MIDCENTRAL DISTRICT HEALTH BOARD

Minutes of the MidCentral District Health Board meeting held on 12 August 2014 at 10.15am at Tararua District Council, 26 Gordon Street, Dannevirke

PRESENT

Phil Sunderland (Chair)
Diane Anderson
Adrian Broad
Lindsay Burnell
Barbara Cameron
Ann Chapman
Kate Joblin
Nadarajah Manoharan
Karen Naylor
Richard Orzecki
Barbara Robson

IN ATTENDANCE

Murray Georgel, Chief Executive Officer
Mike Grant, General Manager, Planning & Support
Jill Matthews, Principal Administration Officer
Jeff Small, Group Manager, Commercial Support Services
Scott Ambridge, General Manager, Enable New Zealand
Lyn Horgan, Operations Director, Hospital Services
Nicholas Glubb, Operations Director, Specialist Community & Regional Services
Muriel Hancock, Director, Patient Safety & Clinical Effectiveness
Brian Woolley, Manager, Knowledge & Information Management
Dennis Geddis, Communications Officer
Helene Carbonatto, Executive Director, Innovation

Public (4)
Media (1)

Opening the meeting, the Chairman welcomed Sharon Wards, CEO, Tararua Health Group and her colleagues. He conveyed the Board's appreciation of the work being done by the THG.

1. APOLOGIES

There were no apologies.

2. LATE ITEMS

There were no late items.

3. CONFLICT AND/OR REGISTER OF INTERESTS UPDATE

3.1 Amendments to the Register of Interests

There were no amendments to the register.

3.2 Declaration of Conflicts in Relation to Today's Business

The following conflicts were declared:

- Murray Georgel: Director, HBL. Agenda items concerned were 9.1 – Operations Report (HBL update), 16.1 - laundry and linen business case, and 16.2 – national infrastructure platform business case.
- Richard Orzecki: Agenda item 8.3 Storage Area Network Business Case. Mr Orzecki had been an employee of Datacom many years ago.

It was agreed these interests did not present any issue and Messrs Georgel and Orzecki could participate in the discussion.

4. PUBLIC FORUM

Sharon Wards, CEO, Tararua Health Group addressed the meeting:

- it was 17 years since the Dannevirke Community Hospital was opened;
- the Tararua Health Group was working closely with the DHB to bring about a new model of care through the partnering with general practice framework;
- the development of a new model of care was proving challenging, particularly given this was being done at the same time as "business as usual" work;
- the new model focused on more clinical leadership and funding based on outcomes rather than inputs.

Members of MidCentral DHB's management team outlined service developments in the Tararua.

5. MINUTES OF THE PREVIOUS MEETING

5.1 Minutes

It was resolved:

that the minutes of the previous meeting held on 1 July 2014 be confirmed as a true and correct record.

5.2 Matters Arising from the Minutes

5.2.1 Employment Negotiations

The CEO advised that the clerical negotiations had been postponed due to sickness.

Notice of strike action had been received from the PSA in respect of a number of allied health and public health staff. This would take effect in two week's time and a full briefing would be provided to the Hospital Advisory Committee.

5.2.1 Health & Safety Legislation

Management advised that a number of steps were being taken to ensure the organisation was aware of new and amended requirements under this legislation. This included a presentation from the DHB's legal team, a briefing for the DHB leadership group (including PHO leadership), and discovery work was being undertaken by the occupational health team. MDHB was also linked into work being done nationally. A work programme would be developed to address any required changes. The CEO advised this work programme would include advice to the board regarding new requirements and any potential exposures.

6. BOARD COMMITTEES

6.1 Group Audit Committee

It was resolved:

that the minutes of the previous meeting held on 1 July 2014 be confirmed as a true and correct record.

6.2 Matters Arising

6.2.1 Central Region's Information System Plan (CRISP)

Management advised that national IT work was not expected to pose any risks for CRISP. However, there may be some timing issues regarding implementation as the organisation could only implement one large project at a time.

The Chair advised that the CRISP contract was not yet signed but the matters in relation to this and depreciation had been addressed by the Chief Financial Officers. Buddle Findlay was now preparing the document for signing and this would occur through due process. Further issues would be addressed subsequently.

6.3 Hospital Advisory Committee

It was resolved:

that the minutes of the previous meeting held on 22 July 2014 be confirmed as a true and correct record.

6.4 Matters Arising

6.4.1 Maternity Information System

The Operations Director, Specialist Community & Regional Services reported the Ministry of Health were expected to advise the commencement date for this project later in the week.

6.5 Community & Public Health Advisory Committee

It was resolved:

that the minutes of the previous meeting held on 22 July 2014 be confirmed as a true and correct record.

6.6 Matters Arising

There were no matters arising from the minutes.

6.7 Disability Support Advisory Committee

It was resolved:

that the minutes of the previous meeting held on 22 July 2014 be confirmed as a true and correct record.

6.8 Matters Arising

There were no matters arising from the minutes.

7. WORK PROGRAMME

It was resolved:

that the updated 2014/15 work programme be noted.

8. STRATEGIC MATTERS

8.1 Master Health Service Plan: Indicative Business Case

The General Manager, Planning & Support presented the Indicative Business Case (IBC). He outlined the background to the project and the process used to develop the IBC. Mr Grant noted that from a financial perspective, the income statement, balance sheet and cash flow were positive. There was a possibility some additional cash flow would be required for a period of two to three years which was not unusual for a major development. He further advised that parallel to the development process was a change management process to successfully implement the new models of care.

In response to questions, management advised:

- the modelling included flexibility for additional staff within the DHB's funding stream (contribution to cost pressures and demographic growth);
- the national Capital Investment Committee had been included in the process from the outset and was well aware and supportive of the project;
- MDHB had invested heavily in primary health care over the past 10 years and this was recognised by the Capital Investment Committee;
- the major difference between options 1A and 1B was the inclusion of the upgrade of radiology and service efficiencies in option 1B, being the preferred option;
- the service efficiencies would be further worked up and detailed in the Systems Improvement Paper, and the detailed Business Case;
- the proposed service efficiencies were not ambitious, ie the target around reducing the average length of stay for surgical patients was based on moving MDHB to the sector average;
- improvements in theatre and ED efficiency did not have corresponding staff provisions and would need to be funded from future funding (contribution to cost pressures and demographic growth), and the efficiencies gained from improved facilities, eg clear lines of site;
- linkages with local territorial authorities would occur at the implementation stage, but these agencies had been advised of MDHB's plans in broad terms;
- there was flexibility for primary care development to continue and this could be funded by investment from surpluses and/or freeing up/re-prioritising current funding;
- the Consumer Advisory Group were supportive of the business case and had raised issues around contextual ward based assessment and requested investment in co-design – the Group's views would be reported to the Board's next meeting;

The following amendments to the IBC were agreed:

- the IBC vision be more closely linked to international best practice

- the risk assessment for realising the efficiency gains be rated "medium to high"
- the establishment and implementation of a Systems Improvement Paper be amplified and treated as a "business case companion document"
- the wording around three centres for the Central Region be reconsidered;
- a stronger profile to be included around the possibility of taking on more debt at the end of the process, including what this would look like and noting that there would likely be increasing pressure on MDHB's surpluses and cost escalations during the process which would necessitate the need for increased debt;
- the workforce section be clarified to clearly distinguish between MDHB's employed workforce and the district's health workforce; and
- the glossary be expanded, and terminology throughout the document tightened up (from a lay person's perspective)

The Disability Support Advisory Committee's recommendation that a disability consumer representative be included on the Consumer Advisory Group was noted.

It was agreed that community engagement would be a key component of the project going forward.

It was further agreed that a summary of all changes to the IBC would be provided to members before the IBC was submitted to the Capital Investment Committee.

Members congratulated staff on an excellent business case.

A member expressed reservations regarding the service improvement component of the IBC. In particular, the organisation's state of readiness to embark on a significant service redesign. This matter was discussed and it was agreed the level of information would come through the Systems Improvement Paper. The importance of this document was re-iterated by the Board and it was agreed this be reflected in the recommendation through inclusion of a provision that the workplan for the development of the Systems Improvement Paper be submitted to the Board's next meeting.

It was resolved:

that the report be received.

that MDHB:

a) endorse the final draft of the Indicative Business Case (subject to any changes identified at the 12 August Board meeting) for presentation to the regional Capital Investment Committee in September 2014 then the national Capital Investment Committee in October 2014;

b) note this is subject to endorsement of the final draft by Treasury and Ministry of Health officials, as well as the WDHB Board;

c) agree that management can make further minor changes to the final draft based on MDHB and WDHB feedback, central government agency feedback and Regional Capital Investment Committee feedback without the requirement for final endorsement by MDHB Board, noting that a summary of any changes would be circulated to the Board prior to the IBC going to the Capital Investment Committee;

d) *note that should any substantive change be required to the final draft through any of the channels described in Recommendation (c), that management will present those changes to the Board at their September Board meeting for final ratification. This will extend the timeframe for presentation to the national Capital Investment Committee to November 2014;*

e) *note the importance of the Systems Improvement Plan and that the work plan for the development of that Plan be submitted to the Board's next meeting.*

Karen Naylor recorded her vote against the motion.

8.2 IT Infrastructure/SAN Outage Review

The Chairman advised this was an information paper and that a full report would be provided to the Group Audit Committee for interrogation and discussion as to the risk elements it presented for the organisation and how these were being or had been mitigated. All members were welcome to attend the Group Audit Committee and put forward any questions they had. The Chair confirmed that the Group Audit Committee would receive the independent report for review.

It was noted the report raised issues around investment in IT development and an assurance was sought as to whether any other risks existed in the hospital environment. The CEO advised the issue of investment was not just around IT. The DHB had invested in people, providers, clinical equipment, facilities and IT. Sometime ago management has signalled more investment in IT was required and this was part of the reason for investment in a replacement patient administration system, and infrastructure issues such as a SAN and wireless/telephony.

A member noted it was a credit to the organisation that this paper was being considered in the public arena.

It was resolved:

that the briefing paper be received.

8.3 Storage Area Network Business (SAN) Case

The Chairman advised that he intended for this report to be considered and discussed in the public section of the meeting, but that the decision be held over to the "in committee" section so it could be considered in conjunction with the detailed financial information.

The General Manager, Planning and Support presented the report. He advised the proposal identified the critical issues faced by MidCentral DHB around storage capacity, meeting industry standard guidelines and future computing growth, and addressing disaster recovery requirements. Mr Grant noted the previous paper around the SAN outage set out the burning platform for this decision. Also, the decision paper submitted regarding the national infrastructure platform set out the long term solution. In response to questions, management advised:

- all aspects of the process in developing the business case had been either peer reviewed or had been developed with external expert advice, namely:
  - SAN requirements developed by MDHB's team, supported by an independent solutions architect from Datacom;
  - evaluation of the tenders was facilitated by Computer Concepts Ltd (CCL), an independent firm with knowledge of MDHB's systems;
- CCL had undertaken the independent review of the partial SAN outage;
- the proposal was for leasing of the SAN, and for half the storage area network to be located offsite;

- the proposal was based on new technology;
- the process for replacing the SAN had commenced in August 2013 with the scoping of future requirements as the existing SAN was at the end of its useful life;
- the design work had been turned into a request for proposal which had been publicised on the Government Electronic Tenders Service (GETS);
- tenders for a replacement SAN and increasing computing power had been sought in late 2013;
- evaluation of the three tenders received had occurred in February 2014 when the first partial SAN outage had occurred;
- the tender specifications had not required amendment as a result of the national infrastructure platform initiative or partial SAN outage, however the need to move more quickly in establishing the off-site SAN capacity had been identified for risk mitigation purposes;
- through MDHB's contracting department, arrangements had been put in place to ensure a "chinese wall" existed between the Datacom systems architect who had helped in the design work, and, the Datacom team who had put together a tender proposal;
- the systems architect had completed a confidential agreement;
- respondents to RPFs of this nature now tended to involve several parties, with one company being the systems integrator;
- under the proposed solution, Datacom would be the systems integrator and MDHB would deal directly with that company;
- as the proposal was for the replacement of current equipment, the National Health IT Board had not been involved;
- the proposal was consistent with the national infrastructure platform proposal;
- support arrangements would be put in place during the next phase, being negotiation of contractual arrangements;
- MDHB would require 24/7 support for its infrastructure, with associated service response times, for example, a 30 minute response time for priority one incidents; and,
- the contractual arrangements would be subject to independent quality assurance prior to execution.

9. OPERATIONAL MATTERS

9.1 CEO's Report

9.1.1 centralAlliance Strategic Plan

The CEO confirmed that this project was closely aligned to the Master Health Service Plan process.

9.1.2 CRISP

The change in approach to ownership of the regional IT assets was discussed and the CEO advised this was due to the accounting treatment and audit advice.

The CEO noted that as reported to the Group Audit Committee last month, all aspects of the CRISP work programme were being advanced.

9.1.3 Planning Documents

The CEO advised that Ministerial support for both the Regional Service Plan and MDHB's Annual Plan for 2014/15 was yet to be received.

9.1.4 Patient Administration System (WebPAS)

Management confirmed that a sub-regional patient administration system was being built for the northern DHBs within the Central Region, and that a "clean" version of WebPAS was to be installed. Further that the proposed use of Capital & Coast DHB's templates was possible within this arrangement.

9.1.5 End of Year Reporting

Management confirmed that it had submitted a letter of representation in respect of the year end results. In line with this, a letter of representation had been signed on behalf of the Board by the Board and Group Audit Committee Chairs, CEO and Chief Financial Officer. This letter of representation had been submitted to the auditor and director-general of health. The year end result (unaudited) was a surplus of $2.007m.

9.1.6 Meetings with Local Territorial Authorities and MPs

The CEO advised that subsequent to his report, meetings had been held with Kapiti Coast District Council's Mayor and CEO, and the MPs for Rangitikei and Palmerston North. The MP for Otaki had declined the offer to meet.

It was suggested that it would be useful for the Chairman and CEO to meet with full Councils (as well as or in place of meetings with the Mayor and CEO only). It was noted that this approach had been taken in earlier years but had not proved successful. However, it would be re-considered.

9.1.7 Laundry Lease

The Group Manager, Commercial Support Services advised resolution of this matter was being progressed through the Ministry of Health and he continued to follow-up on this.

9.1.8 Year End Financial Result

The Board noted the good financial result for the year.

It was resolved:

that the report be received.

9.2 Contracts

It was resolved:

that the report be received.

10. GOVERNANCE ISSUES

10.1 Manawhenua Hauora Minutes

It was resolved:

that the minutes be received.

10.2 Delegations Policy

Management confirmed that contract values could not be dis-aggregated, and that reporting of over $250,000 continued to be reported to the Board in line with members' requirements.

It was resolved:

that the delegations policy be noted, and that it be reviewed in 12 month's time.

10.3 Standing Orders and Code of Conduct

It was resolved:

that the Board's Standing Orders be noted, and reviewed in three year's time; and,

that the Board's Code of Conduct be amended and reviewed in three year's time.

11. LATE ITEMS

There were no late items.

12. DATE OF NEXT MEETING

Tuesday, 23 September 2014, MidCentral District Health Board Offices, Board Room, Gate 2, Heretaunga Street, Palmerston North.

13. EXCLUSION OF THE PUBLIC

It was resolved:

that the public be excluded from this meeting in accordance with the Official Information Act 1992, section 9 for the following items for the reasons stated:

Item	*Reason*	*Ref*
"In Committee" Minutes of the Previous Meeting	For reasons stated in the previous agenda	
"In Committee" Minutes of Committee Meetings: • Hospital Advisory Committee, 22 July 2014 • Community & Public Health Advisory Committee, 22 July 2014 • Disability Support Advisory Committee, 22 July 2014	For the reasons set out in the Committee's order paper 22.7.14 meeting held with the public present For the reasons set out in the Committee's order paper 22.7.14 meeting held with the public present For the reasons set out in the Committee's order paper 22.7.14 meeting held with the public present	

Strategic Matters • Laundry/Linen Business Case	Commercially sensitive pricing and subject of negotiation	9(2)(j)
• National Infrastructure Platform Business Case		
• Storage Area Network and Server Refresh – cost breakdown	Commercially sensitive pricing	9(2)(j)
Operational Matters • Disposal of Horowhenua Hospital Property	Subject of competitive tender process	9(2)(j)
• CEO's Report: Regional Service Plan; 2013/14 Annual Accounts & ACC Contract	Subject of negotiation	9(2)(j)

The meeting broke for lunch and reconvened at 1.30pm.

Lindsay Burnell exited the meeting.

Confirmed this 23rd day of September 2014.

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Chairman