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## Service Platform Planning<sup>1</sup>

### 2.1 Resource allocation through service platform planning

The need to improve effectiveness, equity, and efficiency is a major reason for strategic planning. This is achieved through a process of allocating resources among:

- service levels (effectiveness);
- geographical areas (equity); and
- inputs (efficiency).

Resource allocation can be handled in several ways: for example, by using a historical approach, a formula-based approach, or a service platform approach.

A historical approach involves basing future budget allocations on either previous budget allocation or expenditure. If future budget funds exceed increases in the cost of resources (eg salary increases, drug prices), the excess can be allocated to under-funded service levels, districts, or resources. However, even if there is any excess funding, it is likely to be insufficient to make any significant impact on the inherited imbalances of the health system.

Under a formula-based approach, the allocation of budgetary funds is determined using a formula. For example, a population-based formula might be used to enhance equity, or a utilisation-based formula might be used to enhance efficiency. The allocated funds are then used to acquire whatever resources are necessary. Effectively, resources follow budgets. Such an approach generally only achieves the desired results where budgets are allocated as block grants and district managers have absolute discretion over their use. A change from a historical approach to a formula-based approach could result in significant budgetary shifts among districts, which would require significant changes in the distribution of facilities and personnel. Without a properly developed long-term plan, such budget shifts are generally only paper exercises.

Under a service platform approach, an effective and equitable distribution of facilities and services is decided first. This is used to determine an appropriate allocation of resources, which is then used as a basis for the allocation of budgets. Effectively, a formula-based approach is used to determine the distribution of services and resources, and the budgets follow suit. This approach is in line with existing planning processes, namely the development of long-term strategic position statements and plans. The service platform approach is, therefore, the most appropriate method at this point in time.

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<sup>1</sup> It is expected that separate guidelines on conducting strategic position statements and developing service platforms plans will be produced.

## 2.2 Strategic position statements

Each province must prepare a strategic position statement, which should provide broad options for improving service delivery and for making it sustainable within the constraints of provincial resources. These objectives must be based on key principles of equity, efficiency and affordability. An SPS covers a ten-year period and provides alternative visions for service delivery at the end of that period.

The options should be based on factors such as the population, the likely need and demand for services, the current distribution of facilities, service delivery norms, and likely funding. The options should show the “best” distribution of services based on:

- Current funding level projected over the ten years (status quo).
- Full funding required to meet the expected needs of the population based on national norms.
- Full funding required to meet the demand for services based on projected utilisation levels.
- Increased funding required to meet selected priorities, such as providing the full PHC package.

The “best” distribution of services should take into account the following criteria:

- The most effective distribution of levels of care (e.g. hospital service levels 1, 2 and 3, clinics and community-based care).
- The most equitable distribution of services based on population and need.
- The most efficient distribution of funding among resources (inputs), such as personnel, drugs and transport.

In some cases it will not be possible to optimise all of these criteria and balancing will be necessary. It is important to show key points of each option in a clear and concise way, which may be best done in tables. *Table 1* provides an example of a format.

## 2.3 Service platform planning

A province must next develop a service platform plan based on the options shown in the strategic position statement. The plan should be generally in line with one of the stated options, but may vary in the specifics. If the plan requires additional funding, there should be a proposal for obtaining that additional funding and a fall-back plan if the funding does not materialise.

The plan must cover the **distribution of services across service levels**. It should state how many hospital beds (of different levels and types), CHCs and clinics<sup>2</sup> should be in place, as well as the norms and other factors used in the calculations.

It must also cover the **distribution of services across district and sub-districts**, and the norms and other factors used in the calculations. Initially, this distribution can be made on the basis of un-weighted population figures, but may later be weighted according to differential health needs and service costs.

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<sup>2</sup> Including both static clinics and visiting points served by mobile clinics.

**Table 1. Strategic service delivery options – provincial summary (illustrative)**

	Current services/ current funding	Ten-year Re-structured services/ projected funding	Ten-year projected utilisation / full funding	Ten-year expanded services / expanded funding	Ten-year full services/ full funding
<b>Data</b>					
Population					
Level 3 beds					
Level 2 beds					
Level 1 beds					
CHCs and clinics					
Number of doctors					
Number of professional nurses					
Recurrent PHC expenditure					
Recurrent hospital expenditure					
Total recurrent expenditure					
Total capital expenditure					
<b>Indicators</b>					
Level 3 beds per 1,000 population					
Level 2 beds per 1,000 population					
Level 1 beds per 1,000 population					
CHCs/clinics per 10,000 population					
Doctors per 1,000 population					
Professional nurses per 1,000 population					
Recurrent PHC expenditure per person					
Recurrent hospital expenditure per person					

**Target allocations of personnel** must also be shown. These are based on the distribution of services using agreed staffing norms. The plan should include description of how personnel will be hired or trained. Training requirements must be linked with training plans.

The plan must show the projected capital costs connected with the planned distribution of buildings, equipment and vehicles. It must also show the **recurrent costs**. Personnel costs are based on the target allocations of personnel. Other resources, such as drugs and maintenance, should be based on standard costs for the type of facility and services. Since both personnel and other resources are based on norms, the total recurrent cost for a facility should be fairly standard. This standard cost can be used to adjust numbers of facilities and/or services in accordance with projected funding.

The plan should be **broken down by district**, showing the changes in district health services and the changes in related areas, such as referral hospital and support services. The allocation of resources and budgets will also be broken down by district.

The service platform plan must also be **broken down by year** to show the annual changes in services, resources and budgets. The relevant three-year slice of the ten-year plan is used as the basis for the three-year service platform plan in the provincial and district plans. The ten-year plan must, therefore, be revised each year so that inputs into the three-year plans are up-to-date.

The distribution of resources should take into account actual and projected utilisation levels. If, for example, a hospital has insufficient personnel according to the population but is under-utilised, increasing the number of personnel may be a waste of resources. People in the communities served by the hospital may choose to go to another hospital that is more convenient in terms of transport routes. On the other hand, it may be under-utilised because it is understaffed and there are long waiting times. If these factors are not taken into account in the ten-year plan, they must be addressed in the three-year plan. One approach may be to distribute facilities according to population but to allocate staff and other resources according to utilisation targets. (Which may reflect increases from actual utilization).

Since service platform plans are fairly complex it is **important to show them in summary form** in a number of key tables. *Table 2* shows a format that can be used to show the allocation of resources over districts. A similar table can be used to compare the indicators across the districts for a selected year, such as the tenth year. Other tables can be used to show more detail, such as numbers of each type of personnel per bed by year or by hospital.

**Table 2. Planned service platform for District 1 (illustrative)**

	Last year actual	First year projected	Second year projected	Third year projected	Ten-year projected
<b>District 1</b>					
<b>Data</b>					
Level 1 beds					
CHCs and clinics					
Number of doctors					
Number of professional nurses					
Recurrent PHC expenditure					
Recurrent hospital expenditure					
Total recurrent expenditure					
<b>Indicator</b>					
Level 1 beds per 1,000 population					
CHCs and clinics per 10,000 population					
Number of doctors per 1,000 population					
Number of professional nurses per 1,000 population					
Recurrent PHC expenditure per person					
Recurrent hospital expenditure per person					
Total recurrent expenditure per person					

Planned service changes can also be described in tabular form, for example showing which resources are to be shifted and which are to be added. (See Table 3.)

**Table 3. District service platform changes – District A (Rands) (illustrative)**

Facilities	Resources	Source	Budget shifts	Budget additions
<b>Year 1</b>				
Build new CHC 20 beds and 3 new 5-day clinics. Add 2 more vehicles.	Construction and equipment	Capital budget		R4,000,000
	2 extra vehicles	Capital budget		R300,000
	20 more professional nurses	Shift 20 professional nurses from District B	R2,000,000	
	Additional drugs etc	Shift drugs budget from District B	R200,000	
Etc				
<b>Year 2</b>				
Etc				