review and examine performance and adjust funding and targets, as required, to ensure allocated resources are fully utilised in the provision of quality HBC services.

Funding to HBC service providers is subject to the delivery of targets as specified in the HBC service providers’ contract, via their service agreement. The department expects service providers to fully deliver the targets set out in the service agreement.

Through the application of this policy, HBC service providers are expected to: fully deliver against all funded targets; to consistently achieve the minimum required annual performance threshold; and to participate in regular review processes to manage under and over performance to ensure the funded targets for all HBC service providers are realistic and achievable.

# Policy context

The *Home-based care (HBC) performance and reporting requirements policy* (which supersedes the January 2015 policy) will be applicable for the 2021-22 financial year, and onwards.

The department has introduced the revised policy to reduce administrative requirements for transacting adjustments whilst maintaining the strengthened approach to HBC performance management delivered under the previous policy.

Through the May 2022 policy, target adjustment, reallocation and reimbursement for over-performance will occur on an annual, rather than quarterly basis.

The annual review period will be from 1 April to 31 March (from quarter 4 to quarter 3 the following year).

In 2021-22, being the first year of implementation:

* the review period is from 1 July 2021 to 31 March 2022.
* target adjustments, reallocations or reimbursements that have occurred in 2021-22 will be taken into consideration at the end of the review period
* discretion will be used to ensure the least disruption to agency business planning through this implementation year, with the previous policy used where necessary.
* Quarter 4 (1 April to 30 June 2022) will be included as part of the ongoing annual review period to be implemented moving forward, being 1 April to 31 March (the following year).

To support implementation of this policy, it is essential that HBC providers continue to provide monthly service delivery tracking (SDT) and engage in regular performance appraisal. Monthly SDT reporting will be tracked throughout the review period with a single annual transaction to address the performance over the review period.

Substantive elements of the previous policy which remain in effect include:

* The online SDT tool, for HBC providers to account for service delivery against their service agreement target.
* Counting rules for calculating the key HBC performance measure, ‘daily average occupancy’ (DAO).
* A performance threshold that requires HBC service providers to deliver against all funded targets and to consistently deliver the minimum required performance threshold of 85 and 90 percent (see in scope activities and minimum performance requirements below) against targets for specified in scope activities.
* Recognition of over performance when a HBC provider’s performance exceeds its total funded targets (100 per cent) in the specified activity performance as set out in its service agreement for the review period, the HBC provider can be reimbursed the cost of the over performance.

The revised policy will apply to all HBC providers funded to deliver more than 20 targets by division across the in-scope activities and as noted above, effective from the 2021-22 financial year and onwards. It should be noted that funding and target adjustments that have already occurred in 2021-22 will be taken into consideration as the revised policy is implemented.

The requirement to consistently deliver against all funded targets, achieve minimum required performance thresholds, participate in a process of performance review, target adjustment, reallocation and reimbursement is applicable to HBC providers delivering in scope HBC activities.

## Key processes

For the purposes of this policy, the annual review period will be from 1 April to 31 March (following year). References to ‘review period’ should be taken to mean the period 1 April to 31 March.

Performance review: At the end of Quarter 3 of the financial year the department will review and consider the performance of all HBC providers based on the data provided in the SDT.

Target adjustment: Is a reduction in the number of a HBC provider’s funded targets in a specified activity as a result of underperformance during the review period.

Target reallocation: Is the fixed-term or ongoing reallocation of targets to other service providers with a capacity to deliver additional targets in a specified HBC activity.

Target reimbursement: Is a fixed-term increase in funding in recognition of over-performance during the review period.

Annual reconciliation: Target adjustments, reallocations and target reimbursements are based on the service provider’s performance between 1 April and 31 March (four quarters in total) review period. Action to reconcile funding and reallocate targets will take place in May.

The shift to an annual review period does not negate the need for regular performance appraisals between the Agency Performance and System Support (APSS) and HBC providers, which is essential for successful implementation of the policy. In cases where significant performance variations are identified through regular performance monitoring, the department may consider, in consultation with a service provider, the need to adjust and reallocate or reimburse targets during a review period.

See section 5 for further information.

## In scope activities and minimum performance requirements

### Which HBC activities are in scope?

The revised policy applies to the following home-based care activities:

* HBC General (31214)
* HBC Intensive (31418)
* HBC Therapeutic Foster Care (31413)
* HBC Adolescent Community Placement (31205)
* HBC Complex (31216).

### What is the revised minimum performance requirement?

85 per cent performance is the minimum required for:

* HBC General (31214)
* HBC Intensive (31418)
* HBC Therapeutic Foster Care (31413)
* HBC Adolescent Community Placement (31205)

90 per cent performance is the minimum required for:

* HBC Complex (31216).

### Which HBC providers are in scope?

These arrangements apply to all HBC providers funded to deliver a daily average occupancy of more than 20 targets within each division from the listed in-scope activities.

#### Which HBC providers are NOT in scope?

HBC providers funded to deliver a daily average occupancy of 20 or fewer targets by division are not in scope for this policy.

Aboriginal Community Controlled Organisations funded through activity 31413 (HBC Therapeutic Foster Care to deliver therapeutic support) are not in scope for this policy.

HBC providers out of scope of this policy will continue to be monitored against the performance measures and targets as specified in their service agreement, which may result in target adjustment on a case-by-case basis.

# Online tracking of service delivery

## What is the online Service Delivery Tracking (SDT) tool?

SDT is the mechanism to monitor performance. Funded agencies provide monthly performance data against funded targets via the online SDT tool. All reporting for a particular month must be completed by the tenth day of the following month. For example, June acquittal data will need to be submitted by 10 July.

The SDT tool acquittal templates are available for updating and submission from the first day of the month following the reporting month. For example, the June acquittal template will be available from 1 July.

# Measuring Performance

## How is performance measured?

The Service Agreement between HBC providers and the department incorporates the performance measure of daily average occupancy (DAO). Figure 1 shows the formula for calculating the DAO.

Figure 1: Calculating DAO for agency reporting in the SDT tool

|  |  |
| --- | --- |
| **DAO =** | Total delivered placement days in reporting period**divided by**Number of days within the reporting period |

## What are delivered targets?

A fully delivered target equals 365 placement days or 366 placement days in a leap year.

The 85 per cent minimum performance threshold is met with 310.2 placement days (311.1 placement days in a leap year) being delivered per funded target.

The 90 per cent performance threshold is met with 328.5 placement days (329.4 placement days in a leap year) being delivered per funded target.

All placement days delivered and counted must be with an approved carer. Approved carers are accredited through a registered community service organisation or Aboriginal Community Controlled Organisation, are registered on the department’s Carer Register, have their details recorded in CRISSP and are in receipt of a carer reimbursement.

Note, the count of targets and placements are NOT the same thing.

## How is performance data captured?

All performance data is entered through the SDT tool located on the Funded Agency Channel.

## How are funded targets and delivered targets measured?

HBC provider performance is measured by comparing the total funded targets with the targets actually delivered over the review period, from 1 April to 30 March. Delivered targets will be measured by a HBC provider’s reported DAO.

Funded targets are the units by activity as specified in the HBC provider's service agreement and recorded in SAMS.

## How is the performance of multi-divisional HBC providers measured?

HBC providers delivering services across two or more divisions will be assessed on performance during the review period as it relates to each division, rather than on a statewide basis.

Performance is measured by assessing a HBC provider’s DAO for the review period, compared to the provider’s funded targets at a divisional level for that year.

## How is performance assessed?

Performance is assessed on an activity basis at a divisional level. Any action taken in relation to over or under-performance also occurs on an activity basis at a divisional level.

## When is performance measured?

For the purposes of monitoring and reviewing performance, the DAO for a review period will be compared to a HBC provider’s total funded targets for each activity.

## What systems are used to record performance?

A HBC provider’s DAO will be reported on a monthly basis through the SDT tool.

## What is under-performance?

Whilst service providers are expected to fully deliver against the total funded HBC activity targets, under-performance is the difference between the number of targets a HBC provider is required to deliver according to the minimum threshold of 85 or 90 per cent performance for a specified activity within a division and the provider’s actual performance as indicated by the DAO for a review period.

Under performance is when the annual performance is less than the required threshold performance.

Under-performance is expressed as a percentage of the sum of 100 per cent of funded targets for an activity over a review year and compared to the minimum 85 or 90 percent required performance threshold.

The department acknowledges that delivery of 100 per cent targets is reliant on factors not fully in HBC provider control, including but not limited to community willingness to become carers and department referrals. As such the department accepts a minimum performance outlined in section 2. See section 6 (Exceptional Circumstances) for further details on target adjustment.

### Formula for determining under-performance

The SDT tool, completed every month, will be used to calculate the target and performance relating to the annual daily average number of children, in each funded activity,

The variance between Performance and target will be calculated by:

* daily average annual performance minus daily average annual target

Given that the minimum required performance threshold is 85 per cent (or 90 per cent), if the variance calculated above is more than 15 per cent (or more than 10 per cent), this will be considered under-performance.

Example: a service provider is funded for a HBC General target of 60. Given the minimum threshold of 85%, the agency will need to achieve an annual average result 51 ((60x 85)/100 = 51). If a service provider delivered a DAO of 48.8 for the review period, this would equate to an equivalent of 2.2 targets (51 minus 48.6) less than the minimum required threshold required for this activity.

.Figure 2 Illustrates DAO in under performance

|  |  |
| --- | --- |
|  | HBC General |
|  | 31214 |
|  | Target | Actual | Threshold required (85%) |
| April | 60 | 49 |  |
| May | 60 | 53 |  |
| June | 60 | 47 |  |
| July | 60 | 52 |  |
| August | 60 | 48 |  |
| September | 60 | 44 |  |
| October | 60 | 49 |  |
| November | 60 | 50 |  |
| December | 60 | 47 |  |
| January |  60 | 49 |   |
| February |  60 | 47 |   |
| March |  60 | 51 |   |
| Total DAO review year performance | 720/12= DAO 60  | 586/12 = DAO 48.8  | (60\*85)/100= DAO 51 |

Under performance is when the annual performance in the review period is less than the required threshold performance

Difference between annual performance and required threshold performance = 48.2 minus 51 = - 2.2

## What is over performance?

Over performance is the difference between a HBC provider’s actual performance in a particular activity within a division and 100 per cent of the provider’s funded targets. Over-performance is expressed as a percentage of total funded targets per activity at a divisional level.

### Formula for determining over performance

The SDT tool, completed every month, will be used to calculate the target and performance relating to the annual daily average number of children, in each funded activity,

The variance between Performance and target will be calculated by:

* daily average annual performance minus daily average annual target

If this is positive, the service provider is considered to have over performed against the activity.

The service provider may be eligible for additional targets (and associated funding) based on the variance.

Example a service provider is funded for a total HBC General target of 60. If a service provider were to deliver a DAO of 61.3 targets for the review period, this would equate to a performance of 1.3 targets more than the total targets funded.

Figure 3 Illustrates DAO over performance

|  |  |
| --- | --- |
|  | HBC General |
|  | 31214 |
|  | Target | Actual | Variance between actual and target |
| April | **60** | 60 |  |
| May | **60** | 60 |  |
| June | **60** | 61 |  |
| July | **60** | 62 |  |
| August | **60** | 60 |  |
| September | **60** | 62 |  |
| October | **60** | 60 |  |
| November | **60** | 62 |  |
| December | **60** | 63 |  |
| January | **60** | 62 |   |
| February | **60** | 62 |   |
| March | **60** | 62 |   |
| **Total DAO review year performance** | 720/12= DAO 60  | 736/12= DAO 61.3 | 61.3 - 60 = DAO 1.3 |

# Management of under and over performance

There are four discrete actions involved in the response to and management of under and over performance against HBC targets. These include the review of performance, the adjustment of targets where there is under performance, the reallocation of those targets and the reimbursement of delivered performance over the funded targets.

## Review of Performance

### Ongoing performance review

The department, in consultation with a service provider, may adjust, reallocate and/or reimburse targets during the review period, only in circumstances where there is significant under or over performance concerns and/or earlier reimbursement is required to maintain over performance levels. This decision should be made, in consultation with the HBC service provider and be supported by a business case provided by the HBC provider in line with the process used under the exceptional circumstances (section 6).

In exercising this decision making, the department will have regard to the circumstances contributing to the underperformance, the impact of any adjustment or reallocation identified by the HBC providers and the intention of the policy to reduce transactional and administrative burden and provide greater certainty in relation to target allocation.

### End of review period performance review

At the end of each review period the department will review and consider the performance of all HBC providers based on the data provided in the SDT. This annual performance appraisal may result in target adjustment, target reallocation or target reimbursement for over performance.

If the department determines the HBC provider is capable of meeting or exceeding the minimum required performance threshold in the following review period, the HBC provider will continue to receive the same level of funding. However, if meeting this threshold is not feasible, targets will be adjusted, reducing to a more achievable level as informed by the service providers’ recent performance.

Regular review of performance also enables the identification of HBC providers with a capacity to provide additional targets, who could be considered in the reallocation of targets.

Overperformance throughout the review period will be calculated and reimbursed as a fixed term increase in funding.

### Performance Improvement Action Plan (PIAP)

Where a HBC provider fails to achieve the minimum required performance threshold and the provider has an existing or immediate and viable plan to increase its performance to meet or exceed the minimum required performance threshold, the provider can submit a PIAP to demonstrate its intended approach to achieve performance and retain funding. The PIAP will be a key tool used in the review of performance in the following review period.

## Target Adjustment

Target adjustment occurs when the performance of a HBC service provider falls below the minimum required performance threshold of funded targets and, in the absence of exceptional circumstances, targets and funding may be adjusted to an achievable level annually. See ‘exceptional circumstances’ section 6 for further information.

As outlined in the section ‘What is under performance’, targets are adjusted if a provider does not retain the minimum performance threshold of 85 and 90 per cent for the review period.

HBC providers are contracted to, and the department expects HBC providers to, deliver 100 per cent of the targets set out in the service agreement. If a HBC provider’s DAO for performance falls below 85 or 90 per cent of the target in the specified activity performance set out in its service agreement in the review period without formal written agreement from the department, the department (through the relevant division) will review the HBC provider’s current funding arrangements under its service agreement and the department may adjust and reduce the HBC provider’s targets and reallocate those targets to other HBC providers.

In some circumstances, a HBC provider may over perform for one activity and underperform for another activity. Regardless of the net effect for a HBC provider, all funding adjustments must be transacted separately on an activity level. The implications of this are as follows:

* Funding for the under-delivered activity will be adjusted via SAMS in the May variation window.
* Funding for the over-delivered activity will be reimbursed via SAMS in the May variation window.

The net effect for a HBC provider will depend on the level of under and/or over performance and the HBC provider’s funded target profile.

Separate transacting of over-performance and under-performance ensures transparency regarding the purchase and delivery of funded targets.

See the attached case studies for further information.

In circumstances where a HBC provider has short-term financial liquidity issues, the reduction of funding through target adjustment may be staggered over a period of time, with an opportunity to increase service delivery to address previously unmet targets. This will be managed on a case-by-case basis within divisions.

### Unit-priced targets

The adjusted targets and funding is calculated based on the unit-price of the targets being withdrawn. For example, if one HBC general care target is not delivered, the adjusted funding and target will be calculated on the basis of the general unit price.

### Rounding in target adjustment

To avoid service providers having odd target percentages, all targets adjusted as a result of underperformance will be rounded up or down to the nearest 0.5 of a target. For example, if the required actual target adjustment is 6.27 it would be rounded down to 6 targets.

### Funded targets with an attached loading

In some instances, a HBC provider will receive a loading (such as a tailored care package) to support children or young people in a placement. Where a loading is provided for a target that is not delivered and is subsequently adjusted and reduced, the adjustment amount will be based on the unit-price of the target and any attached loading. Divisions will then reallocate this funding to support other children or young people in care.

### Therapeutic Foster Care

While there is currently no published unit price for Therapeutic Foster Care, there is an agreed amount per target, comprised of the intensive unit price and a set therapeutic loading. Where a HBC provider fails to achieve the minimum performance threshold of 85 per cent for Therapeutic Foster Care targets, the adjusted amount will be based on the intensive unit price. However, in instances where sustained under performance is identified, targets will be adjusted, and the attached therapeutic loading will be reallocated to HBC providers with appropriate capacity.

The department acknowledges that Therapeutic Foster Care is often delivered through a partnership between two HBC providers, with one HBC provider delivering therapeutic support and the other delivering the placement. As a result, under-performance may be due to either a failure to provide a placement or a failure to employ a suitable therapeutic specialist. Divisional staff will work with HBC providers in such circumstances to arrive at appropriate target adjustment decisions.

### Target adjustment - example

The implications of target adjustments are illustrated through the example of service provider ‘ABC’ below.

ABC under-performs in HBC intensive activity for a review period. ABC has a target of 21 in the HBC intensive activity. The minimum required performance threshold of 85 per cent equals a DAO of 17.8 targets that must be delivered. Across the annual review period ABC has delivered a DAO of 13.8 targets. Based on adjustment of whole targets with a minimum rounding to 0.5 of a target, ABC would have its HBC intensive activity target adjusted (reduced) by 4 targets (arrived at by subtracting 13.8 result from 17.8 minimum threshold requirement).

### When will target adjustment occur?

Target adjustment will occur in May.

## Target reallocation

The key rationale for strengthening HBC provider performance is to improve the capacity in the home-based care system. One way to improve capacity is to allocate targets in accordance with a HBC provider’s capacity to deliver additional service. Divisions and HBC providers need to work closely together to ensure that performance targets are consistently achievable.

### Why will target reallocation occur?

Targets and funding that become available through the adjustment of underperforming targets will be reallocated to secure alternative placements for children and young people in care.

### How will target reallocation occur?

Where possible, any targets adjusted and withdrawn from a HBC provider will be reallocated to another HBC provider with demonstrated capacity to deliver additional targets. The department will seek to identify HBC providers with a capacity to meet or exceed the minimum required performance threshold for a specified activity, and if allocated additional targets, continue to meet the minimum required performance threshold for that activity.

The department will adhere to the principles of funding including best value, outcomes, financial responsibility, performance accountability and partnership when reallocating targets to effectively manage resources across areas to maximise responsiveness to client needs.

### How is target reallocation transacted and monitored?

Target reallocation must be transacted in SAMS and will be monitored in accordance with this policy. All reallocated targets will be transacted in SAMS in the May variation window, based on performance in the review period.

An assessment of a HBC provider’s capacity to reach the minimum required performance threshold will occur throughout each financial year.

### When will reallocation occur?

Action to reallocate targets will occur in May.

## Target reimbursement for over performance

### What is reimbursement?

Reimbursement involves a fixed-term increase in funding associated with a short-term period of over-performance. Reimbursement may occur where, as a result of arrangements agreed with a division, a HBC provider over-performs against funded targets for a review period. In these circumstances, the HBC provider will be reimbursed, in a single transaction, for the value of the average over-performance through the financial year.

Any ongoing upwards target adjustment is at the discretion of senior divisional staff and will be determined based on current and projected HBC reallocation capacity and demand requirements.

### When does reimbursement occur?

The department may reimburse over performance in a review period, by the end of the financial year. For example, if a provider overperforms during the 2021-22 review period, reimbursement for overperformance may be paid, in a single transaction via SAMS2, before 30 June 2022.

### How is reimbursement calculated?

Reimbursement is calculated in accordance with a HBC provider’s agreed over-performance.

For example, a HBC provider has a target of a daily average number of 25 in the HBC complex activity. The required performance threshold of 90 percent equals a DAO of 22.5 targets that must be delivered. In the review period, the provider delivered a DAO of 28 targets and can be reimbursed on a fixed term basis for 3 additional HBC complex activity targets. Over performance across the review period is collated and transacted at the end of the annual cycle, to be undertaken in May.

#### Formula for determining reimbursement

(total actual annual divisional funded activity performance) – (total annual divisional funded activity targets)

*See the attached case studies for detailed examples.*

# Exceptional circumstances

### When do the general policy rules not apply?

In general, targets will be adjusted if a provider does not retain the minimum performance threshold of 85 and 90 per cent for the review period. The divisional Deputy Secretary has discretion to permit a HBC provider to retain full funding for the relevant review period if it is determined that the reason for under-performance was exceptional, reasonable and short-term or performance has improved throughout the review period and target adjustment would result in reducing capacity for the provider to continue improved performance levels.

The definition of exceptional circumstances is as follows:

‘Exceptional circumstances are short-term, unforeseen circumstances that are beyond a HBC provider’s reasonable control and have affected the provider’s capacity to deliver a funded service and where the strict application of the HBC policy would be unfair or unreasonable’. For example:

* reduction in the pool of available carers and homes due to a natural disaster including a flood or fire in a divisional area,
* issues within the HBC provider’s organisation, for example the sudden loss of multiple key personnel,
* where an adjustment would have a significant impact on business planning and/or would impact on financial sustainability of the HBC provider; or
* where performance does not reflect known investment in recruitment by the HBC provider, and as agreed with the department.

The circumstance will likely have a short-term focus (three to six months during the review period), and the HBC provider will be able to maintain a business-as-usual approach while responding to and overcoming the adverse situation enabling performance to return to the required threshold.

Exceptional circumstances will only justify departure from the general policy rule in the short term and cannot be applied as a justification for longer term business sustainability.

### Is there a standard process for justifying exceptional circumstances?

In circumstances in which ‘exceptional circumstances’ justify a departure from the general rule, a business case must be provided by the HBC provider seeking exemption from the general rule and a formal request must be completed by the relevant divisional staff for approval by the appropriate divisional Deputy Secretary.

The business case must outline the rationale for not adjusting targets and the proposed action by the HBC provider to improve performance in the subsequent review period.

An exemption may also be considered where performance has improved throughout the review period and target adjustment would result in reducing capacity for the provider to continue improved performance levels. The provider must provide a business case outlining how performance will be maintained at the improved performance levels.

# How will the department account for transition from foster care to permanent care?

A key feature of care services’ focus is on permanency and stability. The department recognises that permanent carers have a particularly crucial role in improving outcomes for vulnerable children and young people and is therefore committed to encouraging permanent care arrangements where appropriate.

The transition of a placement from foster care to permanent care results in a loss of a HBC provider’s foster care capacity. While it is expected that HBC providers will continue to actively recruit foster carers to replace those transitioning to permanent care, the department acknowledges that recruitment is a lengthy and uncertain process.

To ensure that HBC providers are not penalised in these circumstances, children and young people who transition from foster care to permanent care will be included in the HBC provider’s reported DAO for six months following the permanent care order being granted. This policy recognises both the importance of permanency in a child or young person’s life and the role of HBC providers in supporting the transition of children and young people from foster care to permanent care.

# Case contracting and voluntary child care arrangements

## How is performance measured for case contracting arrangements?

The performance requirement for case contracted placements is 80 per cent of eligible clients.

## How is performance measured for voluntary child care arrangements?

Placements arising from voluntary child care agreements are measured as part of a HBC provider’s DAO. The department understands that adjusting targets in response to sustained underperformance may affect a HBC provider’s capacity to facilitate these arrangements. This will be taken into consideration by the relevant divisional staff during performance discussions to minimise any impact.

# Attachment 1: Counting rules for calculating total delivered placements

The service agreement between HBC providers and the department incorporates the performance measure DAO, that is, delivered targets.

DAO is calculated by dividing the total delivered placement days in the reporting period divided by the total number of days within the reporting period.

The total delivered placement days are to be counted according to the following rules:

* Performance is measured on a 24 hours basis from midnight to midnight regardless of when the child enters the placement.
* Performance of one placement day is counted if a child is placed with a carer for more than one hour in a 24 hour period from midnight to midnight.
* For each placement, count the first and the last day of a placement.
* Except where otherwise required under this policy (see, for example, the counting rule in relation to respite below), only one placement day can be counted for each child in care per calendar day.
* If a foster care arrangement is converted into permanent care placement through a court order, the HBC provider is able to continue to count this placement for a period of six months after the permanent care order is granted.
* If the department requests (in writing) that a HBC provider organise and ‘hold’ a placement for a particular child, the period of time requested to be held can be included in the count as a delivered placement.
* Both the primary placement and the respite placement will be counted during the respite period.
* If a child remains in a placement after turning 18 years of age (child protection order has lapsed), as part of the 18 years and school attending carer reimbursement policy, the placement will count for performance purposes until the end of the school year.

# Attachment 2: Target adjustment and reimbursement case study examples

The following case studies illustrate how the strengthened HBC performance management approach operates in practice under the HBC performance and reporting requirements policy.

Our sample HBC provider is funded to deliver 50 general, 30 intensive and 20 complex targets each review period. For ease of the example, the indicative unit prices for these targets are $20,000, $30,000 and $40,000 respectively.

Where a HBC provider under performs, the funding and target adjustment may be the difference between the dollar value of the (unit-priced) targets delivered and the 85 or 90 per cent threshold for specified in scope activities. Where a HBC provider over performs (i.e. performs above 100 per cent of funded targets), the dollar value of the over-performance may be reimbursed.

## Case study 1

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| HBC Activity | Unit price (annual) | Funded targets (annual) | Total funding (annual) | Delivered targets (annual) | Perform-ance  | Under/overperformance | Target adjustment (annual) | Reimburse-ment (annual) |
| General | $20,000 | 50 | $1,000,000 | 47.5 | 95% | 0% | $0 | $0 |
| Intensive | $30,000 | 30 | $900,000 | 28.5 | 95% | 0% | $0 | $0 |
| Complex | $40,000 | 20 | $800,000 | 15 | 75% | -15% | -$120,000 | $0 |
|  |  |  |  |  |  |  | -$120,000 | **$0** |

In case study 1, this HBC provider meets the thresholds for general and intensive but under-delivers by 5 complex targets. This equates to 25 per cent underperformance in complex targets. The target adjustment may be 15 per cent of the total complex funding which is the difference between the 90 per cent threshold and the actual performance:

* Delivered 15 complex targets vs. a target of 20 = 75 per cent performance.
* (90 per cent threshold less 75 per cent actual = 15 per cent adjustment).
* 15 per cent of 20 targets is 3 targets
* 15 per cent total annual complex funding of $800,000 = $120,000.
* Targets may be reduced by three at the end of the review period.

## Case study 2

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| HBC Activity | Unit price (annual) | Funded targets (annual) | Total funding (annual) | Delivered targets (annual) | Perform-ance  | Under/overperformance | Target adjustment (annual) | Reimburse-ment (annual) |
| General | $20,000 | 50 | $1,000,000 | 40.0 | 80% | -5% | -$50,000 | 0 |
| Intensive | $30,000 | 30 | $900,000 | 39.9 | 133% | +33% | $0 | $297,000 |
| Complex | $40,000 | 20 | $800,000 | 10.0 | 50% | -40% | -$320,000 | $0 |
|  |  |  |  |  |  |  | **- $370,000** | **+$297,000** |

In case study 2, there is both under and over performance. The underperformance adjustment is calculated based on the difference between the 85/90 per cent threshold and the actual performance, as per case study 1. The over performance payment (reimbursement) is based on the difference between the actual performance and less 100%. Using case study 2:

* Under-performance: 85 per cent less actual performance:
	+ General (85 per cent threshold less 80 per cent performance) = -5 per cent **→** -5 per cent of 50 targets is 2.5 targets @ $20,000 per target = $50,000
	+ General targets may be reduced by 2.5 at the end of the review period.
	+ Complex (90 per cent less 50 per cent) = -40 per cent **→** -40 per cent of 20 targets is 8 targets. 8 targets @ $40,000 = $320,000
	+ Complex targets may be reduced by 8 targets at the end of the review period
* Over-performance: actual performance less 100%:
	+ Intensive (133 per cent less 100 per cent) = 33 per cent **→** 33 per cent\* $900,000 = $297,000.

## Case study 3

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| HBC Activity | Unit price (annual) | Funded targets (annual) | Total funding (annual) | Delivered targets (annual) | Perform-ance  | Under/overperformance | Target adjustment (annual) | Reimburse-ment (annual) |
| General | $20,000 | 50 | $1,000,000 | 20 | 40% | -45% | **-$450,000** | **$0** |
| Intensive | $30,000 | 30 | $900,000 | 30 | 100% | 0% | **$0** | **$0** |
| Complex | $40,000 | 20 | $800,000 | 40 | 200% | 100% | **$0** | **+$800,000** |
|  |  |  |  |  |  |  | **-$450,000** | **$800,000** |

In case study 3, our sample HBC provider has over performed in Complex by 20 targets and under performed in General by 30 targets. Although a target adjustment and reimbursement would need to be made to reconcile performance, this scenario should not occur in practice as significant levels of over or underperformance are expected to be managed through ongoing performance review as part of regular performance monitoring, with action taken by the department in consultation with the HBC provider to reconcile performance as needed (see Section 5).

\*\* Note: this will also apply to Therapeutic Foster Care