

# MIDCENTRAL DISTRICT HEALTH BOARD

Minutes of the MidCentral District Health Board meeting held on 15 December 2015 at 10.00am at MidCentral District Health Board Offices, Gate 2, Heretaunga Street, Palmerston North.

## PRESENT

Phil Sunderland (Chair)  
Diane Anderson  
Adrian Broad  
Lindsay Burnell  
Barbara Cameron

Kate Joblin  
Nadarajah Manoharan  
Karen Naylor  
Oriana Paewai  
Barbara Robson

## IN ATTENDANCE

Kathryn Cook, Chief Executive Officer  
Mike Grant, General Manager, Clinical Services & Transformation  
Neil Wanden, General Manager, Finance & Corporate Services  
Craig Johnston, General Manager, Strategy, Planning & Performance  
Jill Matthews, Principal Administration Officer  
Dennis Geddis, Communications Team Leader  
Lyn Horgan, Operations Director, Hospital Services  
Brian Woolley, Manager, Knowledge & Information Systems  
Michele Coghlan, Director of Nursing  
Greig Russell, Medical Administration Trainee  
Jeff Small, Group Manager, Commercial Support Services  
Anne Amooore, Manager, Human Resource & Organisational Development  
Stephanie Turner, Director, Maori Health & Disability  
Scott Ambridge, General Manager, Enable New Zealand  
Allan Keogh, Consultant

**PUBLIC:** 1

**MEDIA:** 1

Opening the meeting, the Chairman welcomed new Board Member, Oriana Paewai.

He also extended festive greetings and his appreciation to the Board and management.

### 1. APOLOGIES

An apology was received from Board Member Ann Chapman.

### 2. LATE ITEMS

A request for a late item was made, being Allied Laundry Services Limited – Approval to Enter into a Loan Facility. The Chair advised that this item had not been included in the agenda as Allied Laundry Services Limited (ALSL) was not aware it would require shareholder support to enter into a loan facility. This requirement was established by the Minister of Health and Finance, and MidCentral DHB has received notification after the agenda had been developed. The loan facility was required to fund capital purchases which fell before the Board's next meeting.

The Chair advised that the matter was the subject of negotiation between several parties, and as such it was recommended it be considered in the confidential section of the meeting.

It was resolved:

*that Allied Laundry Services Limited – Approval to Enter into a Loan Facility be accepted as a late item and that it be considered in the confidential section of the meeting under section 9(2)(j) of the Official Information Act 1982 as it was a matter under negotiation.*

### **3. CONFLICT AND/OR REGISTER OF INTERESTS UPDATE**

#### **3.1 Amendments to the Register of Interests**

There were no amendments to the Register of Interests.

#### **3.2 Declaration of Conflicts in Relation to Today's Business**

Karen Naylor recorded her interest in agenda item 16.1.

### **4. MINUTES OF PREVIOUS MEETING**

#### **4.1 Minutes**

It was resolved:

*that the minutes of the previous meeting held on 3 November 2015 be confirmed as a true and correct record, subject to the second point raised by a member of the public in respect of district management group membership be amended to read, "The member's application ...".*

#### **4.2 Matters Arising from the Minutes**

##### *4.2.1 Meetings with Territorial Local Authorities (TLAs)*

It was suggested that the Board consider meeting with all four TLAs in the district, as well as the regional council Mayors and Chief Executives in the future. A forum of this nature had been held recently regarding the health of the Manawatu river and it would have been useful for MDHB to be present.

The Chair advised that this would be considered in future as part of the growing relationship between the DHB and TLAs.

### **5. BOARD COMMITTEES**

#### **5.1 Funding Audit Sub- Committee**

It was resolved:

*that the unconfirmed minutes of the meeting of the Funding Audit Sub-Committee held on 3 November 2015 be received and the recommendations contained therein approved.*

## **5.2 Matters Arising**

There were no matters arising from the minutes.

## **5.3 Hospital Advisory Committee**

The Committee Chair provided positive informal feedback from a member of the public regarding the changes made to MidCentral DHB's inpatient mental health service.

It was resolved:

*that the unconfirmed minutes of the meeting of the Hospital Advisory Committee held on 24 November 2015 be received and the recommendations contained therein approved.*

## **5.4 Matters Arising**

There were no matters arising from the minutes.

## **5.5 Community & Public Health Advisory Committee**

Barbara Cameron clarified that her statement regarding the possibility of making a submission in support of fluoridation at the appropriate time related to a submission to the Manawatu District Council.

It was resolved:

*that the unconfirmed minutes of the meeting of the Community & Public Health Advisory Committee held on 24 November 2015 be received and the recommendations contained therein approved.*

## **5.6 Matters Arising**

There were no matters arising from the minutes.

## **5.7 Disability Support Advisory Committee**

It was resolved:

*that the unconfirmed minutes of the meeting of the Disability Support Advisory Committee held on 24 November 2015 be received and the recommendations contained therein approved.*

## **5.8 Matters Arising**

There were no matters arising from the minutes.

## **6. WORK PROGRAMME**

The CEO advised that clarification around how DHB shares in TAS were treated, in relation to the regional IT programme, had been discussed at the recent annual general meeting of the company. She would provide this clarification to the board member who had sought this information.

The Board noted the forthcoming health and safety workshop.

The Chair, Hospital Advisory Committee proposed that mental health services and maternity services be workshopped in February and March.

It was resolved:

*that the updated 2015/16 work programme be noted.*

## **7. STRATEGIC MATTERS**

### **7.1 Strategic Framework Update**

Wider community consultation and/or engagement into the strategic plan was raised and management confirmed that this would occur at a later stage when the strategic framework and work programme were clearer. Early involvement had occurred with consumer, Iwi, primary health organisation and clinical representatives being involved in the initial workshop.

It was noted that a public consultation process would also identify other strategies which existed which would impact on MDHB's strategy. For example, the Regional Growth Strategy.

It was resolved:

*that the report be received.*

### **7.2 2015/16 Annual Plan Development: Planning Parameters and Update**

Management advised the Minister's letter of expectations, and, the annual funding envelope had not yet been received. These were expected to be received within the next week.

Congratulations were extended to Craig Johnston on his appointment to the role of General Manager, Strategy, Planning and Performance.

It was resolved:

*that the report be received.*

### **7.3 Capital Investment – Strategic Perspective**

Management's view on leasing was clarified; this could be a tactical response on occasions but was not always the best use of resources.

The impact of the delay with the Master Health Service Plan on the DHB's obligations to strengthen buildings with seismic risk issue was raised. The General Manager, Finance & Corporate Services advised the impact would need to be re-assessed to determine whether it was acceptable or posed an unacceptable risk. In the event of the latter, an alternative would need to be developed.

The scope and cost of the Master Health Service Plan was discussed and the CEO advised that this would be driven by the models of care work about to get underway. A range of different options and pathways would likely be generated, and the DHB could determine the priorities for implementation based on patient safety and clinical care.

The Chair noted that this would require significant review by the Board at the appropriate time.

It was resolved:

*that the report be received.*

## **8. OPERATIONAL REPORTS**

### **8.1 CEO's Report**

#### *8.1.1 Annual Report 2014/15*

The Board noted that MidCentral DHB's annual report for the 2014/15 financial year had been tabled in Parliament.

#### *8.1.2 Information Systems*

The CEO advised that there was regional agreement to a rescoped programme of work within the regional health informatics programme. MidCentral DHB would be the second DHB to implement the clinical portal within this programme, together with the regional Radiology Information System. MidCentral DHB was working with two other DHBs planning WebPAS implementation and also with ePharmacy.

A significant amount of work had been done to replace the Storage Area Network (SAN), mitigating a significant risk which the organisation had carried.

The CEO further advised that a business case for the dental information, and in time other systems would come through in due course as strategic, annual and service plans about how the organisation would move forward was finalised. It was noted that MidCentral DHB would be the last DHB to implement the dental information system, and that this system was working well in other areas.

The hospital operations centre information system was raised, and a member questioned how the Hutt Valley DHB model compared to that originally identified by MidCentral DHB as meeting its needs. The CEO advised the Hutt Valley DHB option provided a counter-factual. It was in operation at a few DHBs and was able to operate in conjunction with Concerto. There were shortcomings around its development and the degree to which it could be further developed and scaled. The other system, Alcidion, was a different product which was not currently in operation within New Zealand.

#### *8.1.3 Financial Position*

A member asked how the performance and intervention framework meetings with the Ministry of Health were progressing and the CEO advised that both the Board and the Ministry would wish to see the quickest return to financial health as possible. Things were taking longer but a significant amount of work was happening in the organisation to identify and address the challenges. The CEO said it was fair to take into account that revenue growth over recent years had averaged around 1.5 per cent while costs around multi-employer contact agreements (MECAs) had been settled at higher rates and the DHB had new national obligations. The management team continued to look at all the options for savings and a number had already been implemented. The impact of these would be realised in the new year.

#### *8.1.4 Annual Leave*

Management confirmed that progress was being made in this area and staff were being able to get away on annual leave. However, as reported to the Hospital Advisory Committee, this would be looked at in the future to determine how successful the leave planning initiative had been. A number of hospital beds had been closed as part of the summer plan and this provided an opportunity for staff to take annual leave.

#### *8.1.5 Allied Laundry Services Limited*

This company's results and development were acknowledged by the Board, and it was agreed this was a very successful regional collaboration model.

### 8.1.6 Sub-Regional, Regional and National Work

The Chair acknowledged the work the CEO was doing at a sub-regional, regional and national level.

It was resolved:

*that the report be received.*

## 8.2 Financial Report

Management presented the financial report, advising that the November results showed a continuation of the current adverse position. The DHB was targeting a year end breakeven result and this would be challenging. Significant pressure continued on the hospital services, with high demand.

A huge amount of work was being done throughout the organisation to manage costs and capitalise on opportunities. The DHB was taking a considered approach, bringing together its strategic planning, national and financial work programmes.

The Board acknowledged Enable New Zealand's good financial position and the turnaround which had occurred over the past year.

The revenue banking process was discussed and management confirmed that an application had been made to uplift the \$2m banked in previous years. The release of these funds had originally been aligned to the Master Health Service Plan. MDHB now wished to uplift them to support its return to financial health. At this stage, the Ministry of Health had not signalled any issue with this. The Board would be kept apprised of this situation.

Specific areas of adverse financial performance were discussed. Management advised that the focus in breast screening services was to increase the volumes, particularly those for other DHB areas. Benchmarking was to occur around outsourced services. Clinical supply costs were impacted by many things such as clinical behaviour, procurement, and supply chain issues. MidCentral DHB had addressed these areas previously, and it was now the harder issues left to tackle.

Management advised that it would be a year of "two halves" and that financial improvement would begin to show in the second half of the year and increase in magnitude. Bed day usage had significantly reduced and an assertive summer plan was in place.

It was resolved:

*that the report be received.*

Barbara Cameron left the meeting.

## 8.3 Business Improvement Programme

It was suggested that management make contact with Whanganui DHB regarding ACC revenue as that DHB had done a lot of work in that area.

It was resolved:

*that the report be received.*

## 8.4 Staff Survey Work Programme

The staff survey results were discussed and some members expressed concern that there had not been an improvement in staff satisfaction during the three year period between surveys.

New approaches to addressing issues raised by staff were considered necessary.

The CEO advised that the current strategic planning process, particularly the values component, would be a key driver to changing the culture of the organisation and behaviour. An organisation development plan would fall out of this work, covering areas such as leadership, quality, capability, and behaviour. It was noted that recent initiatives introduced by the CEO, such as staff forums would have a positive effect.

It was noted that the work environment had changed markedly since 2012 (the time of the first staff survey) and comparisons between surveys was not always helpful. The DHB should look to measure improvement and in this respect it was considered by one member that the client experience would be the best measure.

The issue of staff levels was discussed and the CEO advised that benchmarking work was underway to ensure MDHB had the right skill mix and number of medical, nursing and allied health staff. A member noted that staff levels was a very difficult and complex matter, and while people may say more staff are needed, this was not necessarily always the case and many aspects had to be worked through to determine what was required. Over staffing could lead to over-servicing and other complications.

The issue of bullying was raised and the Manager, HROD advised the national Bipartite action group was developing a framework for addressing bullying. This would be released in the new year and MidCentral DHB intended to develop their strategy based on this. The national framework was based on the work done nationally with senior medical officer and resident medical officers.

It was resolved:

*that the report be received.*

## **9. GOVERNANCE MATTERS**

### **9.1 Annual Audit Arrangements**

The Chair opened discussion on this matter, advising that two amendments to the recommendations were proposed based on feedback from members. It was proposed that the terms of reference be referred to the Committee for consideration before submission to the Board, and, that an independent member with clinical risk management experience be recruited.

The Committee's name was debated, and the consensus was it should be Finance, Risk and Audit.

The interface between the Finance, Risk and Audit Committee (FRAC) and other committees, such as Hospital Advisory Committee (HAC) and the Community & Public Health Advisory Committee (CPHAC) was discussed. It was agreed that further work be done to clarify this and that this information be submitted to FRAC when it considered its terms of reference. It was suggested that management review previous reports and advise how these would be considered under the new arrangement, and identify the impact of FRAC on other committees. It was noted that FRAC would look at matters from an enterprise-wide perspective.

The importance of ensuring public transparency around the Board's operations was noted, including matters such as the mental health review.

It was suggested that IT governance should be incorporated into FRAC's terms of reference.

It was resolved:

*that Finance, Risk and Audit Committee be established effective from 1 January 2016;*

*that the terms of reference included in management's report dated 30 November 2015 be referred to the Finance, Risk and Audit Committee for consideration and recommendation to the Board;*

*that membership of the Finance, Risk and Audit Committee be Ann Chapman, Kate Joblin, Lindsay Burnell, Barbara Cameron, Karen Naylor and Phil Sunderland in the first instance;*

*that an independent Chair be appointed for the Finance, Risk and Audit Committee, and that Ann Chapman remain as Chair until this appointment has been made;*

*that an independent member with clinical risk management experience be appointed to the Finance, Risk and Audit Committee;*

*that Phil Sunderland, Ann Chapman and Kate Joblin be delegated authority to select and appoint:*

- *a person with financial expertise to the role of Finance, Risk and Audit Committee independent Chair;*
- *a person with clinical risk management experience to be a member of the Committee; and,*

*that it be noted that the terms of reference for other Board committees will be reviewed in the new year taking into account the Board's strategic direction and the new audit committee arrangements.*

## **9.2 Iwi Partner Minutes**

The development of Te Tihi was noted with interest and it was agreed that a presentation on this be provided for members.

It was resolved:

*that the minutes be received.*

## **10. LATE ITEMS**

There were no late items.

## **11. DATE OF NEXT MEETING**

Tuesday, 23 February 2016 at the MidCentral District Health Board Offices, Board Room, Gate 2, Heretaunga Street, Palmerston North.

## **12. EXCLUSION OF THE PUBLIC**

It was resolved:

Recommendation: *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:*

<i>Item</i>	<i>Reason</i>	<i>Ref</i>
“In committee” minutes of the previous meeting	For the reasons set out in the order paper of 3.11.15 meeting held with the public present	
“In committee” minutes of committee meetings: <ul style="list-style-type: none"> <li>• Hospital Advisory Committee, 24 November 2015</li> <li>• Community &amp; Public Health Advisory Committee, 24 November 2015</li> </ul>	For the reasons set out in the Committees' order paper 24.11.15 meeting held with the public present For the reasons set out in the Committees' order paper 24.11.15 meeting held with the public present	
Operational Matters <ul style="list-style-type: none"> <li>• CEO’s Report: NZ Health Partnership Limited – Contracts</li> </ul>	Subject of negotiation and commercial sensitive	9(2)(j)
Governance Matters <ul style="list-style-type: none"> <li>• Maternity Services</li> <li>• CEO/Board and Board Only time (no decision)</li> </ul>	To protect personal privacy, and, under obligation of confidence To protect personal privacy	9(2)(a) 9(2)(ba) 9(2)(a)

Confirmed this 23rd day of February 2016.

.....  
Chairman