



AUCKLAND DISTRICT HEALTH BOARD

Minutes of the meeting of the Board held on Tuesday 30 April 2002
in the Marie Hosking Room, Level 7, Building 14, Green Lane Hospital, Auckland
commencing at 1:00pm.

The Chair declared the meeting open at 1:00pm.

Board Members

Wayne Brown (Chair)
Margaret Horsburgh (Deputy Chair)
Crystal Beavis
Susan Devoy
Charles Lowndes
Di Nash
John Retimana
Vicki Salmon
Pat Snedden
Rees Tapsell

Management in Attendance

Graeme Edmond – Chief Executive
Marek Stepniak – Chief Operating Officer
Ian Ward - Chief Financial Officer/GM Shared Services
Nigel Murray – GM HSDP
Brenda Saunders - GM Communications
Ian Bell - Board Administrator

1. ATTENDANCE AND APOLOGIES

An apology was received from Ian Scott.

2. ADDRESS

Auckland University Faculty of Medical and Health Sciences

Peter Smith, the Dean of the Medical School, gave a presentation on the new structure of the Faculty to provide more effective management and leadership in the community. Five schools were established with budget holding at that level. Rees Tapsell raised the question of rationalisation of research activity between the School and ADHB.

3. CONFIRMATION OF MINUTES 28 MARCH 2002

Moved Di Nash, seconded Susan Devoy

That the minutes of the meeting of the Auckland District Health Board held on 28 March 2002 be confirmed as a true and correct record

Carried

4. MATTERS ARISING FROM MINUTES

The Board reviewed the matters arising from the previous meeting.

4 Wayne Brown advised he had talked to the Minister on the RMO shortage.

6.3 Wayne Brown advised that an Auckland region meeting of Chairs and CEOs had been held the previous night and would continue to meet regularly. This would be a compete and

collaborative model to address such issues as the South Island being funded per head more than the North Island. He noted that 5 regional DHBs would leave DHBNZ.

5. CHAIRMAN'S REPORT

Wayne Brown reported on the meeting with Ministers and request to reduce the budget by \$25m with ADHB requesting removal of the site adjuster of \$15m, the need to clarify the equity contribution to HSDP equipment and the meetings with clinicians. There was the topping off of the ASB on Friday and a Nurses forum on Thursday. The Audit Committee had met and would write to the Finance Minister as a result of the meeting mentioned above, as well as on the issues of capital charge and interest rate cover. The Building and Change Committee had considered the change of scope of HSDP and would be recommending them to the Board later in the meeting.

6. CHIEF EXECUTIVE'S REPORT

6.1 Report

Graeme Edmond advised that both internal and external applications were being received for level 3 and 4 positions. Two key appointments had been made with Kay Hyman to GM National Women's and Starship Children's hospitals and Meng Cheong to GM Medical, Surgical and Greenlane services. He believed this was the right structure to oversee the relocation and integration to Grafton, however it may change in 18 to 24 months. John Woods had been appointed GM HR. It was suggested that there be an evening with the Board and managers.

FTEs would be managed through at the March level and beyond to meet the \$25m reduction in deficit undertaking. The capital plan, and ISSP spend of \$11.8m, had been approved in principle. The Change Programme would adhere to the timetable and milestones with monthly reporting on HSDP and operational achievements.

He tabled an update on the Green Lane heart library. The Clinical Board would commence in July when the MAC was dissolved. Work was being undertaken on processes to electing members and a full paper would be brought to the Board on Terms of Reference and structure of the Clinical Board including ongoing workflows.

Issues had been resolved on the 2001/2002 CFA with cardiac volumes to be addressed by improved performance to June and make up of shortfall in 2002/2003. The agreement should be signed before the financial year-end. The Annual Plan would be brought to the May Board meeting.

Work was being undertaken on reduction of consultants and PAs looking at how workloads are spread and which consultants were needed to achieve projects and which could be variable. This would be reported to the Board.

6.2 Amendments and Additions to Delegated Authority Policy

The Audit Committee recommended the amendment and additions to the policy with one change by replacing the word 'value' with 'accumulated total'.

Moved Vicki Salmon, seconded John Retimana

That the Amendments and Additions to the Delegated Authority Policy: Execution of Deeds of Leases, Licences and Other Rental Agreements, To sign Deeds of Assignment Novation or Variation be approved with the amendment that 'value' be amended to 'accumulated total'.

Carried

6.3 Appointment of Trustee to Spectrum Care Trust

Moved John Retimana, seconded Crystal Beavis

That the ADHB agrees to the appointment of Bernadette Doube as a Trustee of the Spectrum Care Trust Board.

Carried

6.4 Cogeneration Status Report

The report was noted. The Board requested an independent review and a comparison with the original business case to get a clear understanding of the risks, both best and worst.

7. FINANCIAL REPORTS

The Audit Committee had reviewed the financial reports noting that the Provider average monthly loss was less than the average balance to year-end, which gave an opportunity for result below the \$72m deficit. This showed improved management with an increased understanding of reports although there is still a winter risk. Winter workload planning included links to GPs and advertising. The Committee had requested a report on the advantages/disadvantages of bureau verses fixed costs of staff together with a report on the breakdown of staff by areas. The Committee had also concentrated on equity issues finalisation for next year to rectify interest cover, fund HSDP in lieu of a bond issue, cover the capital plan and ongoing equity support including carrying forward of the under-spend of the cap of \$106m of \$26m for 2001/2002.

Vicki Salmon also advised that the Audit Committee had asked for a summary report of all the issues for the Minister including the effect of the capital charge that had previously been a deemed dividend now being required to be expensed. This charge required additional equity support, altered the HSDP business case, was exaggerated by the interest rate cover calculation and was high at 11%.

8. BUILDING AND CHANGE COMMITTEE

8.1 Report

The Committee had considered the HSDP scope change and recommended it to the Board. The Acute Services Building 'topping off' was on Friday 3 May 02.

8.2 Revised HSDP Scope

The change in scope required some deferrals including carparking on a site which was protected for the future in the site master plan. There was to be \$6.5m spent on Starship and increased beds for National Women's. The scope change was a compromise but had general clinical support. The old Connelly building was being considered for psychogeriatric. The recommendation was subject to clinical risk being reviewed by clinical leaders and MAC support and PICU pricing agreement, as it was an investment on behalf of the population of the whole country.

Moved Wayne Brown, seconded Pat Snedden

That the ADHB approves the revised HSDP scope through the proposed service reconfigurations of:

- 1) *Rehab Plus – Defer and book into the Greenlane Site Master Plan for the future;*
- 2) *Assessment Treatment and Rehabilitation and Psychogeriatrics – Defer into the medium term and book into the Site Master Plan and re-allocate the capital value to the restructured Business Cases;*
- 3) *The National Women's Business Case (with the reduced scope) of \$6.8m;*

4) *The Starship Children's Business Case (with the reduced scope) of \$6.5m*

Subject to:

- 1) *Crown approval of the amended HSDP scope and equity contribution for the carparking component;*
- 2) *Final review of the operating cost impact due to the split Paediatric Cath Lab from the Adult Cath Lab these findings to be assessed by the Building and Change Committee;*
- 3) *Clinical risks and concerns to be reviewed by the Building and Change Committee;*
- 4) *Appropriate pricing arrangements for the enhanced PICU.*

Carried

The Board thanked and expressed their appreciation to the clinicians and the HSDP team for producing a scope to accommodate services that otherwise were cancelled.

9. QUALITY COMMITTEE

Margaret Horsburgh advised that the Committee had considered the tissue issue and were clarifying the roles of the Committee and the Clinical Board.

10. AUDIT COMMITTEE

Vicki Salmon reported that the Committee had followed up on Internal Audit issues and the Financial Viability Project was going well. Pat Snedden advised that the future funding path in the budgets did not reflect the proportion due to ADHB of the Government's additional funding of \$400m pa accumulating over the next three years. This was to be reviewed as revenue should not be understated and so force unnecessary service restrictions.

11. NEXT MEETING

The next monthly meeting is scheduled to be held on Thursday 30 May 2002.

The meeting closed at 3:35pm.

CONFIRMED

CHAIR

DATE