
Wednesday, 25 June at 4:40pm | Boardroom, RHW

Minutes

Apologies

- Ms Kristin Stubbins
- A/Prof Ingrid Van Beek

Members:

- Mr Michael Still (Chair)
- A/Prof Peter Gonski
- Ms Patricia Azarias
- Mr Robert Boyd-Boland
- Ms Kate Munnings
- A/Prof Robert Farnsworth
- Ms Deborah Cansdell
- Dr Harry Harinath
- Mrs Janet McDonald
- A/Prof Peter Smerdely
- Prof Jeanette Ward

In Attendance:

- Mr Gerry Marr – Chief Executive
- Mr Michael McGlynn, Medical Executive Director
- Ms Kim Olesen – Director Nursing & Midwifery Services
- Ms Karen Foldi – Director of Finance
- Dr Theresa Jacques – Chair Medical Staff Executive Council

Secretariat:

- Ms Melissa Angelucci– Board Secretary

Ms Kristin Stubbins did not attend this meeting due to a possible conflict of interest. Ms Stubbins' employer PricewaterhouseCoopers (PwC) Australia has been commissioned by SESLHD to undertake a body of work. Ms Stubbins will not be participating in any Board activities, including her role as the Chair of the Finance and Performance Committee, for the duration of the work.

STANDING ITEMS

PATIENT STORY

The SESLHD Board watched a patient story video. The story was of a patient of the Sutherland Hospital Aged Care Unit. The patient had been previously misdiagnosed with Dementia and the story followed the patients' journey to recovery after the Aged Care Unit correctly diagnosed him with depression. The Board noted the story to be positive and inspiring.

GENERAL BUSINESS

Minutes of Board meeting held 4 June 2014

The Board noted two errors in the minutes. The minutes will be revised and approved at the July Board meeting.

Minutes of F&P meeting held 21 May 2014

The Board noted the minutes of the SESLHD Finance and Performance Committee Meeting held 21 May 2014.

Minutes of CQC meeting held 14 May 2014

The Board noted the minutes of the Clinical and Quality Council meeting held 14 May 2014.

Actions

The Board noted the Action Log.

Correspondence Register

The Board noted the correspondence received since 5 June 2014

Teaching and Research

At its last meeting, the Board discussed the development of a single, integrated research hub for the District. This matter has been listed as a standing item so that the Board can monitor the progress. A/Prof Peter Gonski reported that discussions have occurred with the Chair of the St George Clinical Council and the Southern Sector Director of Operations who are both in support of developing a single research hub. Further discussions are occurring with key research people from the Southern Sector.

The expectation is that St George and Sutherland should join the Northern Sector Hub but also maintain their own alliance.

FOCUS

2014/15 FINANCIAL YEAR

2014/15 Service Agreement and Budget Plans

The Director of Finance and Chief Executive made the following points in relation to the 2014/15 Service Agreement and Budget Plans;

- The budget has been handed down by the Ministry of Health; a lot of work has been occurring to further break it down and understand the risks.
- The level of activity listed within the Service Level Agreement (SLA) is as what was negotiated i.e. a 2.3% increase, with the Ministry of Health and is understood to be reasonable.
- The transition grant is \$16m this year, compared to \$55m last year. Of this \$16m, \$8m is funded growth.
- Mental Health has been funded significantly less than last year, to the value of \$20m.

The Ministry of Health has advised that this is based on SESLHD's costing information and work is occurring to better understand this.

- Revenue is a major concern for the District. The SLA lists a revenue target that is \$13.5m greater than last year, this compounds this year's revenue performance being significantly under target.

The Chief Executive advised that he does not believe the 14/15 revenue target is achievable for the District. It was noted that the Ministry of Health has facilitated a consultative process around the activity targets within the SLA but limited negotiations occurred regarding revenue.

The Chief Executive noted that the previously agreed 50% reduction in the deficit during the 14/15 financial year may not be possible given the status of the budget (i.e. transitional grant and Mental Health) and the revenue expectations. The Chief Executive also noted that the District is expecting additional cost pressures from the new St George Hospital Emergency Department to the value of approximately \$3m per year.

The Board agreed that it should not sign the SLA if management believes it is not achievable. The Board discussed its options for communicating its concern with the SLA achievability with the Ministry of Health. It was agreed that the best course of action will be to clearly articulate through a letter, the various aspects of the SLA that will be difficult or impossible for the District to achieve.

Action – Director of Finance and Chief Executive to draft a cover letter for the Service Level Agreement, which articulates the specific challenges that the District expects during the 14/15 financial year. To be discussed and approved at the July Board meeting.

GENERAL BUSINESS

GOVERNANCE

Ministry of Health – Board information sheets

The Board noted the Board information sheets

The Internal Audit and Risk Management Attestation

The Board noted the Internal Audit and Risk Management Attestation statement.

The Audit and Risk Management Committee Charter

The Board Approved the Audit and Risk Management Committee Charter

PERFORMANCE

SESLHD KPI Report

The Board noted the SESLHD KPI Summary Report for May 2014.

The Chief Executive reported that the Qlik View application will change the KPI format entirely. Qlik View is a piece of software that takes aggregated, real time data and presents it efficiently to managers and clinicians. There is current work occurring to develop revenue and finance applications using Qlik View. The Chief Executive noted that he would like to provide the Board with a demonstration of the technology at the July meeting. The Board agreed to this.

Finance and Performance Overview

The budget must be allocated to the sites and sectors by the end of July. The details of this will be presented at the July Board meeting.

Mr Brent Wiseman, an experienced ex-Director of Finance, has been engaged by the District to work with the Director of Finance around assessment of reporting and reviewing the Finance Department. Mr Wiseman has produced a preliminary report with a number of recommendations aimed at enhancing the financial framework in place to support an environment of major financial change.

The Chief Executive highlighted the following aspects of the report;

- The SESLHD has a 1% unfavourable variance on expenditure and a 0.4% unfavourable variance on revenue which, given the size of the organisation, equates to a total April YTD variance for the LHD of \$21m.
- The report demonstrates performance against prior year. In particular, the Prince of Wales Hospital has achieved significant improvement in expenditure over the past 12 months.
- It is recommended that the cost budgeting process is improved by developing extensive and detailed guidelines and business rules.
- It is recommended that, in order to ensure a consistent and coordinated approach that focusses on the overall LHD, the Service Finance Staff solid reporting line is through to the Director of Finance rather than the Service Management.

The Board agreed with the principles and recommendations outlined within the report.

It was noted that change management and culture reform will be important throughout this process. The Chief Executive reported that the Executive Team will be doing a roadshow at each hospital to speak to middle managers and clinicians managers about the development of the Program Office. Furthermore, the communications team has been involved in communicating and branding the various changes and a 'You Said, We Did' campaign has recently been set up to answer questions from staff and to incorporate their ideas and feedback into the transformation.

STRATEGY

PricewaterhouseCoopers (PwC) Brief

The PwC Brief was discussed. The Board questioned why Work Stream 2, Value Improvement Plan is being focussed only on St George Hospital. The Chief Executive explained that St George is being used to test the methodology and the Prince of Wales Hospital will follow.

The key deliverables were noted to be;

- High level process map of financial processes across the LHD
- Initial diagnostic of the year to date FY14 net cost of services financial performance
- Good practice suggestions regarding board financial reporting processes and financial information packs
- Value Improvement Plan Report
- Clinical Variation and Service Change Framework Paper
- Service Line Management Assessment Working Paper

It was noted that these strategies will not be delivered with a top-down approach; rather clinical engagement will be well planned and incorporated.

The Board noted that the organisation may be experiencing change fatigue due to the



significant geographical and structural changes that occurred over the past 10 years. It was noted that the organisation must change as its environment does and the Board and executive must ensure that the change is done in a way that is sustainable. That is, once the change occurs, work should be done to 'remap' and reorientate staff. The Chief Executive reported that there is limited structural change occurring, he referred to the changes as 'rewiring'.

The Chief Executive reported that the executive team has been very clear with PwC that the body of work and outcomes must be co-designed and co-owned.

SESLHD Program Office (including Qlik View Presentation)

As discussed in the above items. The Qlik View presentation was rescheduled to the July Board meeting.

Aboriginal Workforce

The Board noted staffing numbers of Aboriginal employees in SESLHD were reported in April 2014 to be 0.75% of total headcount. The NSW target is 2.6%.

The Board noted that this is an important issue which must be addressed with some urgency.

CLOSE

BUSSINESS WITHOUT NOTICE

The acting Chair of the Finance and Performance (F&P) committee noted that it may be of use for the committee to recruit a clinical board member as this would enable the F&P committee to monitor clinical risks associated with the finances. The Chief Executive noted that he does not believe this is necessary because monitoring clinical risk will be the role of the Program Office, which will report up through to the F&P committee. The F&P committee will be able to monitor clinical improvement and risk through reports from the Program Office.

The Chair noted that he recently watched a demonstration of the recently developed ABF Portal. This portal has good functionality and will be very useful. The Chief Executive invited Board members to request a demonstration if they so wish.

It was noted that Dr Michael McGlynn will be retiring as of 26 September 2014. The Board congratulated Dr McGlynn on his pending retirement.

NOTING OF CONFIDENTIAL ITEMS

Nil discussion

Date of next meeting:

30 July 2014

4-7pm – Boardroom, The St George Hospital

Focus – Clinical Risk & Governance

Meeting closed 7pm.

Michael Still

Name



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Signature

30 July 19

Date