
MINUTES

BOARD MEETING

Date: 2.00pm-6.00pm, Monday 6 August 2018

Venue: Conference Rooms, District Executive Office



Health
Illawarra Shoalhaven
Local Health District

IN-CAMERA SESSION

The Board held an in-camera session at the commencement of the meeting, with only Board members present.

PRESENTATION: CHRISP RESEARCH UPDATE

Professor Kathy Eagar provided a presentation and update on the Centre for Health Research Illawarra Shoalhaven Population.

Professor Eagar advised that the CHRISP team would attend the September 2018 informal meeting of the Board to present on two years since the introduction on CHRISP for the Board. Prof Eagar, would be presenting on some of the key research released over the recent months:

- Frequent flyers to ED: the proportion of frequent flyers is less than expected, with more over 75-year olds presenting at an increasing at rate faster than other age groups; Ambulance NSW would be adding its data to CHRISP suggested that its frequent flyers to Ed fit a similar trend, which would be reviewed once Ambulance data is available
- Unplanned readmissions: rates for young people have not changed in 15 years; time to readmission rates for older people has shown improvements in recent years compared to 10-15 year ago which cannot be explained on available information;
- Private health insurance records: using People Care data, the Illawarra Health Information Platform has been able to match 14,000 individuals' records in Illawarra, of 20,000 records; research demonstrates the role of private health insurance in chronic disease management
 - The Board agreed a further presentation on this specific research project once completed in early 2019
- Hospitalisations pre-dementia: provides a longitudinal analysis of dementia with patients diagnosed with dementia matched against a group of patients with similar demographics that did not have a dementia diagnosis to understand what happened in the five years before and after diagnosis to determine if there are any clinical indicators; early data showing urinary tract infections and falls may have a correlation.

ACTION ITEM (20/18): Private health insurance research to be presented to board in early 2019.

PRESENTATION: 2018-19 Financial Projections

The Chief Executive provided an overview of the presentation, and introduced:

- Mr Gerrard Golding, Executive Director Finance, Workforce, Corporate and Strategic Improvement
- Mr Brent Wiseman, Executive Management Advisor
- Mr David Basire, Director Business Performance
- Mr Rupert Cole, Director Financial Improvement.

The Executive Director Finance, Workforce, Corporate and Strategic Improvement advised that following the Review into Financial Services, significant work has been underway to improve financial performance through the Financial Sustainability Program, including focus on financial capability development and financial improvement initiatives, with work being led by Mr Basire and Mr Cole.

The Director Business Performance spoke to the presentation circulated to Board members on the 2018-19 financial projections, including an overview of the District's 2018-19 funding and three scenario projections.

Key points discussed were:

- Changes to the MoH funding model for 2018-19, including funding at the lower of State price and Projected Average Cost (PAC)
- As ISLHD's PAC has been calculated based on actual 2017-18 activity rather than funded activity, it is lower than the State price and will form the basis for 2018-19 funding – a potential reduction of \$5.3 million compared to funding at State price
- In addition, ISLHD will not receive a transition grant in 2018-19, noting that the 2017-18 transition grant amounted to \$17 million
- This matter was raised with the Ministry who encouraged that the District needed to focus on total picture not individual line items in Schedule C of the Service Agreement
- Chief Executive advised that the Ministry advised that the District was one of only a few local health districts to receive additional funding, with the District receiving \$48 million funding increase in 2018-19
- When taking into account actual activity for 2017-18 and new activity commitments for 2018-19, there is little to no capacity for growth in 2018-19
- Why there is a focus on aggregate funding, rather than National Weighted Activity Unit (NWAU) costs and activity volume levels for the District and services, which would support an activity based management (ABM) approach to management of the District's budgets; the Executive Management Advisor noted that ABM data is provided to the Finance and Workforce Performance Committee on a monthly basis
- The Chief Executive noted that discussions were held with the Ministry who sets the activity levels, and the branch that sets the activity levels is different to the branch that allocated budget funding; noted that if the District was fully funded for all activity performed under Ministry of Health funding model, the District's financial results would be in surplus
- It is difficult to model projected activity growth for the year, as it includes seasonal and tourist fluctuations, with some of that activity resulting in permanent growth
- The assumptions applied to all three scenario projections include Productivity and Efficiency improvements which are considered to be achievable by the District by the Executive team
- Scenario 1 is based on 2018/19 activity at funded volumes
 - Scenario is based on what the Ministry has funded the District for, which does not accurately reflect growth experienced by the District over the past few years
 - Noted that the Emergency Department activity is less than 2017-18 actuals, which is unlikely given that despite health insurance changes may result in an increase to emergency presentations
 - This scenario delivers a projected \$3.7 million surplus
- Scenario 2 is based growth activity at a marginal cost of 60% of PAC
 - Board concerned that 60% of PAC may be optimistic as it is a costing based on an already sliced price, where that proportion from the National NWAU could be more achievable
 - If the scenario was modelled with additional activity funded at 80% of PAC, there would be an additional \$3 million impact to the predicted deficit, making it \$8.3 million
- Scenario 3 is based on 1% additional activity above Scenario 2 costed at 80% of PAC
 - This scenario projects a deficit of \$18.5 million
- Chief Executive noted preference for internal targets to be set at Scenario 2 which would support Executive discussions with senior managers on managing to achievable budget targets
- There is a reduction in Mental Health funding, with need to further challenge the Ministry on the change in funding
- Inclusion of information on the increase in activity volume and NWAU price/cost would be useful to better understand the impact of the change in Mental Health funding; the Board requested that the activity and volume levels and comparison on years be circulated to the Board
- Ambulatory and Primary Health Care Services did not meet volume levels in 2017-18, which is why the activity targets have been adjusted, however, this change has a significant financial impact for the District
- Endoscopy wait list issues require investment to improve performance; Board noted administrative clean up to enhance service and timeliness of procedures;
- Surgery issues noted, however, needs to outline what can be achieved; the operational details is not a matter for the Board

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- Maternity services issues noted and relate to service issues identified for improvement by Dr Henry Murray and are similar in approach to how similar issues were resolve in Hunter New England.

ACTION ITEM (21/18): Copy of activity growth table to be provided to the Board, including comparison.

The Board agreed that the Executive adopt Scenario 2, with additional growth costed at 80% of PAC, be used for internal target purposes; this will provide managers with realistic and achievable budget targets for the year.

RESOLUTION (2018/08): The Board approved Financial Projection Scenario 2, with additional growth costed at 80% of Projected Average Cost, be adopted for 2018-19 internal targets.

The Board requested information on the quarterly budget forecast be provided each quarter, including information on FTE growth.

ACTION ITEM (22/18): Quarterly financial forecast to be provided to Board, including tracking on FTE growth.

The Chair thanked the team for the informative presentation.

ITEM 1: WELCOME

1.1 Acknowledgement of country

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

1.2 Attendance

Attendance of members

Professor Denis King OAM (Chair); Ms Jill Boehm OAM; Dr Stephen Andersen; Professor Kathy Eagar; Mr Paul Knight; Dr William Pratt; Mr John Stubbs; Dr Rod McMahon.

Via teleconference Professor Bill Lovegrove AO.

Others in Attendance

Ms Margot Mains, Chief Executive; Ms Jasmina Jonceski, Board Secretary; Ms Angela Tugrul, Assistant Board Secretary.

Present for Agenda Item 9.1 were:

- Mr Gerrard Golding, Executive Director Finance, Workforce, Corporate and Strategic Improvement
- Mr David Basire, Director Business Performance
- Mr Rupert Cole, Director Financial Improvement.

1.3 Apologies

Mr Roger Downs; Ms Marisa Mastroianni; Ms Carrie Schulman; Professor Gerard Sutton.

ITEM 2: DECLARATION OF PECUNIARY INTEREST, CONFLICT OF INTEREST

There were no conflicts of interest, gifts, or benefits declared.

ITEM 3: BUSINESS FROM THE LAST MEETING

3.1 Confirmation of Minutes of meeting held 4 June 2018

The Board approved the draft minutes of the meeting held 4 June 2018.

3.2 Notes from Informal meeting of 2 July 2018

The Board received the notes from the Informal meeting of 2 July 2018, with an amendment to include Stephen Andersen as present at the meeting.

3.3 List of Action Items

The Board noted progress/completion of actions.

3.4 Register of Board Resolutions

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

3.5 Action 11/18: Risk Appetite Statement Proposal

The Board received the information provided.

The Board approved the recommended approach to develop a Risk Appetite Statement in-house with management and the Audit and Risk Management Committee, with the draft statement presented to the November Board meeting.

RESOLUTION (2018/09): The Board approved the recommended approach to develop a Risk Appetite Statement.

ITEM 4: STRATEGIC MATTERS

4.1 Strategic Directions – 2017-18 Reporting Dashboard

The Board received the information provided.

The Board received the first annual reporting dashboard against the Strategic Priority Outcomes of the *Strategic Directions for the Illawarra Shoalhaven Local Health District 2017-2020* plan. The Board noted that implementation of the plan is coming along well and showing fruition the plan.

The Board received the Strategic Plan Level 2 Measures for Year 2 or 2018-19.

ITEM 5: MATTERS FOR APPROVAL

5.1 Service Agreement 2018/19

The Board received the information provided.

The Chief Executive noted that an extension on the finalisation date was sought from Ministry of Health to enable the Service Agreement to be officially considered by the Board at its August 2018 meeting.

The Board discussed the included targets for patient fees and user charges, noting that the District did not meet last year's targets and how realistic the target was to achieve. The Chief Executive advised that the target was set by the Ministry of Health. The Board noted that an app is being prepared by the Ministry that is aimed to inform clinicians on billing practices.

RESOLUTION (2018/10): The Board approved the 2018/19 Service Agreement between the Secretary NSW Health and Illawarra Shoalhaven Local Health District.

5.2 2017-18 Annual Financial Statements

The Board received the information provided.

The Board approved the unaudited Annual Consolidated and Special Purpose Entity Financial Statements of the Illawarra Shoalhaven Local Health District for the year ended 30 June 2018, pending notification of any qualifications made to the Financial Statements during the audit.

RESOLUTION (2018/11): The Board approved the unaudited Annual Consolidated and Special Purpose Entity Financial Statements of the Illawarra Shoalhaven Local Health District for the year ended 30 June 2018, pending notification of any qualifications made to the Financial Statements during the audit.

5.3 Corporate Governance Attestation Statement

The Board received the information provided.

The Board approved the ISLHD Corporate Governance Attestation Statement for the year ended 30 June 2018 for signing by the Chief Executive and the Chair of the Board.

RESOLUTION (2018/12): The Board approved the ISLHD Corporate Governance Attestation Statement for the year ended 30 June 2018 for signing by the Chief Executive and the Chair of the Board.

5.4 Clinical Governance Framework

The Board received the information provided.

The Board approved the Clinical Governance Framework.

RESOLUTION (2018/13): The Board approved the Clinical Governance Framework.

5.5 Audit and Risk Committee Charter

The Board received the information provided.

The Board endorsed the revised Audit and Risk Committee Charter.

RESOLUTION (2018/14): The Board approved the revised Audit and Risk Committee Charter.

5.6 Annual Public Meeting – 2018 Proposal

The Board received the information provided.

RESOLUTION (2018/15): The Board approved the proposal format for the 2018 Annual Public Meeting to be held on 5 November 2018 at the Shellharbour Club, and focus on:

- 2017-18 year overview
- Strategic Directions report on Year 1
- Launch of the new website.

ITEM 6: BOARD CHAIR REPORT

The Board received the information provided.

The Chair noted that key issues for consideration were discussed during the in-camera session.

The Chair noted that there is a significant volume of correspondence from the Ministry of Health to the District which creates a significant amount of work; this will be analysed in the coming months and provided for information.

ACTION ITEM (23/18): Provide analysis of correspondence once completed.

ITEM 7: CHIEF EXECUTIVE REPORT

The Board received the information provided.

In response to a question on the Shoalhaven District Memorial Hospital Car Park project budget, the Chief Executive advised that a value-based management process would be undertaken to understand what can be removed from the project scope to bring the costs within budget. She also clarified that the commencement date is October 2018 as the meeting paper included the wrong date.

In response to a question on the Minister's Health Round Table, the Chief Executive advised that the Ministerial briefing note would be circulated to Board members prior to the event to ensure that Board members are appropriately briefed of key issues.

ACTION ITEM (24/18): Circulate Ministerial Briefing note on Health Round Table.

ITEM 8: BOARD COMMITTEE REPORTS

8.1 Finance and Workforce Performance Committee

The Board noted the report and minutes from the May and June 2018 Finance and Workforce Performance Committee meetings.

The Chair advised that the last meeting of the Finance and Workforce Performance Committee meeting discussed the financial projections and 17-18 position; work health and safety performance; and noted the strong response rate in People Matter Employee Survey.

8.2 Health Care Quality and Safety Committee

The Board noted the report and minutes from the May and June 2018 Health Care Quality and Safety Committee meetings.

The Committee Chair advised that of the following key points from the July 2018 meeting:

- Committee is undertaking visits through major hospitals on its visits to review compliance with vaccine and medication fridge requirements
- Received presentation on second edition of the National Safety and Quality Health Service Standards
- Mental Health Services update received, which outlined several improvements in the service
- Update on ims+ implementation, which is being implemented at a state level.

The Committee Chair noted that Ms Carrie Schulman has resigned from the Committee.

8.3 Board Planning and Innovation Committee

The Board received and noted the minutes from the June and July 2018 Board Planning and Innovation Committee meeting.

8.4 Aboriginal Health Committee

The Board received and noted the minutes from the July 2018 Board Aboriginal Health Committee meeting.

8.5 Audit and Risk Management Committee

The Board received and noted the report and minutes from the June and July 2018 Audit and Risk Management Committee meetings.

On behalf of the Committee members present, Mr Stubbs noted that when Mr Todd Davies, Chair Audit and Risk Management Committee attended the Board meeting earlier in the year, he discussed receiving minutes from the Board committees to enable information sharing; Mr Stubbs noted that the Health Care Quality and Safety Committee has agreed to provide copies of its meeting minutes.

The Board agreed to provide a copy of all Board and Committee meetings to the Audit and Risk Committee meeting regularly.

ACTION ITEM (25/18): Provide copies of Board and Board committee meeting minutes to the Audit and Risk Committee.

ITEM 9: FOR INFORMATION

9.1 2018-19 Financial Projections

Minutes from this agenda item are noted under Presentations.

9.2 Audit and Risk Committee Self-Assessment

The Board received the Audit and Risk Committee Self-Assessment for the year ended 30 June 2018.

9.3 Board Calendar

The Board received the information provided.

ITEM 10: BUSINESS WITHOUT NOTICE

10.1 Chief Executive and Board Secretary leave

The Chair noted that the Board Secretary would be on leave from 8 August to 2 September 2018, and that the Chief Executive would be on leave from 3 September to 23 September 2018, inclusive.

The Chief Executive advised that the Ms Caroline Langston would be acting Chief Executive from 3-16 September, and Ms Margaret Martin would be acting Chief Executive from 17-23 September 2018.

ITEM 11: MEETING FINALISATION

Details for the next meeting of the Board are:

Monday 15 October 2018
2.00pm-6.00pm
District Executive Office, Warrawong

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

MEETING CLOSED AT 5.54PM.

CERTIFIED A CORRECT RECORD

Professor Denis King OAM


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Signature

15.10.18
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Date