



AUCKLAND DISTRICT HEALTH BOARD

**Minutes of the Auckland District Health Board meeting
held on Thursday 3 June 2004
in the Marion Davis Library, Building 43,
Auckland City Hospital
commencing at 1:30 pm**

1. ATTENDANCE AND APOLOGIES

Board Members

Wayne Brown (Chair)
Margaret Horsburgh
Crystal Beavis
Harry Burkhardt
Di Nash
John Retimana
Vicki Salmon
Ian Scott
Pat Snedden

Management in Attendance

Garry Smith – Chief Executive Officer
Denis Jury – Chief Planning and Funding Officer
Michael Boersen - Chief Financial Officer
David Sage – Chief Medical Officer
Nigel Murray – GM Auckland City Hospital
Ian Bell - Board Administrator

The Chairman declared the meeting open at 1.54pm.

2. SPECTRUM CARE TRUST

Don Clark, Chairman, and Jacki Richardson, CEO, of the Spectrum Care Trust were introduced.

Don Clark advised that there was a new Board comprising of six members and a new management team led by CEO Jacki Richardson. The Trust had been founded eleven years previously as a deed settled by ADHB and Waitemata District Health Board arising out of the de-institutionalising of the Mangere Hospital mainly catering for mentally disturbed and a small number of mental health patients. They operated 88 homes with some 400 residents and outreach to 800 to 1000 patients in Auckland and Waikato with a turnover of \$30m and capital of \$80m. Staff accounted for 80% of costs. Surplus funds had been utilised to purchase more houses. He commented that there was still some “institutionalised” houses as a result of the transfer from hospitals.

Jacki Richardson presented to the Committee advising on the residential services, behaviour support, cultural support, home support, mental health services and vocational and day services. The vision was “people with an intellectual disability living a great life” with a mission to create the opportunity for the best quality for life and choice for people with an intellectual disability. The values of the organisation were that they were person centred, innovative, committed with a passion working in partnership seeking excellence.

The Board supported the work being undertaken by the Trust and the Chairman thanked them for the presentation.

5.2 Spectrum Care Trustees

Moved Wayne Brown, seconded Vicki Salmon

That the ADHB endorses the appointment of Margaret Horsburgh and Rea Wikaira as trustees of the Spectrum Care Trust.

Carried

Jacki Richardson advised that there was a waiting list for home support which was not reducing due to frozen funding and also a 14-16 week wait for other services.

3. CONFIRMATION OF MINUTES 6 MAY 2004

Moved Ian Scott, seconded John Retimana

That the minutes of the meeting of the Auckland District Health Board held on 6 May 2004 be confirmed as a true and correct record.

Carried

4. ACTION POINTS 6 MAY 2004

Michael Boersen advised that the Auditors had not agreed to the \$15m profit on the sale of the car park license being taken to revenue in 2003/2004 with \$8m to be amortised over the 20 year life of the license. The Chairman asked that the accounting be that \$15m is taken to profit with an audit adjustment of \$8m shown below the bottom line to match the reporting to the District Annual Plan. The Chair of the Audit Committee advised that they recommended the completion of the agreement with ABN AMRO Limited, that the Board would receive the cash and it was appropriate and acceptable to present the accounting as suggested.

Moved Vicki Salmon, seconded Ian Scott

That the ADHB confirms that the Parking License and Management Agreement offered by ABN AMRO Limited be approved for execution by the Board. This agreement involves a License Fee of \$15m and an ongoing Lease payment of \$1.326m per annum.

Carried

The obtaining of information from the Department of Conservation had been delayed and would be obtained prior to the revaluation of assets in June 2005.

The Chairman had received the outline of the Asset Management Plan (AMP) which was a starting template document. The MoH had commented that ADHB's AMP was the best of all the DHBs.

Garry Smith advised that the DHBs had agreed to fund the air ambulance service but clinical protocols and price still had to be agreed.

Wayne Brown advised that he had been invited by Dr Russel McIlroy to make an address at the opening of the Clinical Education Centre.

It was noted that the content of the Audit Agenda had not changed and that the information relating to the establishment of PHOs would more appropriately have been presented to the CPHAC. Discussions on services provided by suppliers should be discussed at CPHAC with only the financials going to the Audit Committee. The contracts should go the Audit Committee but discussion on the service should be held a month before reviewing the social and medical impacts and relationships. There was a question of whether monitoring of PHOs should go to the Quality Committee or CPHAC.

Nigel Murray was to inform Di Nash on the discharge policies at National Woman's.

5. CHAIRMAN

5.1 Report

Wayne Brown advised that his activities in the last month had been:

- Review of the Asset Management Plan.
- Met with the senior executive on the District Annual Plan with the decision to separate population and hospital issues, manageable and non-manageable and a hard hitting opening statement because it was important that the message was conveyed immediately.
- He had visited the Ministers office to advised of the forthcoming DAP.
- Attended with executives at the Ministry of Health on the DAP advising that the Board accepted they had yet to deliver on HSDP and that management was taking responsibility for issues that could be managed. This included a round of cost cutting of \$72m in one year which was important to maintain credibility.
- He expressed disappointment at the article in the Herald relating to the nurses claim while nursing costs exceeded \$8m above budget. He was concerned at statements by the Employers Association of which ADHB was a member. He also noted that if industrial settlements are managed nationally then funding had to be covered by the MoH.
- Met with Ian McPherson, CEO Southern Cross, who were seeking a closer relationship on the Grafton site.

6. CHIEF EXECUTIVE OFFICER - REPORT

Garry Smith spoke to his report advising that the major focus was on the financial performance to year end and next year's financial budgets noting the operational changes that had been instituted by Nigel Murray. The next two months would be critical in planning for next year with far more focus on management of costs. This was being addressed with the MoH on an open book basis. Accountability for action plans would be borne by Garry Smith, Nigel Murray, Denis Jury and Michael Boersen.

A draft Statement of Intent had been filed by the due date of 31 May 2004 with the MoH but had not been presented to the Board until the draft Annual Plan had been agreed.

There was a considerable activity on employee relations. The Health and Disability Commissioner had been updated on SSS and an action plan for quick fixes at GCC was being implemented although in the long term the solutions might be quite different.

Adjustments had been made to accruals to match DSS funding but there were a number of issues unresolved nationally.

The finding of asbestos at GCC should not cause delays to migration. Scanning of past records was continuing to improve with some parts of the organisation fully using the new systems. The Change Programme projects had suffered from a lack of ownership with the strategic error of not having change ownership with line management. This was now being corrected an example being that theatres were now owned by Fiona Ritsma with assistance from the Change Project members. The Community Re-design/Integration Project would have an impact on primary care. The Project was obtaining a database of community services and populating what services are provided. While a "green fields" view was being taken and there was still a lot of ground work to be undertaken, it would link to the discussions on primary care to be held in July.

It was suggested that KPIs for services include keeping within FTE budgets.

7. FINANCIAL REPORT – APRIL 2004

7.1 Financial Report

The change in the way statutory leave was accrued was a timing issue. \$1.4m had been accrued as revenue to cover DSS overspend and would be invoiced to the MoH. There were risks around the year end forecast to achieve the \$48m deficit with Surgical and Starship ahead on volume delivery.

Revenue from ACC was \$2m less than forecast and there has been a realignment of the ACC team to be within Nigel Murray's area of responsibility. There were opportunities with closer account management. The nurses cost overrun was half due to increased costs compared with last year, and the additional use of bureau and more nurses. In compiling the budget direct treatment costs were to be less than the forecast although nationally all DHBs were struggling to contain costs. There would be a full end of year stock take and the effect of tightening the issuing of SO12s would be monitored. It was noted that SSS conducted a stock take monthly. Starship's budget was 2003/2004 plus additional building costs and Auckland City Hospital 2003/2004 forecast plus 3%. The over expenditure of \$20m in GCC and ACH was still an issue to be addressed.

7.2 Northern Clinical Training Network (NCTN)

This was owned by the four DHBs, with ADHB being a 50% owner, providing locum services and training.

Di Nash left the meeting at 3.13pm.

The NCTN was part of the Internal Audit programme. The question of three regional entities having separate accommodation costs was raised.

7.3 Northern District Support Agency (NDSA)

The report was noted.

7.4 Starship Foundation

This was a report prepared by Kay Hyman a staff represented trustee. There were queries with the Trust Deed and the relationship with the Starship Foundation which was subject to an Internal Audit review.

7.5 A+ Charitable Trust

The report was noted.

7.6 Ministry of Health

This was a report on the key things of note for the Board and did not cover all correspondence or communication with the Ministry.

8. DISABILITY SUPPORT ADVISORY COMMITTEE

9. QUALITY COMMITTEE

Neither of the above Committees had met. Margaret Horsburgh had attended a Ripple Trust forum discussing what Disability Support Advisory Committees could address.

10. AUDIT COMMITTEE

10.1 Report

Vicki Salmon reported that the Audit Committee had discussed and supported the proposals recommended to the Board. The Committee had requested that cashflows be put into the Finance Report.

10.2 Baptist Action

Moved Vicki Salmon, seconded Ian Scott

That the following contract be signed on behalf of Auckland District Health Board:

- *Baptist Action trading as Te Korowai Aroha*
- *Mental Health Residential, Community Support Work and Social and Recreational Services*
- *Estimated annual value of the contract is \$4,233,191 (Full contract value - \$12,699,573)*
- *Term of the contact is 3 years*
- *No right of renewal.*

Carried

10.3 Salvation Army NZ Trust

Moved Ian Scott, seconded Harry Burkhardt

That the following contract be signed on behalf of Auckland District Health Board:

- *Salvation Army New Zealand Trust Board*
- *Alcohol and Drug Services for Adults*
- *Estimated annual value of the contract is \$5,662,268*
- *Term of the contact is 1 year*
- *No right of renewal.*

Carried

10.4 Community Pharmacy Agreements

Moved Pat Snedden, seconded Ian Scott

That the ADHB notes that it is intended that a new Pharmacy agreement will be in place at 1 July 2004. This will be a nationally negotiated document. The likely term of the agreement will be 2 years. ADHB has around 120 Pharmacies. The total cost of these contracts for the 2 year period will be in the vicinity of \$160m. The new contract has yet to be finalised.

Notes that pharmacies are likely to be paid on draft contract status while paper work is being completed by all parties.

Notes that a number of these pharmacies are likely to have contract term values in excess of \$2.5 million.

Notes that Auckland DHB intends to enter into a Pharmacy contract with Pharmacy One for services in its district. Annual value exceeding \$3.2 million.

That the Board delegates responsibility for signing Pharmacy contracts over \$5 million to the CEO,

And that the Board approves delegation of the CEO's authority to sign Pharmacy contracts over \$2.5 million to the Chief Planning and Funding Officer.

Carried

10.5 Primary Health Organisations

There had been discussion in CPHAC of PHOs producing reports on their achievements for their populations.

Moved Ian Scott, seconded Pat Snedden

That for services beginning from 1 July 2004, the following contracts be signed on behalf of Auckland District Health Board:

<i>Organisation</i>	<i>Services</i>	<i>Estimated Annual Value</i>	<i>Term of Contract</i>	<i>Right of renewal</i>
<i>AuckPAC Health Trust Board</i>	<i>PHO Services</i>	<i>\$5,108,460.00</i>	<i>31 December 2004</i>	<i>Yes</i>
<i>The Primary Health Network for Auckland Ltd</i>	<i>PHO Services</i>	<i>\$28,923,220.00</i>	<i>31 December 2004</i>	<i>Yes</i>
<i>The Auckland PHO Ltd.</i>	<i>PHO services</i>	<i>\$1,171,076.00</i>	<i>31 December 2004</i>	<i>Yes</i>
<i>Tongan Health Society Inc.</i>	<i>PHO services</i>	<i>\$1,274,360.00</i>	<i>31 December 2004</i>	<i>Yes</i>
<i>Tikapa Moana PHO Trust</i>	<i>PHO Services</i>	<i>\$1,076,689.00</i>	<i>31 December 2004</i>	<i>Yes</i>

Carried

10.6 Provision of Pharmaceuticals

The Audit Committee had asked Internal Audit to review the process and controls in letting this contract.

Moved Vicki Salmon, seconded Ian Scott

That the ADHB endorses the selection of Health Support Limited (HSL) for the supply of Pharmaceuticals to Auckland DHB. The contract is for a 5 year period commencing 1 July 2004 with 1 right of renewal for 3 years and a further right of renewal for 2 years.

It is noted that ADHB has managed the procurement of Supply Chain Services for Pharmaceuticals as a regional project with participation from the three Auckland DHBs and healthAlliance and the recommendation is subject to Counties Manukau DHB and Waitemata DHB committing to the same regional outcome and accordingly the offer in the contract is based on this condition.

Carried

10.7 Debt Write-Off

Moved Ian Scott, seconded Harry Burkhardt

That the ADHB writes off the sum of \$171,912.78 owed by the Guardian of a haematology patient.

Carried

11. GENERAL BUSINESS

Elections

The Board Administrator advised that there would be public meetings for potential candidates held in conjunction with the Auckland City Council on Tuesday 8 June 2004 and Tuesday 15 June 2004.

12. NEXT MEETING

The meeting closed at 3.30pm.

The next meeting will be held on:

Thursday 8 July 2004

Marion Davis Library

Auckland City Hospital

Grafton

CONFIRMED

CHAIR

DATE