
MINUTES

BOARD MEETING

Date: 1.30pm-6.00pm, Monday 5 August 2019

Venue: Conference Rooms, District Executive Office



Health
Illawarra Shoalhaven
Local Health District

Presentations commenced at 1.45pm and the meeting was formally declared open at Agenda Item 1 at 3.05pm following the discussion.

ITEM 1: IN CAMERA SESSION

There was no in camera session.

ITEM 2: PRESENTATION: MINISTRY OF HEALTH CHIEF FINANCIAL OFFICER AND DEPUTY SECRETARY PATIENT EXPERIENCE AND SYSTEM PERFORMANCE

Mr Dan Hunter, Ministry of Health Chief Financial Officer and Ms Susan Pearce, Deputy Secretary Patient Experience and System Performance, provided presentations on the Service Agreement process and financial position of the state health system.

The Board noted the 4.5 per cent inflation of health costs allowed in the Service Agreements as outlined in the presentation, having noted it was lower than the actual inflation rate. Mr Hunter advised the state budget limitations resulted in the lower inflation rate and that the wages escalations absorb a large proportion of the increase. The Board felt that the previous population equity needs based funding method was effective and that activity based funding did not take these factors into account, however Ms Pearce noted that growth and population factors are within the activity based funding model.

The Board commented on the recent policy change around the Treasury Managed Fund hindsight adjustments, adding that if a District manages work health and safety issues, the credit was an incentive. Mr Hunter advised the Ministry in discussions with iCare as they are unable to understand the actuarial calculation and agree that this should be discussed with Districts and should be known amounts. He added the work is expected to be completed in the next six months. Ms Pearce drew attention to the extensive negotiations undertaken with Local Health Districts to develop Service Agreements each year.

Concerns were raised by the Board around the Ministry's requested list of five annual priorities, which they felt focused on short-term urgent matters and did not allow the Districts to provide a complete long-term picture. Ms Pearce felt anxiety around budgets and activity levels and the need to change the methodology, however added that the is intended for immediate priorities that year. She noted that the system focuses too heavily on short term issues without future considerations, and is very good at adding but not disinvesting, both of which are under consideration.

The Board observed that all Local Health Districts feel disadvantaged by the activity based funding process and that the Ministry are not able to demonstrate otherwise through transparency and consistency, and that the model with lower funding for marginal activity favours established Districts. Mr Hunter responded that marginal activity can be cheaper to provide, however the Board noted that due to the nature of industrial instruments such as nursing hours per patient day, marginal activity often costs the full rate. Mr Hunter agreed that the Ministry could be more transparent in Schedule C of Service Agreements, however that perfection is not possible and will be met with opposition regardless of the action taken, for example if base budgets are re-examined, some Districts will be better off than others. The Chair also noted concerns around research funding equity and advised he will provide Ms Pearce and Mr Hunter with data.

In light of reductions in private health insurance policies held, the Board queried whether an 8 per cent revenue growth the budget is built on is realistic or achievable. Ms Pearce advised the Ministry has been in discussions with Treasury around these and other concerns, such as

election promises. She added that the District's financial performance was not a concern for the Ministry, with the system over budget for the first time.

The Board also noted the presence of cost shifting, such as presentations from residential aged care facilities which have increased 83 per cent in six years, which shifts costs from the Commonwealth to the state. Ms Pearce advised she had requested Local Health Districts monitor and advise on this activity for winter, however that such conversations were very challenging.

The Board thanked Mr Hunter and Ms Pearce for their presentations and the frank and collaborative discussions. The Chief Executive noted her appreciation for the working relationship with the Ministry and the system.

Professor Lovegrove left the meeting at 3.05pm at the conclusion of this item.

ITEM 3: WELCOME

3.1 Acknowledgement of country

The Chair acknowledged the traditional owners of the land on which the Board met and paid respects to Elders past, present and future.

3.2 Attendance

Attendance of members

Professor Denis King OAM (Chair); Ms Jill Boehm OAM; Ms Eve Bosak; Mr Roger Downs; Professor Kathy Eagar; Mr Alan Hudson; Dr Rod McMahon; Dr William Pratt; Mr John Stubbs; Mr Paul Knight; Ms Eve Bosak; Professor Gerard Sutton; Ms Marisa Mastroianni (teleconference); Professor Bill Lovegrove AO (teleconference).

Others in Attendance

Ms Margot Mains, Chief Executive; Dr Joshua Rijdsdijk, Co-Chair Northern Illawarra Medical Staff Council; Mr Andrew Hayne, Board Secretary; Ms Angela Tugrul, Assistant Board Secretary.

Mr Gerrard Golding, Executive Director Strategic Improvement Programs; Ms Marg Martin, Executive Director Clinical Operations, Ms Caroline Langston, Executive Director Integrated Care, Mental health, Planning, Information and Performance; Ms Deborah Cameron, Executive Director Nursing and Midwifery; Dr Chun Yee Tan, Acting Executive Director Medical Services and Clinical Governance and Mr Kevin Lawrence, Executive Director Finance were also present for the Ministry of Health presentation and discussion.

Further, Mr Gerrard Golding, Executive Director Strategic Improvement Programs; Ms Caroline Langston, Executive Director Integrated Care, Mental health, Planning, Information and Performance; Mr Kevin Lawrence, Executive Director Finance and Mr Kevin Pallier, Director Financial Planning and Analysis were present for Agenda Item 6.1 to 6.4.

3.3 Apologies

Nil.

ITEM 4: DECLARATION OF PECUNIARY INTEREST, CONFLICT OF INTEREST

There were no conflicts declared.

ITEM 5: BUSINESS FROM THE LAST MEETING

5.1 Confirmation of Minutes of meeting held 1 July 2019

The Board approved the draft minutes of the meeting held 1 July 2019.

5.2 List of Action Items

The Board noted progress/completion of actions.

5.3 Register of Board Resolutions

Members received the Board resolutions of the previous 12 months, and the progress to date.

ITEM 6: MATTERS FOR APPROVAL

6.1 2019-20 Service Agreement

The Board received the presentations provided:

- Volumes and Performance Measures – Caroline Langston, Executive Director Integrated Care, Mental Health, Planning, Information and Performance
- 2019-20 Budget and Schedule C – Kevin Lawrence, Executive Director Finance
- Efficiencies and Savings – Kevin Lawrence, Executive Director Finance
- Operational Priorities and Annual Plan – Gerrard Golding, Executive Director Strategic Improvement Programs

The Executive Director Integrated Care, Mental Health, Planning, Information and Performance advised that the Service Agreement and budget had arrived late due to it being an election year and that Leading Better Value Care (LBVC) was taken into consideration this year through an activity benefit factor. The Board queried the evidence for LBVC, to which the modelling was advised by the Executive Director Integrated Care, Mental Health, Planning, Information and Performance.

The Board queried whether the District should aim for activity or the budget and that activity seemed more critical, to which the Chief Executive advised that the strong message has been to deliver within budget. She also noted regarding the activity benefit factor that other Districts had observed improvements from the LBVC initiatives, such as reduced waiting lists.

In relation to the 55 key performance indicators (KPIs) and 135 improvement measures, the Executive Director Integrated Care, Mental Health, Planning, Information and Performance provided an example of an improvement measure being the sale of tobacco to minors and were defined as those that are tracked but for which the District is not accountable. She also advised in response to a Board query that the changes in denominator noted would result in changes in reported data and posed challenges for year-on-year comparison.

The Board queried the recognised operational costs (ROC) funding noted, to which the Executive Director Finance advised this was specifically for a 10 per cent award allowance for visiting medical officers (VMOs) at Shoalhaven Hospital and changes were not expected. The Medical Staff Council representative queried how the allowance arose, to which the Chair advised that the Minister had provided it and that it was now grandfathered and not available to new VMOs.

The Executive Director Finance drew attention to the \$477,000 Wollongong Hospital capital payment, the purpose of which was unknown and will further advise. He added that the projection for the full year result for 2019-20 without any interventions was \$35 million unfavourable, emphasising the importance of the planned \$23 million in savings through the various program. It was noted that the decreasing numbers of patients with the Department of Veterans Affairs was decreasing across the country and reducing revenue.

ACTION ITEM (21/19): Provide advice to the Board on the nature of the \$477,000 capital payment for Wollongong Hospital.

The Board queried whether shared services could be taken to the market for contestability, which the Chief Executive confirmed is being done for anatomical pathology, however caused against assuming it would result in savings.

The Executive Director Strategic Improvement Programs advised on the business planning and delivery, to which the Board noted that Personal Effectiveness and Development Plans

(PEDs) are a weak link in the process. The Executive Director Strategic Improvement Programs advised that work was underway to address the issue and the internal audit report had made recommendations, with the operational teams needing to see value in the process. The Board further asked the extent of the quality and performance meetings, to which the Executive Director Strategic Improvement Programs advised it will be the Core Executive and tier three management initially.

The Board queried how confident the Executive Director Clinical Operations is that the clinical services can achieve the proposed savings, to which she advised she is anxious but that the sites are committed. In response to a query on whether any quick wins still remain to achieve the savings, the Executive Director Strategic Improvement Programs advised that service redesign would be the next step. The Board raised the possibility of holding the Ministry accountable for their delays that result in additional costs.

ACTION ITEM (22/19): Prepare a letter to the Ministry to accompany the returned Service Agreement outlining the District's concerns with the agreement.

The Board and attendees made the following suggestions for inclusion in the letter to accompany the Service Agreement to the Ministry:

- The District will be striving to meet the budget, with activity a second consideration
- There are significant investments needed to be made aligned to meet activity demands
- The Ministry will be queried and may be held accountable where their delays result in a cost impact to the District.

RESOLUTION (2019/19): The Board approved the 2019-20 Service Agreement and requested a letter be prepared to the Ministry to be provided with the Agreement.

6.2 Financial Statements

The Board approved the 2018-19 Financial Statements.

RESOLUTION (2019/20): The Board approved the 2018-19 Financial Statements.

6.3 Health Care Services Plan

The Board approved the Health Care Services Plan.

RESOLUTION (2019/21): The Board approved the Health Care Services Plan.

6.4 Corporate Governance Attestation

The Board approved the Corporate Governance Attestation for signature.

RESOLUTION (2019/22): The Board approved the Corporate Governance Attestation.

ITEM 7: STRATEGIC MATTERS

There were no matters for discussion under this item.

ITEM 8: BOARD CHAIR REPORT

The Board received the Chair's report.

The Chair further advised the Board:

- That the meeting with the local Members of Parliament was positive and will continue

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- The Minister had met with staff of the Sydney Children's Hospital Network regarding the governance report and requested the Ministry manage the outcomes.

ITEM 9: BOARD COMMITTEE REPORTS

9.1 Finance and Workforce Performance Committee

The Board noted the report and minutes from the recent Finance and Workforce Performance Committee meetings.

9.2 Health Care Quality and Safety Committee

The Board noted the report and minutes from the recent Health Care Quality and Safety Committee meetings.

9.3 Planning and Innovation Committee

The Board noted the report and minutes from the June 2019 Planning and Innovation Committee meeting. The Committee Chair provided a brief verbal update on the meeting earlier that day.

9.4 Audit and Risk Committee

The Board noted the report and minutes from the recent Audit and Risk Committee meetings.

Ms Mastroianni left the meeting at 4.30pm at the conclusion of this item.

ITEM 10: CHIEF EXECUTIVE REPORT

The Board received the information provided.

The Chief Executive further noted:

- The People Matters Employee Survey result on staff engagement had been received, with the same figure as the prior year and the full results to be received in September 2019
- The contract management for the Managed Equipment Service is planned to be taken over by HealthShare, however that she and the Chief Executive of another Local Health District intend to raise objections around fees.

The Board queried the recent media report on a woman not able to have a birthing pool at Wollongong Hospital. The Chief Executive noted deeper issues around the matter and that the involvement of the Better Births Illawarra group had been disappointing, with the plan to meet and discuss the issues with them. She advised the woman had requested to bring a large inflatable pool in, which posed safety risks to staff, infection controls risk around maintaining the temperature and disposal and impediment in an emergency, and that baths would be in all suites in the refurbished unit. In response to a query on whether she was offered an existing bath, the Chief Executive advised she would if it were available, however that they were not as large.

The Board raised the recent security matters, with the Chief Executive having advised that 80 people went on strike, being the third highest number in the state. She added that although there were contingency plans in place, there was a large build up and uncertainty on the day prior, however that the remaining teams managed well. The Board queried whether there are enough security staff, to which the Chief Executive noted there was no doubt violent incidents occur, but that five security staff were under disciplinary management and that there was a need for security to belong to the teams they service, such as mental health or the emergency department. In response to a query on whether the NSW Government are reviewing the matter, the Chief Executive advised the state-wide review report contained 45 recommendations, with half being system-wide to avoid disparate practices. The Chair added that he advised the Secretary of the need for specific training and avoidance of a police force.

ITEM 11: FOR INFORMATION

11.1 Board Calendar

The Board received the information provided.

ITEM 12: BUSINESS WITHOUT NOTICE

12.1 Update on the District Medical Staff Council

The representative of the Medical Staff Council Dr Rijsdijk provided an update on the proposed District Medical Staff Council, having advised he will raise it at the Northern Illawarra Medical Staff Council meeting this month and report back. He added that it may not be necessary, as local issues are managed by the relevant Council and there are good ties between the Councils. He added that there would likely be challenges around membership and attendance.

The Chair noted this is a decision for clinical staff and requested Dr Rijsdijk provide a written confirmation of the decision of the Councils.

ITEM 13: MEETING FINALISATION

Details for the next meetings of the Board are:

Informal Board Meeting

2.00pm-6.00pm, Monday 2 Sep 2019
Conference Rooms, Block C Level 8,
Wollongong Hospital

Board Meeting

2.00pm-6.00pm, Monday 21 Oct 2019
The Pavilion Kiama
2 Bong Bong Rd, Kiama

APM and Informal Board Meeting

2.00pm-6.00pm, Monday 4 Nov 2019
To be advised

Board Meeting

2.00pm-6.00pm, Monday 2 Dec 2019
Conference Rooms, District Executive
Offices

Board members are referred to the Confidential Minutes for minutes relating to the Confidential Agenda.

MEETING CLOSED AT 5.59PM

CERTIFIED A CORRECT RECORD

Professor Denis King OAM *Roger Dawns*

[Signature]
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Signature

Acting Chair

21/10/2019
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Date