



AUCKLAND DISTRICT HEALTH BOARD

**Minutes of the Auckland District Health Board meeting
held on Thursday 3 March 2005
in the Rangitoto Room,
Level 3 - LabPlus
Auckland City Hospital, Grafton
commencing at 1:30 pm**

1. ATTENDANCE AND APOLOGIES

Board Members

Wayne Brown (Chair)
Tony Bierre
Jackie Blue
Harry Burkhardt
Chris Chambers
Barry de Geest
Virginia Hope
John Retimana
Ian Scott

Management in Attendance

Garry Smith – Chief Executive Officer
Denis Jury – Chief Planning and Funding Officer
Warwick Russell – Acting Chief Financial Officer
Nigel Murray – General Manager Auckland City Hospital
Andrew Norton – General Manager Human Resources
David Sage – Chief Medical Officer
Ian Bell – Board Administrator

Apologies

The Chair declared the meeting open at 1:42 pm.
Apologies had been received from Ross Keenan and Di Nash

Prior to the meeting a presentation of a Certificate of Outstanding Achievement to the newborn service Woman's Health was made. This was a result of having received high results over three surveys with a focus on the continuum of care for patients standing out implemented through strong leadership.

2. PRESENTATION – POPULATION BASED FUNDING

Denis Jury presented to the Board on the funding envelope for ADHB for 2005/2006 moving from a restated base for 2004/2005 of \$963m to \$1029m an increase of \$66m. This increase was further detailed into provider arms services, public health, DSS, mental health and primary care. The \$21m increase in provider arm services for ADHB's population was however consumed by service changes, Holidays Act and nurses settlements and cancer price increases in the national price book cost with none available for volumes.

John Hazeldine and Mhairi McHugh from the Ministry of Health presented to the Board on Population Based Funding (PBF).

Different funding streams to DHBs were the Population Based Funding which had been top sliced for national services then other sources of revenue such as ACC, younger disabled and public health. The purpose of Population Based Funding was to allocate a fixed budget based on a capitation formula in relation to health needs of the population and the relative costs of meeting those needs. This provided funding for a population which implied inter-district flows (IDF) for treatment by other DHBs and contrasted with the previous model of funding providers. The funding was based on what was delivered historically plus a weighting for unmet need to get improvements adjusted for some factors such as rural, number of overseas visitors, etc. The formula had been implemented on the 1 July 2003 with a transition being managed to ensure no losses of revenue but moving to full implementation in 2005/2006.

The government budget cycle was outlined with funding advice to Boards in December, work with the MoH in February, DAPs in March to allow Cabinet decisions in April/May for presentation of the budget in May. The 2005/2006 PBF had a future funding track increase of 3.3% and adjustments for a travel and accommodation policy to be implemented on 1 January 2006 with a total increase of \$462m or 6.1% to take into account the nurses settlement, Holidays Act, older peoples price increase and asset testing which would be implemented with an estimated cost of \$105m.

Auckland's funding was over target for 2004/2005 by \$5.3m with lower population growth than forecast and improved IDF position.

Issues were IDF pricing including the tertiary adjuster, health of older people, IDF information quality, service changes and changes when the current top slice funding moved into the Population Based Funding formula.

The Board raised the issue of the daily population flow within Auckland and the need for a metropolitan Auckland concept although it was noted that funding and planning arms were working closer together. Problems continued in terms of health of older people and there was some confusion with PHOs with 6 PHOs with 85% enrolment but these could include people from other DHBs. The Ministry rejected suggestions of a capacity costing model or central ownership of assets.

The Board acknowledged that it must work within the Population Based Funding framework which at least was getting better and they welcomed the input of Gordon Davies and the Ministry of Health.

3. CONFIRMATION OF MINUTES 3 FEBRUARY 2005

Moved Virginia Hope, seconded Chris Chambers

That the minutes of the meeting with the Auckland District Health Board held on 3 February 2005 be confirmed as a true and correct record.

Carried

4. ACTION POINTS 3 FEBRUARY 2005

The response to the Minister's letters on Assessment of District Health Board 2003/2004 Performance had been distributed to members and a review of progress against this would be undertaken in 3 months.

5. CHAIRMAN

5.1 Report

Wayne Brown reported to the Board:

- The Select Committee hearings had been held and appeared positive and he acknowledged the amount of preparation undertaken and thanked Board members who attended for their support.
- He had visited the Mayor of Auckland City.
- He held meetings with Mr McKenzie of the Minister of Finance's office as well as 4 meeting with Gordon Davies who was perceptive and helpful.
- Graham Aitken was undertaking more analysis work.
- He attended a meeting with the Chief Medical Officer, David Sage.
- The first regional meeting had been disappointing which he had raised with Ross Keenan including the need for service planning.
- Communications needed to show more perceptive ability to sort issues.
- The pharmacy lease at Grafton was ending which had been raised by the lessee however this was a commercial arrangement and would be handled by management.

5.2 Regional Collaboration

The presentation to the Select Committee had been included in the Board papers.

5.3 Community and Public Health Advisory Committee Appointments

Moved Ian Scott, seconded Virginia Hope

That the Auckland District Health Board appoints the following as members of the Community and Public Health Advisory Committee:

*Ian Maxwell
Paul Stephenson
Professor Alistair Woodward
Dr Daniel Wu*

Carried

The Board thanked Di Nash, Virginia Hope and Ian Scott for conducting the interviews.

There was discussion on Board members portfolios with a need to take a population view for example, Children's services covering primary care, immunisation programmes as well as hospital services. It was suggested that a Board member should attend the monthly Procure Board meeting. Areas of interest expressed were:

Chris Chambers – acute services, management/governance
Harry Burkhardt – sterilisation services, operating theatres, Surgery
Ian Scott – Adult services, Greenlane Clinical Centre
Jackie Blue – cancer services, older peoples health
John Retimana – Children’s services Greenlane Clinical Centre
Barry de Geest – community, PHOs, Greenlane Clinical Centre
Virginia Hope – prevention, public health, PHOs, management/governance, Women’s health
Wayne Brown – Women’s health
Di Nash – Laboratory, mental health, Women’s health

Further discussion on roles is to be held at the next Board meeting.

6. CHIEF EXECUTIVE OFFICER

6.1 Report

Garry Smith spoke to his report noting:

- The year-to-date and forecast position was to budget.
- The DAP and Strategic Plan had population focus with analysis of root causes of problems and actions focused on what ADHB could do.
- The Minister’s review was being circulated to the entire organisation.
- Expectations of the regional group were high and this was positive.
- He was addressing the mental health under spend.
- The Research project is about to be implemented in the organisation. Revenue was between \$5m and \$6m, but it was important to know where research was being done and what level of support it had. Contract risks were reviewed by Legal with most clinical risks indemnified by a separate underwriting agreement although there was a need for more reputational, potential public impact type risk assessment. Projects were reviewed by the Ethics Committee however there was a risk that people may circumvent this process. The Chief Medical Officer signs off research on behalf of the organisation. The question of ownership of intellectual property was still being considered although ownership tended to stay with the funder of the research.
- The HRMS payroll project was at a vital stage and it was important when going live that it would be accurate and achieve the outcomes sought.
- Waiting lists were improving and ADHB had been reminded by the Minister and Director General of Health of this important focus.
- Sterile Supply Services was being carefully monitored.
- Values for the organisation were tabled being integrity, respect, innovation and effectiveness which would be launched through the organisation with the emphasis of becoming a value based organisation. The values were about focus on population health and behavioural change measures would be implemented. The Board supported the values.

6.2 Integrated Governance Model Presentation

The Chief Medical Officer, David Sage presented to the Committee on leading change to a integrated management and governance model and integrating clinical leadership with managerial leadership. Presently there was a confusion of committee roles including confusion between operational and governance which required superimposing a governance matrix on a process matrix. Board members were to assimilate the model for discussion at the next meeting. The Board acknowledged that bringing together a clinical

culture and management culture would be challenging which could lead to changes in contents of meetings and accountabilities.

7. FINANCIAL REPORT – JANUARY 2005

The report was more concise identifying the bigger trends with improved layout of analysis of Adult services. The 30% operating loss in Surgery was noted.

There was a presentation on outer years, which was continuing work in progress, by the Chief Financial Officer, Warwick Russell highlighting the issues being faced. The Board noted the clarity of understanding of the issues.

8. DISABILITY SUPPORT ADVISORY COMMITTEE

Barry de Geest reported that he had attended a regional DSAC meeting with the Ministry of Health and expressed a concern that epilepsy was being transferred to personal health with an impact on DHB responsibilities. This raised the issue of descriptions of disabilities compared with medical conditions and also highlighted the shift of service but no shift of funding. The impact on rehabilitation was also an issue for the disability sector.

He had had discussions with a members of the public offering alternatives medical treatment with a suggestion that a paper be presented to the Board. This is to be previewed by the Chief Medical Officer.

9. QUALITY COMMITTEE

A report from the Chair of the Quality Committee, Di Nash was tabled.

Moved John Retimana, seconded Ian Scott

That the Board receives the Quality Committee report and recommends that a representative of the surgical services be appointed to the Clinical Board.

Carried

10. AUDIT COMMITTEE

10.1 Report

The Chair of the Audit Committee, Harry Burkhardt reported on the previous day's meeting.



10.2 Airline Travel

Moved Harry Burkhardt, seconded Ian Scott

That the ADHB approves Air New Zealand Limited as the preferred provider of all air travel, the contract being for a period of 2 years with two 1 year rights of renewal noting the need to manage volumes.

Carried

10.3 Clinical Training Agency

Moved Harry Burkhardt, seconded John Retimana

That the Auckland District Health Board approves a contract with Clinical Training Agency, Contract Number 291619-00 for \$13,780,452.41 and authorises the Chairman to sign the contract on the Board's behalf.

Carried

It was noted that the contract was for 1 year not 3 years to allow time for a number of issues that needed to be addressed to be dealt with.

11. GENERAL BUSINESS

There were no items of general business.

The meeting was to be followed by a visit to Procure Network Auckland with a briefing paper distributed to members.

12. NEXT MEETING

The meeting closed at 4:35pm.

The next meeting will be held on:
Thursday 7 April 2005
Rangitoto Room
Level 3, LabPlus
Auckland City Hospital
Grafton

CONFIRMED

CHAIR:

DATE: