BOARD MEETING

Date: Wednesday 31 October 2018

Time: 1:30pm

Venue: Te Waiora Room, DHB Administration Building,
Corner Omahu Road and McLeod Street, Hastings

Members:
Kevin Atkinson
Ngahiwi Tomoana (Chair)
Dan Druzianic
Barbara Arnott
Peter Dunkerley
Dr Helen Francis
Diana Kirton
Jacoby Poulain
Heather Skipworth
Ana Apatu
Hine Flood

Apologies:

In Attendance:
Dr Kevin Snee, Chief Executive Officer
Executive Management Team members
Rachel Ritchie, Chair HB Health Consumer Council
Members of the public and media

Mintute Taker: Brenda Crene

Public Agenda

Item	Section 1: Routine	Ref #	Time (pm)
1.	Karakia		1:30
2.	Apologies		
3.	Interests Register		
4.	Minutes of Previous Meeting		
5.	Matters Arising - Review of Actions		

6.	Board Workplan		
7.	Chair's Report (verbal)		
8.	Chief Executive Officer's Report – Kevin Snee	140	
9.	Financial Performance Report – Carriann Hall	141	
10.	Board Health & Safety Champion's Update – Board Safety Champion	142	
	Section 2: Governance / Committee Reports		
11.	Primary Care Development Partnership Governance Group Report	143	2:10
12.	Māori Relationship Board – Chair, Heather Skipworth	144	2:15
13.	HB Clinical Council – Co-Chairs, John Gommans & Andy Phillips	145	2:20
14.	HB Health Consumer Council – Chair, Rachel Ritchie	146	2:25
	Section 3: For Approval		
15.	Terms of Reference Update – Appointments & Remuneration Advisory Committee – Ken Foote	147	2:30
16.	Allied Laundry Services AGM – Ken Foote	148	2:32
	Section 4: For Discussion / Information		
17.	Clinical Services Plan update – Ken Foote	149	2:35
18.	Te Ara Whakawaiora Cardiovascular Report (National Indicator) – Dr John Gommans	150	2:40
	Section 5: General Business		
19.	**Section 6: Recommendation to Exclude the Public** Under Clause 32, New Zealand Public Health & Disability Act 2000		

Public Excluded Agenda

Item	Section 7: Routine	Ref #	Time (pm)
20.	Minutes of Previous Meeting (public excluded)		
21.	Matters Arising – Review of Actions (nil)		-
22.	Board Approval of Actions exceeding limits delegated by CEO	151	2:50
23.	Chair's Update (verbal)		
	Section 8: For Information		
24.	Annual Plan 2018/19 (draft) – Chris Ash	152	2:55
	Section 9: Reports from Committee Chairs		
25.	Māori Relationship Board – Chair, Heather Skipworth	153	3:00
26.	HB Clinical Council – Co-Chairs, John Gommans / Andy Phillips	154	3:05
27.	Finance Risk and Audit Committee – Chair, Dan Druzianic	155	3:10
	Meeting concludes		

The next HBDHB Board Meeting will be held at
1.30pm on Wednesday 28 November 2018

Board "Interest Register" - 8 August 2018

Board Member Name	Current Status	Conflict of Interest	Nature of Conflict	Mitigation / Resolution Actions	Mitigation / Resolution Actions Approved by	Date Conflict Declared
Kevin Atkinson (Chair)	Active	Trustee of Te Matau a Maui Health Trust	The shares in Health Hawke's Bay (PHO) are owned by the Te Matau a Maui Health Trust, representing health and community stakeholders.	Will not take part in any decisions or discussion in relation to the Trust	The Chair of FRAC	Mar-11
	Active	Board Member of NZ Health Partnership Limited, *effective from 20 March 2017*	Lead, supported and owned by the 20 DHBs, NZ Health Partnerships creates efficiencies in the health sector that allow more to be spent on frontline services.	Will not take part in any decisions in relation to NZ Health Partnerships Limited where specific legal or fiduciary conflict identified.	The Chair of FRAC	22.02.17
	Active	Trustee of Hawke's Bay Power Consumers' Trust which holds all the shares in Unison Networks Limited.	Potential Conflict of Interest. Non-Pecuniary interest. Unison Networks Limited, trading as Unison, has a lease agreement with HBDHB for a generator which is located at Hawkes Bay Fallen Soldiers Memorial Hospital. HBDHB has an electricity supply contract with Meridian Energy Limited. Meridian Energy Ltd has a subcontract with Unison for the supply of power lines.	Will not take part in any decisions or discussions in relation to HBDHB electricity contracts. Will not take part in any decisions in relation to the generators at Hawke's Bay Hospital and electricity generation.	The Chair of FRAC	26.10.17
Ngahiwi Tomoana (Deputy Chair)	Active	Chair, Ngati Kahungunu Iwi Incorporated (NKII)	Actual Conflict of Interest. Non-Pecuniary interest. Chair of NKII. NKII is titular head of 6 Taiwhenua. 2 NKII Taiwhenua have contracts for health services with HBDHB: (i) Te Taiwhenua Heretaunga is HBDHB's 5th largest health services contractor. The contracts are administered by HBDHB's Planning, Funding and Performance department. (ii) Ngati Kahungunu Ki Wanganui a Orutu has a contract with HBDHB to provide mental health services. This contract is administered by HBDHB's Planning, Funding and Performance department.	Will not take part in any decisions in relation to the service contracts between the NKII Taiwhenua and HBDHB.	The Chair	01.05.08
	Active	Uncle of Tiwai Tomoana	Perceived Conflict of Interest. Non-Pecuniary interest. Tiwai Tomoana is employed by HBDHB and is a Kitchen Assistant in the Food and Nutrition Department at Hawke's Bay Hospital.	All employment matters in relation to Tiwai Tomoana are the responsibility of the CEO.	The Chair	01.05.08
	Active	Uncle of Iralee Tomoana	Iralee Tomoana is employed by HBDHB and works in the Radiology Department as a clerical assistant.	All employment matters in relation to Iralee Tomoana are the responsibility of the CEO.	The Chair	01.05.08
	Active	Brother of Numia Tomoana	Perceived Conflict of Interest. Non-Pecuniary interest. Numia Tomoana is employed by Cranford Hospice and works as a palliative care assistant and, in this role, works with chaplains at Hawke's Bay Hospital.	Will not take part in any decisions in relation to the Chaplain service at Hawke's Bay Hospital.	The Chair	01.05.08
	Active	Involved with Waitangi Claim #2687 (involving Napier Hospital land) sold by the Government	Requested that this be noted on the Interest Register	Unlikely to be any conflict of Interest.	The Chair	28.03.18
Barbara Arnott	Active	Hawke's Bay Air Ambulance Trust	HBDHB has a partnership contract with Skyline Aviation who together operate the HB Air Ambulance Service which is supported by the Trust.	Declare this interest prior to any discussion on the HB Air Ambulance Services and Chair decides on appropriate mitigation action	The Chair	10.05.10
	Active	Trustee of Hawke's Bay Power Consumers' Trust which holds all the shares in Unison Networks Limited.	Potential Conflict of Interest. Non-Pecuniary interest. Unison Networks Limited, trading as Unison, has a lease agreement with HBDHB for a generator which is located at Hawkes Bay Fallen Soldiers Memorial Hospital. HBDHB has an electricity supply contract with Meridian Energy Limited. Meridian Energy Ltd has a subcontract with Unison for the supply of power lines.	Will not take part in any decisions or discussions in relation to HBDHB electricity contracts. Will not take part in any decisions in relation to the generators at Hawke's Bay Hospital and electricity generation.	The Chair	26.10.17
Dr Helen Francis	Active	Trustee of Hawke's Bay Power Consumers' Trust which holds all the shares in Unison Networks Limited.	Potential Conflict of Interest. Non-Pecuniary interest. Unison Networks Limited, trading as Unison, has a lease agreement with HBDHB for a generator which is located at Hawkes Bay Fallen Soldiers Memorial Hospital. HBDHB has an electricity supply contract with Meridian Energy Limited. Meridian Energy Ltd has a subcontract with Unison for the supply of power lines.	Will not take part in any decisions or discussions in relation to HBDHB electricity contracts. Will not take part in any decisions in relation to the generators at Hawke's Bay Hospital and electricity generation.	The Chair	03.10.11
	Active	HB Medical Research Foundation	Trustee	Declare this interest prior to any discussion in relation to the Foundation, and an appropirate mitigation action is decided on.	The Chair	20.08.14
	Active	Independent Consultant	To a variety of health organisations.	Will declare at the beginning of meeting(s) if there are any projects that have anything to do with items on the agenda and will not be involved in those discussions	The Chair	26.02.18

Board Member Name	Current Status	Conflict of Interest	Nature of Conflict	Mitigation / Resolution Actions	Mitigation / Resolution Actions Approved by	Date Conflict Declared
Diana Kirton	Active	Brother, John Fleischl, is a Senior Medical Officer (surgeon) employed by HBDHB.	Perceived Conflict of Interest. Non-Pecuniary interest.	Will not take part in any decisions in relation to surgical services provided by or contracted by HBDHB. All employment matters in relation to John Fleischl are the responsibility of the CEO	The Chair	18.02.09
	Active	Employee of Eastern Institute of Technology (EIT), Practicum Manager, School Health and Sports Science from 3 Feb 2014	Non-pecuniary interest: Organises student practicum placements with some HBDHB funded health providers.	Declare this prior to any discussion in relation to EIT in the area of interest, and an appropirate mitigation action is decided on.	The Chair	16.01.14
	Active	Trustee of Hawke's Bay Power Consumers' Trust which holds all the shares in Unison Networks Limited.	Potential Conflict of Interest. Non-Pecuniary interest. Unison Networks Limited, trading as Unison, has a lease agreement with HBDHB for a generator which is located at Hawkes Bay Fallen Soldiers Memorial Hospital. HBDHB has an electricity supply contract with Meridian Energy Limited. Meridian Energy Ltd has a subcontract with Unison for the supply of power lines.	Will not take part in any decisions or discussions in relation to HBDHB electricity contracts. Will not take part in any decisions in relation to the generators at Hawke's Bay Hospital and electricity generation.	The Chair	03.10.14
	Active	Member, Hawke's Bay Law Society Standards Committee	Law Society	No conflict perceived	The Chair	20.06.17
	Active	RENEW Counselling Services	Counsellor	No conflict perceived	The Chair	17.07.17
Dan Druzianic	Active	Director of Markhams Hawke's Bay Limited	Potential Conflict of Interest. Some clients may from time to time be employed by or have contracts with HBDHB	Declare an interest at any time an issue arises concerning a client, and take no further part in any decision or discussion on this matter.	The Chair	7.12.10
Jacoby Poulain	Active	Board Member of Eastern Institute of Technology (EIT)	Perceived conflict - HBDHB has a Memorandum of Understanding (MOU) with EIT relating to training and development in health related occupations.	Will not take part in any decisions or discussions in relation to the MOU between HBDHB and EIT	The Chair	14.1.14
	Active	Councillor Hastings District Council	Potential conflict as potential advocate for Hastings District population whereas HBDHB coveres whole of Hawke's Bay	Declare this interest prior to any discussion on the specific provision of services in Hastings and Chair decides on appropriate mitigation action.	The Chair	14.1.14
Heather Skipworth	Active	Daughter of Tanira Te Au	Kaumatua - Kaupapa Maori HBDHB	All employment matters are the responsibility of the CEO	The Chair	04.02.14
	Active	Trustee of Te Timatanga Ararau Trust (aligned to Iron Maori Limited)	The Trust has contracts with HBDHB including the Green Prescription Contract; and the Mobility Action Plan (Muscular Skeletal)	Will not take part in any discussions or decisions relating to any actions or contracts with the Trust or aligned to Iron Maori Limited.	The Chair	04.02.14 25.03.15 29.03.17
	Active	Director of Kahungunu Asset Holding Company Ltd	The asset portfolio of the company in no way relates to health, therefore there is no perceived conflict of interest.	Unlikely to be any conflict of Interest. If in doubt will discuss with the HBDHB Chair.	The Chair	26.10.16
Peter Dunkerley	Active	Trustee of Hawke's Bay Helicopter Rescue Trust	Actual conflict of interest. The Trust provides helicopter patient transfer services to HBDHB	Will not take part in any decision or discussion in relation to any contract or financial arrangement between HBHRT and HBDHB	The Chair	15.05.14
	Active	Shareholder Need a Nerd	IT support for home or business	No conflict perceived	The Chair	13.12.17
	Active	Shareholder of NZ Technologies	Technology and innovative support for businesses to grow	No conflict perceived	The Chair	13.12.17
Ana Apatu	Active	CEO of U-Turn Trust (U Turn is a member of Takitimu Ora Whanau Collective) The U-Turn Trust renamed / rebranded "Whararikí Trust" (advised 30-8-17)	Relationship and and may be contractural from time to time	No conflict	The Chair	5.12.16
	Active	Whakaraki Trust "HB Tamariki Health Housing fund"	Formed a relationship and MoU with HBDHB Child Health Team Community Women and Children's Directorate. The Trust created a "HB Tamariki Health Housing fund" to ensure warm dry homes for Hawke's Bay whanau.	Will advise at the outset of any discussions on this topic, and will not take part in any decisions / or financial discussions relating to this arrangement.	The Chair	8.08.18
Hine Flood	Active	Member, Health Hawkes Bay Priority Population Committee	Pecuniary interest - Oversight and advise on service delivery to HBH priority populations.	Will not take part in any conflict of interest that may arise or in relation to any contract or financial arrangement with the PPC and HBDHB	The Chair	14.02.17
	Active	Councillor for the Wairoa District Council	Perceived Conflict - advocate for the Wairoa District population and HBDHB covers the whole of the Hawkes Bay region.	Declare this interest prior to any discussion on the specific provision of services in Wairoa and Chair decides on appropriate mitigation action.	The Chair	14.02.17

MINUTES OF THE BOARD MEETING
HELD ON WEDNESDAY 26 SEPTEMBER 2018, IN THE TE WAIORA ROOM,
DHB ADMINISTRATION BUILDING, MCLEOD STREET, HASTINGS
AT 1.35PM

PUBLIC

Present:	Kevin Atkinson (Chair) Ngahiwi Tomoana Dan Druzianic Dr Helen Francis Peter Dunkerley Diana Kirton Barbara Arnott Heather Skipworth Jacoby Poulain Ana Apatu
Apology	Hine Flood
In Attendance:	Kevin Snee (Chief Executive Officer) Members of the Executive Management Team Drs Gommans and Phillips (as co-Chairs, HB Clinical Council) Rachel Ritchie (Chair, HB Health Consumer Council) Emma Foster, Acting ED Primary Care *part* Members of the public and media Brenda Crene

INTEREST REGISTER

No changes to the interests register were advised

No board member advised of any interest in the items on the Agenda.

4. CONFIRMATION OF PREVIOUS MINUTES

The minutes of the Board meeting held on 29 August 2018, were confirmed as a correct record of the meeting.

Moved: Peter Dunkerley
Seconded: Diana Kirton
Carried

5. MATTERS ARISING FROM PREVIOUS MINUTES

Item 1: **HR KPIs –** Kate Coley advised the HR KPI report soon to be provided will feature disparities within that report. The name of the report will likely change and commence in November – this has been included on the workplan.

Item 2: **Addiction Services –** Diana Kirton had received information from Primary Care and was comfortable with progress. A report will be provided in the near future with a date provided once timing has been ascertained.

Item 3: **H&S Pharmacy –** included on FRAC's September agenda / remove item.

Item 4: **Matrix –** will be captured on a future FRAC's agenda prior to calendar year end (action transferred) / remove item.

6. BOARD WORK PLAN

The Board Work Plan was noted.

The Chair noted that the National Oracle Solution approval process was imminent and would come to the Board via FRAC in December 2018 with a final decision required by 27 February 2019. FRAC action.

7. CHAIR'S REPORT

- The Chair advised the following retirements, with a letter being sent conveying the Board's best wishes and thanks for their extended years of devoted service.

Name	Role	Service	Years of Service
Katrina Canning	Staff Midwife	Communities Women & Children	21
Ronald Janes	General Practitioner	Communities Women & Children	20
Patricia Russell	Registered Nurse	Medical Directorate	11
Elizabeth Morgan	Registered Nurse	Communities Women & Children	23

- Condolences from the Board to be relayed to the family of Elizabeth Morgan who retired mid-August and passed away this month (September).
- MoH response around 2023 census approach had been received.
- The Minister provided approval for the lease of the Wairoa Medical Centre for an 8 year term expiring at the end of April 2026.
- State Services commission advised that in future CEO salaries will be published as a remuneration package and not what was actually received.

8. CHIEF EXECUTIVE OFFICER'S REPORT

The CEO provided an overview of his report covering items on the day's agenda as well as target information. Aspects relating to performance were discussed at the FRAC meeting held prior.

9. FINANCIAL PERFORMANCE REPORT

Carriann Hall (ED of Financial Services) spoke to the Financial Report for August 2018, which showed $37 thousand favourable to Plan, with year to date at $49 thousand favourable

The report was discussed in detail at the FRAC meeting. Discussion included a request at FRAC for detail around electives (to be included on the workplan for the next meeting).

The CEO felt an approach to the **Royston Trust** could fit with changes in technology going forward, including radiology etc, with emphasis on areas these would sit.

10. HEALTH & SAFETY BOARD CHAMPION'S UPDATE

Ana Apatu reported on her visit and review of the Tower Block wards A3 and B3. She advised of understandable frustrations with layouts within the ageing building. Cooling within the building in summer had been raised at the previous meeting. Orthopaedics was well laid out and was found to be a very refreshing area.

Everyone was aware of safety systems and it was clear that Christine Mildon (H&S) was very visible and had done a lot of work in a short time.

An appreciation of the work that goes into mobilising patients before release from Hospital was noted, as was the associated minimisation of risk of falling during the mobilisation experience.

Hine Flood will meet with Christine Mildon in early October with consideration to do H&S at the Wairoa Hospital.

The Board Health and Safety Champion Roster (updated on 22 March 2018) follows:

1 June 2018	30 November 2018	Ana Apatu
1 September 2018	28 February 2019	Hine Flood
1 December 2018	31 May 2019	Barbara Arnott
1 March 2019	31 August 2019	Ngahiwi Tomoana
1 June 2019	30 November 2019	Heather Skipworth
1 September 2019	30 November 2019	Diana Kirton

REPORT FROM COMMITTEE CHAIRS

11. HAWKE'S BAY CLINICAL COUNCIL

Co-Chair Dr John Gommans spoke to the report from the Council's meeting held on 12 September 2018 advising the normal monthly Council meeting had been held prior to their lengthy AGM.

Updates were received on After Hours Urgent Care, noting a 12 month comprehensive review will be completed. Health Awards were discussed considering consumer members alongside clinical in the shortlisting process.

The Annual General Meeting included discussion around Person & Whanau Centred Care – noting we know what to do, the real issue is about operationalising it. Other matters included quality indicators and dashboard, clinical risk management, and Council were thankful for the clinical governance manual prepared by Ken Foote.

Currently both co-Chairs continue for several months. The role of Chair/co-Chair will be documented, including a job description and will be provided to Clinical Council members in anticipation that non-EMT members of Council will consider putting their names forward as Andy Phillips had advised he will be stepping down.

12. HAWKE'S BAY HEALTH CONSUMER COUNCIL

Rachel Ritchie, Chair of Consumer Council advised the outcomes of their meeting held on 13 September 2018 including the appointment of two consumer experience facilitators (replacing Jeanette Rendle who left early in 2018). Received the After Hours Urgent Care re-design of service update, noting the need for consumer involvement in the review. Dr David Rodgers is well aware this input is crucial and noted that Rachel Ritchie is on the Steering Group.

Matariki was proceeding well but taking time for the work to come to fruition.

Youth Consumer Council had reviewed their ToR. Had not been as strong as they could have been and will now re-focus. The membership age range was reiterated as between 16-24 years – a focus diversity within the Youth membership had also been discussed. Dallas Adams, the previous chair of YCC has been asked to come on to Consumer Council to fill a vacant position.

Rachel advised that feedback on papers to Council had been discussed by Council but members felt uncertain whether their feedback had been incorporated within papers or whether this in fact resulted in changes on the ground.

The Disability Strategy is progressing well.

13. MĀORI RELATIONSHIP BOARD (MRB)

Heather Skipworth as Chair of MRB spoke to the meeting held 12 September 2018.

Kaupapa Māori (KM) Terminology – and sensitivity around how DHB uses this. MRB had a good discussion and it was generally felt that KM normally comes through from a Maori organisation. 50% would be Maori users. Maori are heavy traffic users of the health which could be Māori driven but they have never really been engaged.

- Management wish to understand more about the use of the term Kaupapa Māori and ask for guidance on its future use. This action will to be taken back to MRB – **action**

Employment of Māori FTEs in health – noting that as the Māori population increases, so should the health sector increase. Advice on how services should be run.

Concern was expressed by MRB members around the Bowel Screening age decision by the Ministry. In response:

- Advised this was a national decision not local. Currently testing outside of the program is outside scope of the service.
- Analysis work is being done in this area. If we quantify the cost of lowering the age of screening – how would that funding be best used to address equity? Discussions will be held with MRB and Consumer Council at their October meetings.

Other Reports reviewed included a **Matariki and After Hours Urgent Care** update.

There was an active discussion around **Equity and Cultural Competency** which has come through with a recommendation to the Board.

- The Board first wish to understand the background and reasoning for the Recommendation.

Discussion on equity summarised**:**

- Must be delivering equity and health outcomes. Agree with the quadruple aim.
- Annual Plan be equity driven - note that the 2018/19 Plan already includes at least 34 equitable outcome activities.
- Sense of frustration around MRB table who feel equity is not visible.
- Value for Money and Quality are also important driving values
- Advised we compare well with other parts of NZ, who come to HB for guidance. How do we make this clearer to MRB as they are currently unaware of this?
- HB needs to go from a good position to a great position!
- Need to accelerate cultural competency and accelerate focus on equity to close the gap
- Investing in Māori health will have a good outcome for the general population.
- MRB signal solutions but the DHB are bound/constricted by the MoH.
- Within Māori Health team are some of the best heavy hitters within Kahungunu. The DHB need to work with them to unleash their potential.
- Needs to be uplifting - how do we work with everyone so the equity discussion becomes the norm? How do we uplift our performance and accelerate improvement?
- The Equity report is due out later this year. Within HB, equity is all encompassing and will work in with other intersector organisations under the Matariki umbrella.
- Reframe the induction process to take account better programmes for cultural competency – similar to what is delivered by the South Central Foundation.
- The Māori FTE gap is reducing but not at a level to best fit the demographics of community we are serving.
- In response Kevin Snee agreed we want to make more rapid progress in delivering equity through our health system and work towards eliminating inequity. We need to describe our successes, our continuing challenges and suggestions of areas of focus.
- Health Equity Report's purpose in the past was to raise issues – and was not about an action or implementation plan.
- The Equity Report due to be released shortly will include recommendations and actions. This report together with the Clinical Services Plan and other work coming to fruition around the People Strategy is advantageous.

MRB's recommendation from their September meeting was noted by the HBDHB Board:

1. *Agree that Equity is the driving value for the HBDHB*
2. *Agree that annual plans, work plans, services plans and clinical plans will be equity driven*
3. *Agree that all KPIs reflect equity measures and actions at all levels.*
4. *Agree that Cultural competencies and equity measures be developed within expertise and be implemented by the CEO with both included as KPI measures.*

The Board Chair advised the following recommendation would be more appropriate and this would be advised the MRB.

The Board recommend the following process to move towards addressing the areas raised by MRB around Equity and Cultural Competency:

a) That a Working Group come together to study and focus on next year's planning.

b) That a Workshop be set up in the New Year (including MRB members and other representatives as required), the result of which will be clear actions and targets we can aim for.

FOR DISCUSSION / INFORMATION

14. AFTER-HOURS URGENT CARE UPDATE

Wayne Woolrich (CEO of Health HB) introduced Dr David Rodgers (GP Tamatea Medical; Clinical Council member and adviser to Health HB).

A six month review for discussion was undertaken (prepared by Dr Rodgers), with a more formal evaluation to be prepared for review in February/March 2019.

The service was Initially put in place to ensure contractual compliance and it was done in haste, however it has been a good starting point for improvements. There has been discussion around not waiting for the full 12 months to make improvements to the current system.

Summary of discussion with the Board included:

- Utilisation and communication of the availability of paramedics was not taken up by the community. Was over spec'd.
  - Comment made that this type of service was cheaper outside and area and in other parts of the world.
  - The costs/pricing for consumers was based on urgent care visits between 5-9pm, cheaper than the St Johns paramedics at $65. We can certainly look at paramedic costs.
- Primary care funding is not at all conducive as different prices apply in different places which is confusing.
- A positive was that Napier and Hastings got together to provide out of hours.
- Some within the community do not have a GP, cannot get to appointments, and are not able to pay. If they do have a GP it is normally difficult to get an appointment anyway.
- Nationally there is no difference between the subsidy provided during the day or night. The absence any subsidy for after-hours care is an issue which needs addressing. Capitation rates were set 20 years by the MoH without input regarding after hours care.
- It is a good model and the solutions that need to be implemented are good solutions for what has been identified. However the biggest disparity was the lack of use of the Paramedic service which resulted in those accessing ED after hours, not dropping at all.
- Early days but focus is needed to ensure the community truly understand there is a system in place now.
- We have dipped our toe in the water and have brought people together to talk about the provision of an improved after hours service. The fact that it did not have an impact on ED was not surprising. With 'Health Care Homes' discussions taking place as well as Nuka ideas and systems being reviewed, we will have an ideal base and opportunity for improvement.
- The biggest issue is to be able to access GPs during the day as that would provide a platform to move forward.

Action:

a) **This discussion resulted in the Board being happy for changes to the system being made now instead of it running the full 12 months and asked management to discuss this offline.**

b) **Communication seen as crucial, and a Facebook campaign was suggested over labour weekend.**

c) **Wayne Woolrich / David Rodgers will involve Rachel Ritchie (Chair of Consumer Council) in this process from a consumer perspective.**

15. CLINICAL SERVICES PLAN (CSP) UPDATE

Ken Foote provided a brief update advising the public/community aspect of the engagement process was underway. Brochures were out within the community and promotion material provided to those to communicate amongst their networks. There have been a few specific comments but overall a significant amount of general positive feedback has been received.

The sector own the CSP now, so it is over to everyone to communicate to our networks. Pamphlets were made available at the meeting for those who wished to take any for distribution.

16. MATARIKI REGIONAL DEVELOPMENT AND SOCIAL INCLUSION STRATEGY

Andy Phillips (ED) introduced Shari Tidswell (Intersector Development Manager).

Progress around the governance structure is reflected through the document. Share plans and we are able to engage and collaborate together with multiple opportunities for outcomes. The new structure is now in place, having held three meetings thus far. Delivered work focused on employment has had good outcomes for the hard to place young, working with MSD and others. There is a strong focus around equity.

The Social Inclusion Strategy is up and running and the working group has ceased. The leadership group will review actions and prioritise going forward. Hawke's Bay (HB) is the only province with a Social Inclusion Strategy included, thanks to the CEO and Chair of HBDHB. This will be advantageous to all of HB and is very positive from MRB's perspective and of the all Maori groups involved.

It was noted that the 'provincial growth fund' would have assisted in this regard. Social inclusion is not prominent in the bids seen. Unfortunate but this fund is likely driven to ensure quick results.

November 7th invited HB to present in Parliament through Stuart Nash for $300m to replace HBDHB Tower Block.

17. HBDHB ANNUAL PLAN 2018/19 UPDATE

Noted that the first draft had been submitted in July 2018 with provisional feedback received from the MoH on 10th September. Currently awaiting guidance on how we should reflect the guidance provided into our plans. Excerpts of the plan will be provided progressively when ready. The MoH have not asked for a full final draft plan to be submitted by a certain date, however this may change.

GENERAL BUSINESS

There being no further discussion, the Chair accepted a motion to move into Public Excluded.

18. RECOMMENDATION TO EXCLUDE THE PUBLIC

RECOMMENDATION

That the Board

Exclude the public from the following items:

19. Confirmation of Minutes of Board Meeting
20. Matters Arising from the Minutes of Board Meeting
21. Board Approval of Actions exceeding limits delegated by CEO
22. Chair's Update
25. Finance Risk and Audit Committee Report

Moved: **Peter Dunkerley**
Seconded: **Barbara Arnott**
Carried

The public section of the Board Meeting closed 3:15pm

Signed: _____
Chair

Date: _____

BOARD MEETING - MATTERS ARISING
(Public)

Action	Date Entered	Action to be Taken	By Whom	Month	Status
1	30/5/18 26/9/18	**Human Resource (HR) KPIs – Maori Workforce** Kate Coley advised the HR KPI report soon to be provided will feature disparities within that report. The name of the report will likely change and commence in November.	Kate Coley	Nov 18	Included on workplan
2	27/6/18 25/7/18 29/9/18	**Addiction Services** Raised by Diana Kirton in June advising this does not appear on the workplan currently. A number of teams in primary care are working up a scoping report. Diana Kirton received information and comfortable with progress. A report to be provided in near future and timing to be included on the workplan once ascertained	Chris Ash	Timing TBC	Ongoing
3	29/9/18 10/10/18	The following process was agreed to move towards addressing the areas raised by MRB (in September's Board Report) around **Equity and Cultural Competency:** Kevin Atkinson Board Chair suggested the following process at the MRB meeting: a) That a Working Group come together to study and focus on next year's planning. b) That a Workshop be set up in the New Year (including MRB members and other representatives as required), the result of which will be clear actions and targets we can aim for.	CEO	Timing TBC	

Action	Date Entered	Action to be Taken	By Whom	Month	Status
4	29/9/18	**After Hours Urgent Care report received by the Board in September** Following discussion the following action(s) resulted: a) This discussion resulted in the Board being happy for changes to the system being made now instead of it running the full 12 months and asked management to discuss this offline. b) Communication seen as crucial, and a Facebook campaign was suggested over labour weekend. c) Wayne Woolrich/David Rodgers will involve Rachel Ritchie (Chair of Consumer Council) in this process from a consumer perspective. Full year Update is scheduled on the workplan for Feb/ March 2019.	CEO/Chris Ash/ Wayne Woolrich /David Rodgers		

HBDHB Board Workplan as at 25 October 2018 (subject to change)	EMT Member	MRB Meeting Date	Clinical Council Meeting Date	Consumer Council Meeting Date	F R A C Meeting date	BOARD Meeting date
Alcohol Harm Reduction Strategy (6 monthly update) Nov-May-Nov-May	Andy Phillips	14-Nov-18	14-Nov-18	15-Nov-18		28-Nov-18
Best Start Healthy Eating & Activity Plan update (for information - 6 mthly Nov-May-Nov18)	Andy Phillips		14-Nov-18	15-Nov-18		28-Nov-18
Health Equity Report	Andy Phillips	14-Nov-18	14-Nov-18	15-Nov-18		28-Nov-18
Te Ara Whakawaiora "Smokefree update" (6 monthly May-Nov) each year Board action Nov 17	Andy Phillips	14-Nov-18	14-Nov-18	15-Nov-18		28-Nov-18
Finance Report (Oct)	Carriann Hall				28-Nov-18	28-Nov-18
Wairoa Service Integration Workshop with the Board	Chris Ash					28-Nov-18
National Bowel Screening Programme, Indicative Equity Outcomes in Māori and Pasifika	Chris Ash	14-Nov-18	14-Nov-18	15-Nov-18		28-Nov-18
Te Ara Whakawaiora - Access Rates 0-4 / 45-65 yrs (local indicator) QUARTERLY Aug-Nov-Feb-May	Chris Ash	14-Nov-18	14-Nov-18	15-Nov-18		28-Nov-18
Cardiology Review and plan of action (6 monthly update requested by EMT 6 March)	Colin Hutchison		10-Oct-18			28-Nov-18
Radiology Facility Development Business Case	Colin Hutchison		14-Nov-18			28-Nov-18
HBDHB Non-Financial Performance Framework Dashboard Q1 - EMT/Board	EMT Lead TBC					28-Nov-18
HBDHB Quarterly Performance Monitoring Dashboard Q4 (produced by MoH) EMT/ Board	EMT Lead TBC					28-Nov-18
HBDHB Performance Framework Exceptions Q1 Nov 18 Feb 19 /May/Aug 19 (jit)	EMT Lead TBC	14-Nov-18				28-Nov-18
HR - KPIs Q1 Jul-Sept 18 - includes Diversity detail (Nov-Feb-May-Aug)	Kate Coley					28-Nov-18
Clinical Services Plan (Summary of changes and feedback)	Ken Foote	14-Nov-18	14-Nov-18	15-Nov-18		28-Nov-18
PCDP Report (monthly for info only)	Ken Foote					28-Nov-18
He Ngakau Aotea paper	Patrick LeGeyt					28-Nov-18
Mobility action plan implementation - progress update on the phases	Andy Phillips	5-Dec-18	5-Dec-18	6-Dec-18		19-Dec-18
Te Ara Whakawaiora - Alcohol and other Drugs (National and Local Indicators)	Andy Phillips	5-Dec-18	5-Dec-18	6-Dec-18		19-Dec-18
Finance Report (Nov)	Carriann Hall				19-Dec-18	19-Dec-18
Te Ara Whakawaiora - Improving First Specialist Appointment Access (previously did not attend)	Colin Hutchison	5-Dec-18	5-Dec-18	6-Dec-18		19-Dec-18
People Plan (6 monthly - Dec, Jun)	Kate Coley	5-Dec-18	5-Dec-18	6-Dec-18		19-Dec-18
Using Consumer Stories (for information)	Kate Coley and Ken Foote		5-Dec-18	14-Nov-18		19-Dec-18
PCDP Report (monthly for info only)	Ken Foote					19-Dec-18
Maternal Wellbeing Programme Update (Board update action 25/7)	Patrick LeGeyt	5-Dec-18	5-Dec-18	6-Dec-18		19-Dec-18
Te Ara Whakawaiora REVIEW (paper and discussion) - out 2 weeks moves this from November to December	Patrick LeGeyt	5-Dec-18	5-Dec-18	6-Dec-18		19-Dec-18
Finance Report (Jan)	Carriann Hall				27-Feb-19	27-Feb-19
Te Ara Whakawaiora - Access Rates 0-4 / 45-65 yrs (local indicator) QUARTERLY Aug-Nov-Feb-May	Chris Ash	13-Feb-19	13-Feb-19	14-Feb-19		27-Feb-19
Ngatahi Vulnerable Children's Workforce Development - annual progress Feb 19 (annual update)	Colin Hutchison	13-Feb-19	13-Feb-19	14-Feb-19		27-Feb-19
HBDHB Non-Financial Performance Framework Dashboard Q2 - EMT/Board	EMT Lead TBC					27-Feb-19
HBDHB Quarterly Performance Monitoring Dashboard Q1 (produced by MoH) EMT/ Board	EMT Lead TBC					27-Feb-19
HBDHB Performance Framework Exceptions Q2 Nov 18 Feb 19 /May/Aug 19 (jit)	EMT Lead TBC	13-Feb-19				27-Feb-19
Consumer Engagement Strategy Implementation Plan and presentation. Effectivenss of the strategy via regular reporting to be confirmed to Board. (previously Nov 18 now Feb 19)	Kate Coley			14-Feb-19		27-Feb-19
People and Quality Report for Q2 Oct-Dec 18 Incl Diversity (Nov-Feb-May-Aug)	Kate Coley					27-Feb-19
PCDP Report (monthly for info only)	Ken Foote					27-Feb-19
Matariki Regional Development Strategy and Social Inclusion Strategy update (6 mthly) Sept-Mar	Andy Phillips	13-Mar-19	13-Mar-19	14-Mar-19		27-Mar-19
Finance Report (Feb)	Carriann Hall				27-Mar-19	27-Mar-19
Te Ara Whakawaiora - Breastfeeding (National Indicator)	Chris McKenna	13-Mar-19	13-Mar-19	14-Mar-19		27-Mar-19
Violence Intervention Programme Presentation Committees reviewed in July - planning to present again in March 19	Colin Hutchison	13-Mar-19	13-Mar-19	14-Mar-19		27-Mar-19
PCDP Report (monthly for info only)	Ken Foote					27-Mar-19
After Hours Urgent Care Service Update 6mthly (Sept-Mar-Sept)	Wayne Woolrich	13-Mar-19	13-Mar-19	13-Mar-19		27-Mar-19
Finance Report (Mar)	Carriann Hall				24-Apr-19	24-Apr-19
PCDP Report (monthly for info only)	Ken Foote					24-Apr-19
Hawke's Bay Health Awards Event - review Alcohol at this event annually	Kevin Snee					24-Apr-19
Alcohol Harm Reduction Strategy (6 monthly update) Nov-May-Nov-May	Andy Phillips	8-May-19	8-May-19	9-May-19		29-May-19
Finance Report (Apr)	Carriann Hall				29-May-19	29-May-19
Te Ara Whakawaiora - Access Rates 0-4 / 45-65 yrs (local indicator) QUARTERLY Aug-Nov-Feb-May	Chris Ash	8-May-19	8-May-19	9-May-19		29-May-19

HBDHB Board Workplan as at 25 October 2018 (subject to change)	**EMT Member**	**MRB Meeting Date**	**Clinical Council Meeting Date**	**Consumer Council Meeting Date**	**F R A C Meeting date**	**BOARD Meeting date**
HBDHB Non-Financial Performance Framework Dashboard Q3 - EMT/Board	EMT Lead TBC					29-May-19
HBDHB Quarterly Performance Monitoring Dashboard Q2 (produced by MoH) EMT/ Board	EMT Lead TBC					29-May-19
HBDHB Performance Framework Exceptions Q3 Feb19 /May/Aug/Nov (jit)	EMT Lead TBC	8-May-19				29-May-19
People and Quality Report for Q3 incl diversity (Nov-Feb-May-Aug)	Kate Coley					29-May-19
PCDP Report (monthly for info only)	Ken Foote					29-May-19

CHAIR'S REPORT

Verbal

HAWKE'S BAY District Health Board Whakawāteatia	**Chief Executive Officer's Report** 140
	For the attention of: **HBDHB Board**
Document Owner:	Kevin Snee, Chief Executive Officer
Reviewed by:	Not applicable
Month as at	25 October 2018
Consideration:	For Information

RECOMMENDATION

That the Board

1. **Note** the contents of this report.

INTRODUCTION

On today's agenda there are a number of routine matters relating to the Primary Care Development Partnership, appointment of Clinical Council members and the Annual Plan. We also have an update on the Clinical Services Plan and Te Ara Whakawaiora looks at cardiovascular disease. I also want to comment on a number of other current issues.

Southcentral Foundation - Nuka System of Care Conference – 23-24 October

Last week many health professionals throughout Hawke's Bay and New Zealand attended this inspiring conference held in Hawke's Bay in partnership with Hawke's Bay District Health Board and Ngati Kahungunu Iwi Inc.

The Nuka system of care is about respecting the people it serves. It is infused with the customs and traditions of its people and it pragmatically uses the best of modern medicine and quality improvement methodologies. It is value driven and supports, develops and respects its workforce.

The conference fits well with the direction of travel for this district health board being developed in part through the Clinical Services Plan and using the approach taken by Southcentral Foundation. We are well placed to develop services that build on relationships both culturally and with the wider health system workforce and its consumers.

September Report

In September the health system remained under significant pressure, however in October there are signs we have weathered the storm of one of the more difficult winters in my time in Hawke's Bay.

We officially opened Ruakopiko, the new Gastroenterology and Enterology Unit, and the national bowel screening programme, for Hawke's Bay people aged 64-70 years of age, began 9 October. Hawke's Bay is the seventh DHB to roll out this significant screening programme which will save lives as people with symptoms of bowel cancer are picked up at early and at more treatable stages of the disease.

Over the next month we will also open our new pre-admission for elective surgery centre, which will be much less cramped and more private for patients. In addition, we will also open our new Histology department, which will provide more room and better facilities for our staff working in this very important area of our organisation.

The 2017/18 financial year was challenging. Coupled with the demand on hospital services, three executive management team members left the organisation, each under different circumstances. Over the past nine years, on average, we have had about one team member leave per annum, which is to be expected in a team of 12 and around the average turnover rate for the organisation.

With changes to the executive management team we are investing time in team building and I have also taken the opportunity to strengthen clinical input in provider decision-making, by appointing the Director of Medicine Colin Hutchison as the Executive Director of Provider Services (hospital based services).

Update on Provider Services

Next month the Board will receive a report from the new Executive Director of Provider Services, Dr Colin Hutchison. Colin and his deputy, Claire Caddie, have spent a significant amount of time working with hospital services as part of a stocktaking exercise to understand what works well, gaps and where we need more resource.

I have asked Colin to ensure that greater emphasis is placed on clinical quality so decisions about service changes take more account of clinical impact. For example, in a previous year there was a suspension of nurse training in relation to falls prevention and then the subsequent increase in falls the following year - this is a good example of what not to do.

Over the last two years we have seen performance, particularly in hospital services, deteriorate with a loss of fiscal control, poor performance in a number of key indicators and a deterioration in quality of care in some areas. This is in spite of significant increases in funding which has resulted in significant uplifts in staff – for example, overall our staffing has increased by 17 percent over the previous five years. This compares to our population uplift of 4.7 percent and compares very favourably to the position for New Zealand as a whole where the comparable figures are 11.9 percent and 9.9 percent. This has moved us from a rank of 4th out of six for comparable DHBs to 2nd, or from 11th to 7th out of 20 DHBs.

Surgical Services

One area we have struggled with is meeting our elective demand. In the previous financial year we overspent significantly in the first three quarters of the year in outsourcing elective surgery and during the final quarter of the year our ability to outsource was constrained. We discussed with the Board and the Ministry of Health the need to control cost even if that meant we could not deliver our elective target for the year. Our end of year position was still a $1.6m overspend on the $5.1m budget.

	Q1	Q2	Q3	Q4
Actual Spend 2017/18	$1.4m	$2.4m	$1.9m	$0.9m
Cumulative actual 2017/18	$1.4m	$3.9m	$5.7m	$6.7m
Actual Spend 2018/19	$1.1m			

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As the Board is also aware, there has been an increase in acute demand in surgical services which has displaced some elective activity. Year-on-year there was an increase in acute surgical activity in our own provider of 400 cases and a reduction of 343 elective cases. Two measures of overall activity are surgical elective numbers, which takes no account of complexity, and total case weighted discharges, which does take account of complexity (so for example a simple hernia repair will be fewer case weights than a complex bowel operation). So whilst our elective number overall was at 94 percent of plan, which was low, our overall case weighted discharge surgical number was 103.1 percent of plan which was comparatively high.

We are working through a number of options to improve our surgical capacity. Much of the work being done to expand surgical services and increase the theatre space will help with this in the next two years. However, in the immediate future we are increasing our theatre capacity during weekends, working with existing services to allow innovation and improve efficiency, working with a broader range of external providers and looking for opportunities with other DHBs.

We have identified $7.9m to support flexible outsourcing, which is an increase of $2.8m on last year's budget and $1.2m on last year's spend. Staff are working hard to put in place a series of alternatives, which will use resources more efficiently and deliver the necessary activity.

In the short term there may need to be some tightening of thresholds in General Surgery and this is being discussed between Senior Medical Officers and General Practitioners. It may also be that as we get back in financial control and identify more efficient and creative ways to use our resource earmarked at outsourcing, we find additional investment to ease our position – we are not planning to reduce our deficit beyond $5m at this stage.

Consumer Experience Project

In April 2018 it was agreed to merge two projects under Transform & Sustain into a new Consumer Experience Project. Since that point there have been a number of changes including the appointment of two new Consumer Experience Facilitators and a new Complaints Advisor. Having spent the two days at the Nuka Conference and hearing how they have embedded the voice of their customer-owners, a key priority of this team is to learn from them, adapt and adopt some of their practices to ensure that the voice of our consumers is stronger, enabling transformational change across the sector. This will be a key programme to support a shift in our culture to become more person and whānau centred. As an EMT it has been agreed that we discontinue with the Consumer Experience Project as a registered project, however continue this programme of work as part of business as usual.

This will still require there to be a set of agreed priorities and objectives for this financial year which are described below:

- Consumer Engagement Strategy implemented, including the embedding of the agreed Consumer Recognition Policy
- Implementing an end-to-end process to ensure all feedback that is received (national survey, new local survey, complaints, compliments etc) is effectively shared and used to improve the experience of care and how services are designed
- Rolling out Relationship Centred Practice training for all staff
- Ensuring that each department has undertaken a self-assessment against the Making Health Easy to Understand Framework and that there are action plans in place to address any gaps

The Executive Director of People & Quality is accountable and the newly formed Consumer Experience team will be responsible for the delivery of these objectives. Progress will be monitored by the Consumer Experience Committee, and a six monthly update will be provided to Board.

PERFORMANCE

Measure / Indicator	Target	Month of September	Qtr to end September	Trend For Qtr
Shorter stays in ED	≥95%	83%	86%	▼
Improved access to Elective Surgery (2018/19YTD)	100%	87%	NA	-

Waiting list	*Less than 3 months*	*3-4 months*	*4+ months*
First Specialist Assessments (ESPI-2)	3,502	629	333
Patients given commitment to treat, but not yet treated (ESPI-5)	1,088	252	375

Faster cancer treatment – 62 day indicator*	≥90%	93% (August 2018)	86% (6m to August 2018)	▲
Faster cancer treatment - 31 day indicator	≥85%	76.7% (August 2018)	85.5% (6m to August 2018)	
Increased immunisation at 8 months	≥95%	---	91% (3m to August)	▼
Better help for smokers to quit – Primary Care	≥90%	--	85% (15m to September)	▼
Raising healthy kids (New)	≥95%	---	100% (6m to September)	▬
Financial – month (in thousands of dollars)	1,465	1,474	---	---
Financial – year to date (in thousands of dollars)	178	273	---	---

***Based on the expected annual cancer registrations for the DHB supplied by the Ministry, the DHB is expected to identify at least 228 people a year (19 a month) as patients with a high suspicion of cancer.*

Faster Cancer Treatment Expected Volumes v Actual	*Target*	*Month Actual / Expected*	*Rolling 6m Actual / Expected*
	100%	*14/19 = 74%*	*73/114 = 64%*

I have discussed our position in relation to surgery and over the coming months, following discussions with the Ministry of Health (MoH), the focus should be on waiting times rather than elective activity. We are monitoring that closely at EMT and are putting in place measures to increase capacity more efficiently.

Shorter Stays in Emergency Departments (ED6) performance remains poor, but with signs in October of improvement. Smoking and Immunisation have seen small reductions in performance in September and we will bring to FRAC an update on actions to improve the position in November and December. I have removed the developmental target on smoking in pregnancy because it was a developmental measure and unreliable, therefore difficult to take action on.

I have added the 31 day target for Faster Cancer Treatment which will be an increasing focus moving forward. Currently over the six month period we are just below one and just above the other. Their definitions are:

- 31 day indicator – patients with a confirmed cancer diagnosis receive their first cancer treatment (or other management) within 31 days of a decision to treat
- 62 day indicator – patients referred urgently with a high suspicion of cancer receive their first treatment (or other management) within 62 days of the referral being received by the hospital

The year-to-date financial result is $59 thousand favourable to plan, and the result for the month of September is $9 thousand favourable to plan.

We are awaiting further information on our new range of targets from the Ministry of Health.

PRIMARY CARE DEVELOPMENT PARTNERSHIP (PCDP)
The PCDP Governance Group met again on 3 October 2018. A report from that meeting is included in the Board papers.

APPOINTMENT OF CLINICAL AND CONSUMER COUNCIL MEMBERS
The CEO has recently reappointed three Clinical Council members who had retired by rotation. Those reappointed for a further three year term include:

- Robin Whyman
- Debs Higgins
- Anne McLeod

Due to an agreed recent restructuring of the Youth Consumer Council (YCC), Dallas Adams has relinquished the Chair of YCC and the CEO has now appointed him to Consumer Council in his own right.

SHAREHOLDER REPRESENTATIVE TO ATTEND ANNUAL GENERAL MEETING
The Board will need to appoint a shareholder representative to attend and vote on behalf of HBDHB at the forthcoming Annual General Meeting for Allied Laundry Services Ltd. Recommendations are included in the papers.

CLINICAL SERVICES PLAN UPDATE
Engagement has continued throughout the month, with submissions closing off on 31 October. All submissions will be recorded in summarised form, and a response provided. Sapere will be consulted and involved in making any agreed changes and/or additions to the draft Clinical Services Plan (CSP), before it comes back through governance structures for approval by the Board in November.

To date feedback has been generally positive, with some specific comment identified as potentially justifying a change to the draft; some being referred to the Planning team responsible for coordinating the development of the new five year strategic plan given the level of detail suggested; and some simply noted as a personal observation or view, given that they appear contrary to the evidence or the consulted view of the majority as set out in the draft. No feedback has indicated that we have 'got it wrong', nor appear to require any significant change to the commitments, concepts and themes contained within the CSP. Potential changes are more about clarity, emphasis or correcting an apparent omission.

A number of comments (both positive and negative) relating more to the engagement process, will be noted for future reference.

TE ARA WHAKAWAIORA – CARDIOVASCULAR
There has been a challenge within the central region in meeting the indicator for timely access to angiography for both our Māori and total populations due to Capital and Coast District Health Board's limited ability to meet regional demand and the transport requirements. We are developing a business case to implement a local interventional cardiology service to address this local service gap.

ANNUAL PLAN 2018/19
The final draft of HBDHB's Annual Plan will be available as a late paper for the Board meeting scheduled 31 October. This will be the Final Draft which will be submitted to the Ministry of Health to meet their deadline of 1 November 2018.

CONCLUSION

Whilst the Board discussion today may centre around a number of routine matters, the organisation is setting a clear direction of travel through the Clinical Services Plan, which perhaps should be renamed the Health System Plan. We are also working hard to improve our culture through a range of activities focusing on its values - the Big Listen and the relationship with Southcentral Foundation are important here. Finally we are improving provider leadership and management and addressing fiscal control.

HAWKE'S BAY District Health Board Whakawāteatia	**Financial Performance Report September 2018** 141
	For the attention of: **HBDHB Board and the Finance Risk and Audit Committee**
Document Owner	Carriann Hall, Executive Director Financial Services
Document Author	Phil Lomax, Financial and Systems Accountant
Reviewed by	Executive Management Team
Month/Year	October, 2018
Purpose	For Information

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RECOMMENDATION:

It is recommended that the HBDHB Board and Finance Risk and Audit Committee:

1. **Note** the contents of this report

1. EXECUTIVE DIRECTOR CORPORATE SERVICES' COMMENTS

Financial Performance

The year-to-date result is $59 thousand favourable to plan, and the result for the month of September is $9 thousand favourable to plan. Forecast is to achieve plan, noting the pressure points and management actions summarised below

However, Provider Services experienced another busy month with high levels of activity and acuity. This impacted on expenditure across the board, but particularly patient transport costs and IDF outflows.

These costs have been offset by:

- Additional income from Mid Central DHB for oncology clinics, higher Accident Compensation Corporation (ACC) revenue for rehabilitation services, and adjustments to Ministry of Health (MoH) funding, which look to be ongoing;
- Receipt of funding from MoH for nursing settlement and immediate need support, offsetting some overspends in nursing;
- Timing difference on elective surgery, with lower than planned outsourcing at this point in the year;
- Lower than projected TAS costs for the Regional Health Informatics Programme; and
- One off release of accruals relating to 2017/18 community pharmaceutical expenditure and reviews of some provisions, mainly relating to personnel costs.

Looking forward, there are significant pressure points relating to:

- Undelivered savings;
- Management of Inter District Flows and Inter Hospital Transfers;
- Pay equity and the impact of pay settlements on other providers;

- Activity and acuity;
- Actual cost of pay settlements vs funding received
- Pharmaceuticals and PHARMAC changes; and
- Radiology activity.

Ongoing management actions include:

- Programme of work, led by Executive Director Provider Services, to ensure Provider Services gets on to a sustainable footing, including training for key managers and improved visibility and control around temporary resources.
- Hospital status is improving as Provider Services comes out of winter pressure, focus on ensuring staff are flexed down and rested
- Continued focus on savings plan and living within our means
- Housekeeping activities, including review of ACC revenue processes and a structured approach to reduce leave liability
- Progressing Atawhai Matāwhai Iti prioritisation framework.

In terms of savings plans, total savings required are $14.2 million. On a straight line basis,year-to-date savings of $3.5 million should have been achieved to date. Of this, $1.2 million of strategic efficiencies have not yet been saved due to delays in implementing savings plans ($809 thousand at Month 2). However, this is being offset by $750 thousand budgeted contingency not yet released and a further $400 thousand relating to the new investments reserve.

2. RESOURCE OVERVIEW

	September				Year to Date				Year End Forecast	Refer Section
	Actual	Budget	Variance		Actual	Budget	Variance			
	$'000	$'000	$'000	%	$'000	$'000	$'000	%	$'000	
Net Result - surplus/(deficit)	1,474	1,465	9	0.6%	237	178	59	32.8%	(5,000)	3
Contingency utilised	-	250	250	100.0%	-	750	750	100.0%	3,000	8
Quality and financial improvement	607	1,179	(572)	-48.5%	718	3,538	(2,820)	-79.7%	14,152	11
Capital spend	1,567	1,847	(280)	-15.1%	5,176	5,540	(364)	-6.6%	22,168	16
	FTE	FTE	FTE	%	FTE	FTE	FTE	%	FTE	
Employees	2,403	2,428	25	1.0%	2,382	2,415	33	1.4%	2,428	5 & 7
	CWD	CWD	CWD	%	CWD	CWD	CWD	%	CWD	
Case weighted discharges	2,277	2,634	(357)	-13.5%	6,308	7,705	(1,398)	-18.1%	28,699	5

No contingency was released in September. The year-to-date balance of the contingency offsets most of the timing adjustment for strategic savings.

Savings plans have been identified for $7.7 million (54%) of the $14.2 million required. A further $2 million is reasonably well worked through. Of the identified savings $3.2 million has been removed from operational budgets (section 11).

Capital spend is close to budget with earlier spends on endoscopy and histology offset by later spends on other projects.

Employee numbers are favourable reflecting vacancies in medical and allied health positions, partly offset by additional nursing resources.

3. FINANCIAL PERFORMANCE SUMMARY

$'000	September				Year to Date				Year End Forecast	Refer Section
	Actual	Budget	Variance		Actual	Budget	Variance			
Income	49,242	48,468	774	1.6%	145,035	143,556	1,479	1.0%	574,168	4
Less:										
Providing Health Services	22,367	22,450	83	0.4%	70,730	69,477	(1,253)	-1.8%	284,642	5
Funding Other Providers	22,532	20,082	**(2,451)**	**-12.2%**	62,237	60,369	(1,868)	-3.1%	242,860	6
Corporate Services	3,619	3,779	160	4.2%	12,306	12,416	110	0.9%	48,441	7
Reserves	(751)	693	**1,444**	**208.4%**	(475)	1,115	**1,590**	**142.6%**	3,225	8
	1,474	**1,465**	**9**	**0.6%**	**237**	**178**	**59**	**32.8%**	**(5,000)**	

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Income
Additional Ministry of Health (MOH) income for pay equity (residential care), the nurses settlement and In-Between-Travel (home care).

Providing Health Services
Difficulty achieving efficiencies, and budget issues relating to pharmaceuticals (biologics) and continence supplies, partly offset by vacancies and reviews of personnel cost liabilities.

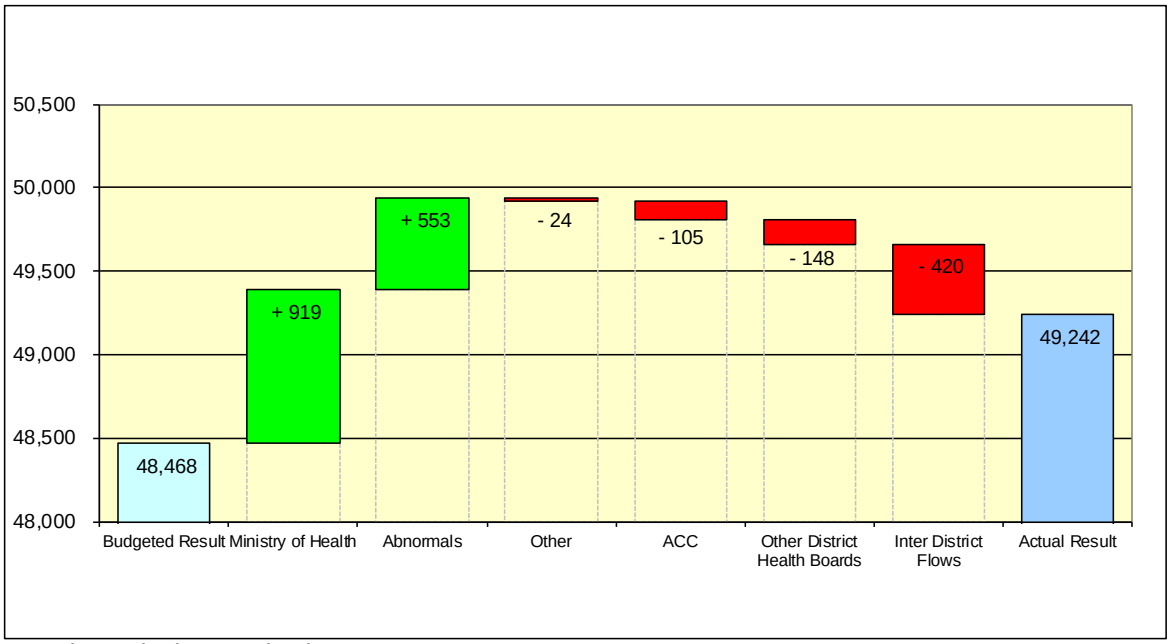
Funding Other Providers
Difficulty achieving efficiencies, pay equity and In-Between-Travel offset in income, and PHO performance payments, partly offset by PHARMAC rebates.

Reserves
The accrual for unachieved savings (recognising savings are more likely to increase incrementally rather than being achieved evenly over the year), is being recognised in reserves from this month, see section 8.

4. INCOME

$'000	September				Year to Date				Year End Forecast
	Actual	Budget	Variance		Actual	Budget	Variance		
Ministry of Health	47,064	46,145	919	2.0%	138,235	136,764	1,471	1.1%	546,936
Inter District Flows	342	762	**(420)**	**-55.2%**	1,742	2,287	**(544)**	**-23.8%**	9,146
Other District Health Boards	198	346	**(148)**	**-42.8%**	1,168	1,039	**129**	**12.4%**	4,229
Financing	30	38	(9)	-22.4%	119	166	(47)	-28.2%	663
ACC	421	526	**(105)**	**-20.0%**	1,415	1,353	63	4.6%	5,370
Other Government	49	43	6	14.3%	81	168	**(88)**	**-52.1%**	673
Patient and Consumer Sourced	70	112	(42)	-37.5%	258	337	**(79)**	**-23.5%**	1,360
Other Income	499	478	21	4.4%	1,447	1,425	22	1.5%	5,774
Abnormals	570	17	**553**	**3250.2%**	570	17	**553**	**3250.2%**	17
	49,242	**48,468**	**774**	**1.6%**	**145,035**	**143,556**	**1,479**	**1.0%**	**574,168**

Month of September



Note the scale does not begin at zero

Ministry of Health (favourable)
Pay equity offset in section 6 Funding Other Providers.

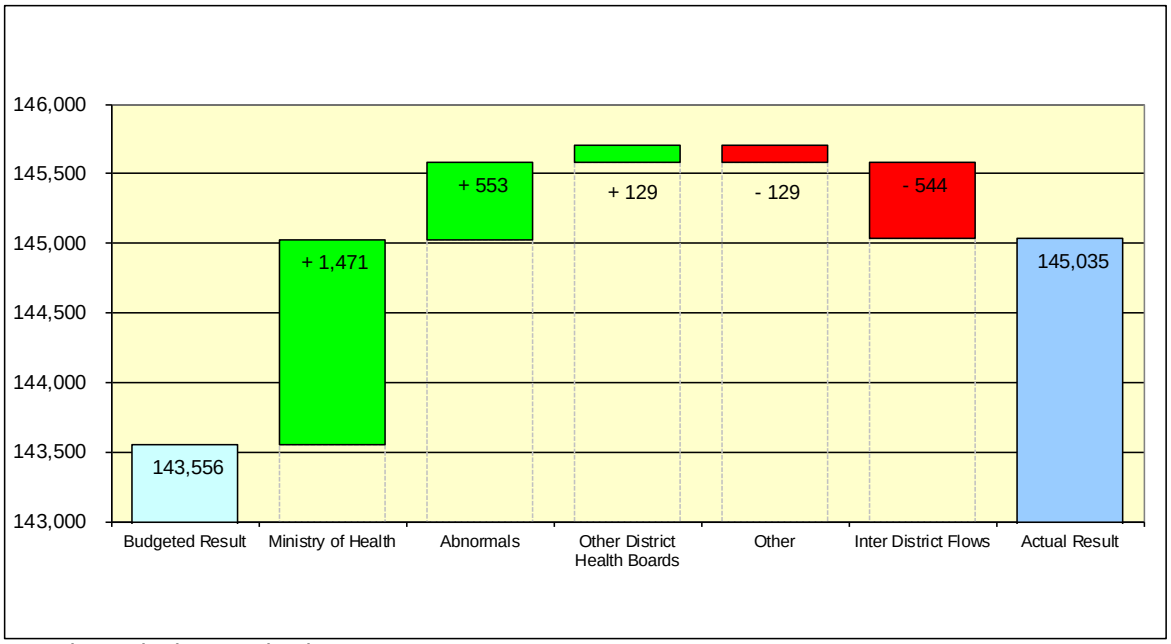
Abnormals (favourable)
Prior year wash-ups and accruals no longer required. Transferred to abnormals to avoid distortion to other classifications.

ACC (unfavourable)
Lower elective surgery income.

Other District Health Boards (unfavourable)
Mid Central DHB oncology income.

Inter District Flows (unfavourable)
Reduced income expectations.

Year to Date



Note the scale does not begin at zero

Ministry of Health (favourable)
Pay equity offset in Section 6 - Funding Other Providers, immediate relief and CCDM funding (nurses agreement), and In-Between-Travel.

Abnormals (favourable)
Prior year wash-ups and accruals no longer required. All recognised in September.

Other District Health Boards (favourable)
Mid Central DHB oncology income.

Inter District Flows (unfavourable)
Reduced income expectations.

5. PROVIDING HEALTH SERVICES

	September				Year to Date				Year End Forecast
	Actual	Budget	Variance		Actual	Budget	Variance		
Expenditure by type $'000									
Medical personnel and locums	4,752	4,918	166	3.4%	16,105	16,011	(93)	-0.6%	67,454
Nursing personnel	6,622	6,745	123	1.8%	20,455	20,271	(184)	-0.9%	84,733
Allied health personnel	2,784	2,963	**179**	**6.0%**	8,888	9,662	**774**	**8.0%**	38,561
Other personnel	1,904	1,890	(14)	-0.7%	6,218	6,161	(57)	-0.9%	24,808
Outsourced services	843	981	**138**	**14.0%**	2,331	2,983	**652**	**21.9%**	11,975
Clinical supplies	3,722	3,163	**(559)**	**-17.7%**	11,146	8,931	**(2,216)**	**-24.8%**	35,151
Infrastructure and non clinical	1,740	1,790	50	2.8%	5,587	5,457	(129)	-2.4%	21,959
	22,367	**22,450**	**83**	**0.4%**	**70,730**	**69,477**	**(1,253)**	**-1.8%**	**284,642**
Expenditure by directorate $'000									
Medical	6,550	6,031	**(519)**	**-8.6%**	19,832	18,200	**(1,632)**	**-9.0%**	75,562
Surgical	4,899	5,036	137	2.7%	15,085	15,418	333	2.2%	63,716
Community, Women and Children	3,663	3,565	(98)	-2.8%	11,328	10,998	(330)	-3.0%	45,145
Older Persons, Options HB, Menta	2,801	2,867	66	2.3%	8,791	8,880	89	1.0%	36,014
Operations	3,290	3,234	(56)	-1.7%	10,115	9,934	(181)	-1.8%	39,911
Other	1,163	1,717	**553**	**32.2%**	5,578	6,046	**468**	**7.7%**	24,293
	22,367	**22,450**	**83**	**0.4%**	**70,730**	**69,477**	**(1,253)**	**-1.8%**	**284,642**
Full Time Equivalents									
Medical personnel	356.6	356.0	(1)	-0.2%	347	361	14	3.9%	365.2
Nursing personnel	985.2	974.9	(10)	-1.0%	983	955	(28)	-3.0%	970.4
Allied health personnel	475.4	494.5	19	3.9%	471	500	**29**	**5.8%**	496.6
Support personnel	135.7	138.1	2	1.7%	140	138	(1)	-0.9%	138.9
Management and administration	272.7	280.2	7	2.7%	271	278	7	2.6%	276.8
	2,225.6	**2,243.8**	**18**	**0.8%**	**2,211**	**2,232**	**21**	**0.9%**	**2,247.9**
Case Weighted Discharges									
Acute	1,795	1,771	23	1.3%	4,930	5,260	**(329)**	**-6.3%**	19,217
Elective	468	639	**(172)**	**-26.8%**	1,294	1,761	**(467)**	**-26.5%**	6,850
Maternity	141	169	(28)	-16.7%	412	525	**(113)**	**-21.5%**	2,000
IDF Inflows	15	54	(39)	-72.1%	83	160	**(77)**	**-48.1%**	632
	2,418	**2,634**	**(216)**	**-8.2%**	**6,720**	**7,705**	**(986)**	**-12.8%**	**28,699**

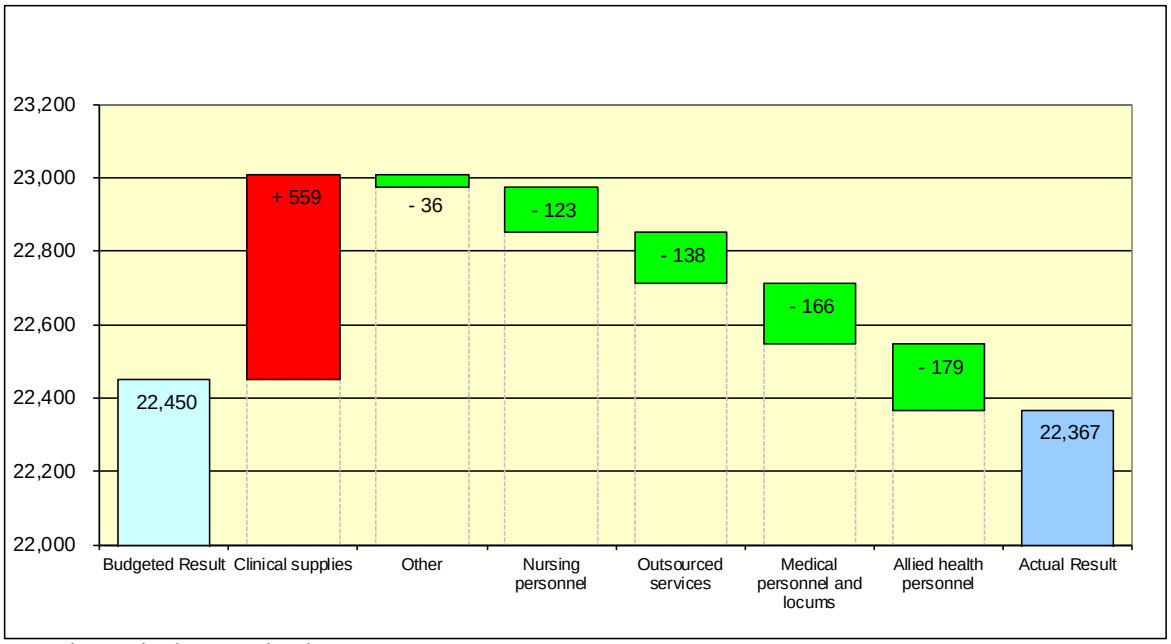
Directorates

- Medical – challenges achieving planned efficiencies, pharmaceutical costs (mainly biologics), medical staff vacancy cover, and radiology reads (radiologist vacancies).
- Other – immediate relief and CCDM funding relating to the nursing settlement, and review of sabbatical cover liabilities.

Case Weighted Discharges

Discharges are below plan mainly reflecting lower outsourced elective surgery. Elective surgery is expected to catch up to plan later in the year.

Month of September



Note the scale does not begin at zero

Clinical supplies (unfavourable)
Addressing the long standing budgetary challenge around pharmaceutical costs (mainly biologics) and continence products is still being looked into. Actual costs are in line with consumption in prior years. Difficulty achieving efficiencies phased evenly over the year also contributes to the variance.

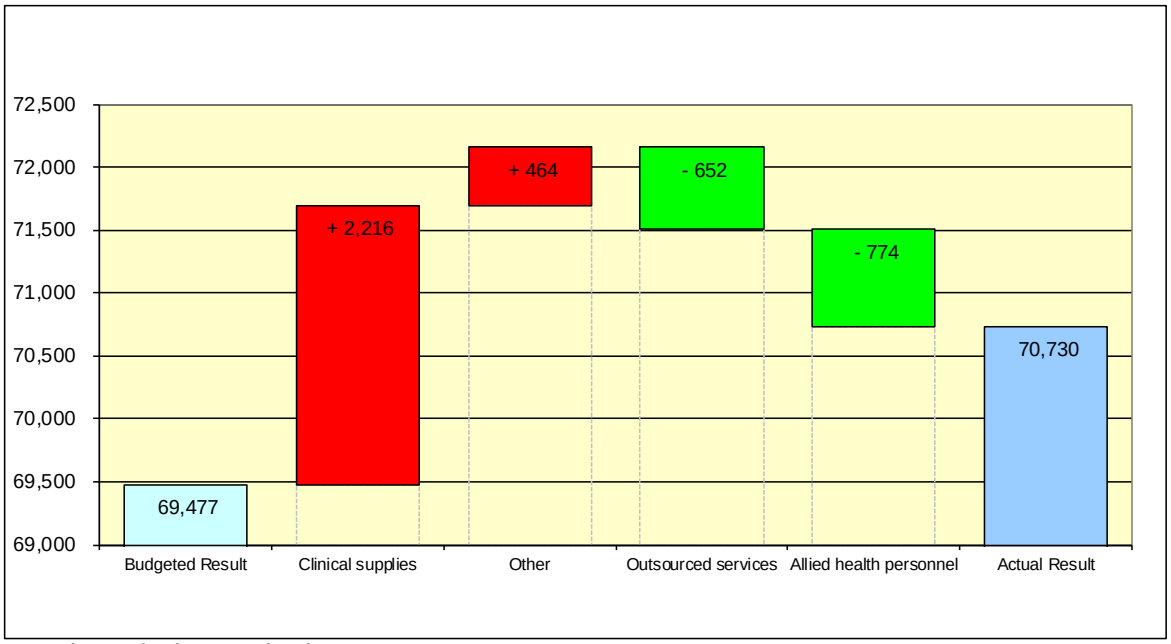
Nursing personnel (favourable)
Reflects differences in timing between when the nursing settlement costs were incurred and when they were provided for.

Outsourced services (favourable)
Outsourcing of elective surgery is expected to occur later in the year than budgeted, with the resulting year-to-date favourable variance partly offset by after hours radiology reads caused by radiologist vacancies.

Medical personnel and locums (favourable)
Vacancies partly offset by locums.

Allied health personnel (favourable)
Challenges in recruitment/retention, as being experienced nationally

Year to Date



Note the scale does not begin at zero

Clinical supplies (unfavourable)
Budgetary issues relating to pharmaceutical costs (mainly biologics) and continence products, and difficulties achieving evenly phased planned efficiencies.

Outsourced services (favourable)
Outsourced elective surgery favourable variance is expected to reduce in future months as actions underway to manage activity volumes start to impact.

Allied health personnel (favourable)
Challenges in recruitment/retention, as being experienced nationally.

Full Time Equivalents (FTE)

FTEs are 21 (0.9%) favourable year-to-date including:

Medical personnel (14 FTE / 3.9% favourable)
- Vacancies in ED, radiology and Wairoa GPs

Nursing personnel (-28 FTE / -3.0% unfavourable)
- Impact of high patient volumes and acuity in ED, Ata Rangi, ICU and the wards.

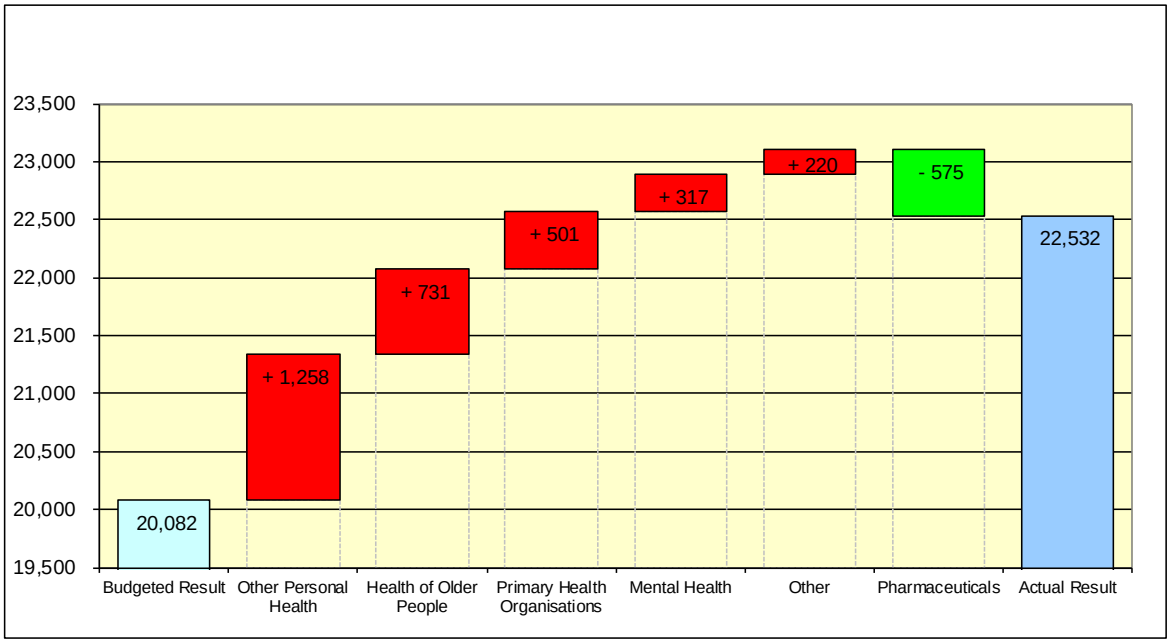
Allied health personnel (29 FTE / 5.8% favourable)
- Vacancies including medical radiation technologists (MRTs), social workers, occupational therapists, laboratory technicians, community support workers, psychologists and pharmacists.

Monthly Elective Health Target Report
A separate elective services report is being presented this month, therefore the elective health targets table has been omitted from this report.

6. FUNDING OTHER PROVIDERS

$'000	September Actual	September Budget	September Variance		Year to Date Actual	Year to Date Budget	Year to Date Variance		Year End Forecast
Payments to Other Providers									
Pharmaceuticals	3,112	3,687	575	15.6%	10,036	11,061	1,025	9.3%	44,261
Primary Health Organisations	3,368	2,867	(501)	-17.5%	9,642	9,160	(482)	-5.3%	36,660
Inter District Flows	4,936	4,797	(139)	-2.9%	14,611	14,391	(220)	-1.5%	57,564
Other Personal Health	3,259	2,002	(1,258)	-62.8%	6,186	4,989	(1,197)	-24.0%	21,225
Mental Health	1,356	1,039	(317)	-30.5%	3,218	3,174	(44)	-1.4%	12,699
Health of Older People	6,085	5,354	(731)	-13.7%	17,331	16,597	(733)	-4.4%	66,397
Other Funding Payments	416	335	(81)	-24.1%	1,213	997	(216)	-21.7%	4,053
	22,532	20,082	(2,451)	-12.2%	**62,237**	**60,369**	(1,868)	-3.1%	242,860
Payments by Portfolio									
Strategic Services									
Secondary Care	4,519	4,244	(275)	-6.5%	13,230	12,732	(498)	-3.9%	50,928
Primary Care	9,246	7,978	(1,268)	-15.9%	24,517	23,911	(606)	-2.5%	97,016
Chronic Disease Management	-	-	-	0.0%	-	-	-	0.0%	-
Mental Health	1,577	1,298	(279)	-21.5%	3,923	3,894	(29)	-0.7%	15,581
Health of Older People	6,368	5,793	(575)	-9.9%	18,217	17,534	(683)	-3.9%	70,129
Other Health Funding	133	133	(0)	-0.1%	400	400	(0)	0.0%	1,600
Maori Health	556	508	(47)	-9.3%	1,553	1,525	(29)	-1.9%	6,024
Population Health	133	127	(6)	-4.4%	396	373	(24)	-6.4%	1,582
	22,532	20,082	(2,451)	-12.2%	**62,237**	**60,369**	(1,868)	-3.1%	242,860

Month of September



Note the scale does not begin at zero

Other Personal Health (unfavourable)
Unachieved efficiencies for the month. The unachieved savings accrual (recognising savings are more likely to increase incrementally rather than being achieved evenly over the year), has been transferred to reserves (section 8).

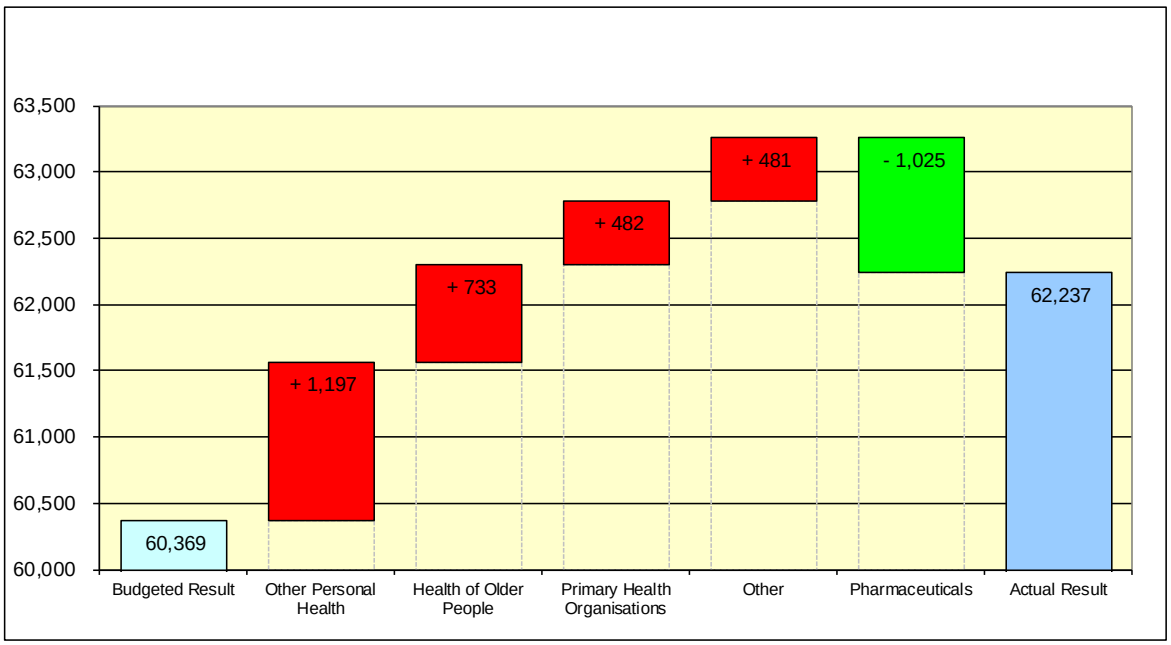
Health of Older People (unfavourable)
Pay equity costs and In-Between-Travel offset in income, and some catch-up payments in community support.

Primary Health Organisations (unfavourable)
Higher than budgeted inflationary increases, together with enrolment and population growth.

Mental Health (unfavourable)
Transfer of Te Taiwhenua O Heretaunga (TTOH) mental health flexi fund contract from Hutt Valley DHB to Hawke's Bay DHB.

Pharmaceuticals (favourable)
Reduction in expected 2017/18 PHARMAC wash up.

Year to Date



Other Personal Health (unfavourable)
Unachieved efficiencies.

Health of Older People (unfavourable)
Pay equity and In-Between-Travel offset in income.

Primary Health Organisations (unfavourable)
PHO performance payments.

Pharmaceuticals (favourable)
Pharmaceutical rebates in line with PHARMAC forecasts.

7. CORPORATE SERVICES

$'000	September Actual	September Budget	September Variance		Year to Date Actual	Year to Date Budget	Year to Date Variance		Year End Forecast
Operating Expenditure									
Personnel	1,270	1,381	111	8.1%	4,189	4,353	163	3.8%	17,054
Outsourced services	(39)	76	115	150.6%	187	219	32	14.4%	860
Clinical supplies	40	97	57	58.6%	61	(91)	(152)	-166.3%	(380)
Infrastructure and non clinical	643	632	(12)	-1.8%	2,707	2,790	83	3.0%	9,394
	1,915	2,186	271	12.4%	7,145	7,270	126	1.7%	26,928
Capital servicing									
Depreciation and amortisation	1,050	1,060	11	1.0%	3,196	3,181	(16)	-0.5%	13,652
Capital charge	655	533	(122)	-23.0%	1,965	1,965	(0)	0.0%	7,861
	1,705	1,593	(112)	-7.0%	5,161	5,146	(16)	-0.3%	21,513
	3,619	**3,779**	160	4.2%	**12,306**	**12,416**	110	0.9%	**48,441**
Full Time Equivalents									
Medical personnel	0.3	0.3	(0)	-15.9%	0	0	0	1.7%	0.3
Nursing personnel	19.0	13.6	(5)	-40.4%	14	13	(0)	-0.3%	13.6
Allied health personnel	(0.4)	0.4	1	206.0%	0	0	0	45.5%	0.4
Support personnel	9.6	8.2	(1)	-17.8%	10	8	(1)	-16.6%	8.1
Management and administration	148.7	161.3	13	7.8%	147	160	14	8.4%	157.4
	177.3	**183.7**	6	3.5%	**170**	**183**	12	6.7%	**179.9**

The lower than budgeted accrual for capital charge reflects the lower equity level for 2017/18 than projected in the plan.

8. RESERVES

$'000	September Actual	September Budget	September Variance		Year to Date Actual	Year to Date Budget	Year to Date Variance		Year End Forecast
Expenditure									
Contingency	251	251	(0)	0.0%	801	801	(0)	0.0%	0
Efficiencies	(1,158)	-	1,158	0.0%	(1,158)	-	1,158	0.0%	0
Other	156	441	286	64.7%	(118)	314	432	137.7%	3,225
	(751)	**693**	1,444	208.4%	**(475)**	**1,115**	**1,590**	142.6%	**3,225**

The accrual for unachieved savings (recognising savings are more likely to increase incrementally rather than being achieved evenly over the year), has been transferred to reserves from this month, and appears as a negative expense amount in the efficiency line. Similar accruals to budget that offset the above accrual have been made for the contingency and the new investment reserve in funding other providers (section 6).

The "Other" category comprises the net impact of an ongoing review of accruals relating to the prior year. If the variance remains favourable it will be a one-off benefit.

Note:
Executive management approval of expenditure where no source of funding has been identified, results in the transfer of budget from the contingency to the operating budget where the expenditure will be incurred. Contingency can still be released for unusual or unexpected events up to the remaining balance of the contingency.

Transfers out of the original $4 million contingency year-to-date include:

- New nursing initiatives $1 million; and
- Executive Director Provider Services contingency $300 thousand.

9. FINANCIAL PERFORMANCE BY MOH CLASSIFICATION

$'000	September			Year to Date			End of Year		
	Actual	Annual Plan	Variance	Actual	Annual Plan	Variance	Forecast	Annual Plan	Variance
Funding									
Income	46,310	44,658	1,651	136,240	134,329	1,911	542,049	537,477	4,572
Less:									
Payments to Internal Providers	27,586	27,393	(193)	81,259	81,083	(177)	309,859	309,025	(834)
Payments to Other Providers	21,811	19,329	(2,482)	59,870	58,120	(1,749)	235,397	233,452	(1,946)
Contribution	**(3,087)**	**(2,063)**	**(1,024)**	**(4,889)**	**(4,874)**	**(15)**	**(3,208)**	**(5,000)**	**1,792**
Governance and Funding Admin.									
Funding	289	290	(1)	869	870	(1)	3,416	3,383	32
Other Income	3	3	-	1	8	(7)	30	30	-
Less:									
Expenditure	117	277	160	643	862	219	3,623	3,413	(209)
Contribution	**174**	**15**	**159**	**227**	**16**	**211**	**(177)**	**-**	**(177)**
Health Provision									
Funding	27,297	27,094	203	80,391	80,188	203	306,361	305,542	819
Other Income	2,836	2,495	341	8,513	7,641	873	31,036	30,594	441
Less:									
Expenditure	25,746	26,077	331	84,005	82,792	(1,212)	339,011	336,136	(2,875)
Contribution	**4,387**	**3,513**	**875**	**4,899**	**5,036**	**(137)**	**(1,615)**	**-**	**(1,615)**
Net Result	**1,474**	**1,464**	**9**	**237**	**178**	**59**	**(5,000)**	**(5,000)**	**(0)**

The table above reports the result in the classifications used by the Ministry of Health and against the projections in the Annual Plan. Those projections differ from the budgets used elsewhere in this report as outlined in the table below.

10. MANAGEMENT BUDGET MOVEMENTS

Changes are made to Annual Plan projections so that managers are accountable for budgets that are relevant and up-to-date. The Management Budget is used for internal reporting and the annual plan is used for MoH and statutory reporting. The net result is the same in both budgets.

The major changes between revenue and expense lines are usually due to health provision savings programmes, or unbudgeted new funding received during the year and the associated expenditure.

$'000	September Mgmt Budget	September Annual Plan	September Movement	Year to Date Mgmt Budget	Year to Date Annual Plan	Year to Date Movement	End of Year Mgmt Budget	End of Year Annual Plan	End of Year Movement
Funding									
Income	45,828	44,658	1,170	135,499	134,329	1,170	542,049	537,477	4,572
Less:									
Payments to Internal Providers	27,604	27,393	(211)	81,294	81,083	(211)	309,859	309,025	(834)
Payments to Other Providers	19,460	19,329	(131)	58,504	58,120	(384)	235,397	233,452	(1,946)
Contribution	**(1,236)**	**(2,063)**	**827**	**(4,300)**	**(4,874)**	**574**	**(3,208)**	**(5,000)**	**1,792**
Governance and Funding Admin.									
Funding	301	290	11	881	870	11	3,416	3,383	32
Other Income	3	3	-	8	8	-	30	30	-
Less:									
Expenditure	358	277	(81)	942	862	(80)	3,623	3,413	(209)
Contribution	**(55)**	**15**	**(70)**	**(54)**	**16**	**(69)**	**(177)**	**-**	**(177)**
Health Provision									
Funding	27,307	27,094	213	80,400	80,188	213	306,361	305,542	819
Other Income	2,550	2,495	55	7,786	7,641	145	31,036	30,594	441
Less:									
Expenditure	27,102	26,077	(1,025)	83,655	82,792	(863)	339,011	336,136	(2,875)
Contribution	**2,756**	**3,513**	**(757)**	**4,531**	**5,036**	**(505)**	**(1,615)**	**-**	**(1,615)**
Net Result	**1,464**	**1,464**	**(0)**	**178**	**178**	**(0)**	**(5,000)**	**(5,000)**	**(0)**

11. QUALITY AND FINANCIAL IMPROVEMENT PROGRAMME

Savings plans are transferred to operational budgets as they are agreed. Living within budget will indicate that directorates are achieving their savings targets.

The table below shows $7.6 million of savings targets have been identified. Of this amount, $3.2 million was removed from operational budgets at the time this report was prepared.

The $3 million of strategic savings targets has been redistributed across all directorates.

Savings targets have been budgeted evenly through the year at directorate level. However, the savings are more likely to grow incrementally as schemes are identified and implemented. The mismatch between budget and likely achievement obscures the underlying operational performance of the DHB, and savings are being accrued at a consolidated level to overcome this. The amount accrued year-to-date is $1.2 million.

	Target	Current Year Identification					Savings Delivered / Forecast				Recurrency	
Division	2018/19 Savings Target $'000	2018/19 Identified Saving $'000	%	2018/19 Budget Adjusted	2018/19 Savings WIP	2018/19 Un-identified Savings	YTD Actual	YTD Plan	Var	2018/19 Forecast	2019/20 Identified Saving $'000	%
Strategic	-	-	- %	-	-	-	-	-	-	-	-	- %
Primary Care	4,673	1,973	42 %	408	1,565	2,700	15	1,168	(1,153)	1,598	1,915	41 %
Provider Services	6,544	2,957	45 %	1,612	1,346	3,587	401	1,636	(1,235)	3,445	3,435	52 %
HI&E	402	407	101 %	407	-	(5)	133	101	33	311	184	46 %
People & Quality	105	105	100 %	102	3	-	10	26	(16)	90	105	100 %
Information Services	254	254	100 %	-	254	-	-	64	(64)	254	254	100 %
Financial Services	1,430	1,226	86 %	-	1,226	204	-	358	(358)	692	1,150	80 %
Executive	112	-	- %	-	-	112	-	28	(28)	-	-	- %
Capital Servicing	632	632	100 %	632	-	-	158	158	-	632	632	100 %
Timing Adjustments	-	-	- %	-	-	-	-	(1,155)	1,155	-	-	- %
Totals	**14,152**	**7,555**	**53 %**	**3,161**	**4,393**	**6,597**	**718**	**2,383**	**(1,665)**	**7,021**	**7,676**	**54 %**

12. FINANCIAL POSITION

30 June 2018	$'000	September Actual	September Budget	Variance from budget	Movement from 30 June 2018	Annual Budget
	Equity					
168,706	Crown equity and reserves	168,706	175,069	(6,363)	-	174,711
(15,982)	Accumulated deficit	(15,745)	(10,795)	(4,950)	237	(15,973)
152,723		152,960	164,273	(11,313)	237	158,738
	Represented by:					
	Current Assets					
7,444	Bank	835	10,873	(10,038)	(6,609)	2,313
1,885	Bank deposits > 90 days	1,862	1,901	(39)	(23)	1,901
25,474	Prepayments and receivables	29,368	24,720	4,648	3,894	25,045
3,907	Inventory	3,786	4,458	(672)	(122)	4,520
2,293	Investment in NZHP	2,638	-	2,638	345	-
-	Non current assets held for sale	-	625	(625)	-	625
41,003		38,488	42,577	(4,089)	(2,515)	34,404
	Non Current Assets					
179,460	Property, plant and equipment	181,318	179,922	1,396	1,858	185,018
1,479	Intangible assets	1,521	3,088	(1,567)	42	4,147
9,280	Investments	9,642	11,684	(2,041)	362	11,798
190,220		192,482	194,694	(2,212)	2,262	200,963
231,223	**Total Assets**	**230,970**	**237,271**	**(6,301)**	**(253)**	**235,368**
	Liabilities					
	Current Liabilities					
-	Bank overdraft	1,305	-	(1,305)	(1,305)	-
35,817	Payables	33,184	35,523	2,339	2,633	36,249
40,064	Employee entitlements	40,902	34,764	(6,138)	(838)	37,579
75,881		75,391	70,287	(5,104)	490	73,828
	Non Current Liabilities					
2,619	Employee entitlements	2,619	2,712	93	-	2,802
2,619		2,619	2,712	93	-	2,802
78,500	**Total Liabilities**	**78,010**	**72,998**	**(5,012)**	**490**	**76,629**
152,723	**Net Assets**	**152,960**	**164,273**	**(11,313)**	**237**	**158,738**

Crown equity and reserves includes changes in the 2017/18 result subsequent to the preparation of the 2018/19 budget. Cash at bank reflects special funds and clinical trials, and the bank overdraft reflects the operating cash position.

13. EMPLOYEE ENTITLEMENTS

30 June 2018	$'000	September Actual	September Budget	Variance from budget	Movement from 30 June 2018	Annual Budget
10,004	Salaries & wages accrued	11,051	6,716	(4,335)	(1,047)	7,756
1,157	ACC levy provisions	1,224	387	(837)	(67)	532
5,945	Continuing medical education	5,401	5,299	(102)	544	6,456
21,348	Accrued leave	21,638	20,763	(875)	(290)	21,199
4,230	Long service leave & retirement grat.	4,208	4,311	103	22	4,438
42,683	**Total Employee Entitlements**	43,521	37,476	(6,045)	(838)	40,380

Salaries and wages accrued includes back pay provisions for collective agreements that were projected in the plan to have been settled by this point in the year.

14. TREASURY

Liquidity Management

The surplus cash of all DHBs is managed by NZ Health Partnerships (NZHP) under a sweep arrangement facilitated by BNZ. The DHB provides forecast cash flow information to NZHP to allow it to invest the funds at the most advantageous rates, and uses the same information to ensure the DHB has the funds to meet its obligations as they fall due.

The cash low point for each month is generally incurred immediately prior to receipt of MOH funding on the 4th of the month. September's low point was a $2.0 million overdraft, and next month's low point is likely to be the $6.2 million overdraft incurred on 3 October largely due to timing differences in nursing settlement and receipt of cash from MoH. The forecast low for the end of the financial year is $2.7 million overdraft, which is within our statutory limit of $27 million.

Debt Management

The DHB has no interest rate exposure relating to debt.

Foreign Exchange Risk Management

No material transactions occurred during the month. No transactions met the criteria that would trigger the requirement to arrange foreign exchange rate cover.

15. CAPITAL EXPENDITURE

Overall capital spend for the month is marginally under budget. The budget approved by the Board in June assumed even phasing across the year, hence the large variances to actual expenditure on individual lines. The revised Capital Plan and proposals for funding, was approved by the Board in September.

Strategic project performance against plan is discussed in the Transform and Sustain Monthly Programme Overview presented to FRAC.

See table on the next page.

2019 Annual Plan		*Actual $'000*	*Year to Date Budget $'000*	*Variance $'000*
	Source of Funds			
	Operating Sources			
13,652	Depreciation	3,196	3,181	(16)
(5,000)	Surplus/(Deficit)	237	178	(59)
13,646	Working Capital	2,176	2,182	6
22,297		5,609	5,540	(69)
	Other Sources			
-	Special Funds and Clinical Trials	(2)	-	2
-		(2)	-	2
22,297	**Total funds sourced**	**5,607**	**5,540**	**(67)**
	Application of Funds:			
	Block Allocations			
3,430	Facilities	155	988	833
3,200	Information Services	390	800	409
3,225	Clinical Plant & Equipment	171	675	504
9,855		717	2,463	1,747
	Local Strategic			
600	Replacement Generators	-	150	150
280	Renal Centralised Development	-	70	70
2,046	New Stand-alone Endoscopy Unit	2,328	511	(1,817)
500	Upgrade old MHIU	-	125	125
350	Travel Plan	-	87	87
1,187	Histology and Education Centre Upgrade	1,096	297	(800)
850	Radiology Extension	-	212	212
950	Fit out Corporate Building	-	237	237
550	High Voltage Electrical Supply	-	137	137
5,000	Surgical Expansion	917	1,250	332
12,313		4,341	3,077	(1,264)
	Other			
-	Special Funds and Clinical Trials	(2)	-	2
-	Funded Programmes	-	-	-
-	New Technologies/Investments	-	-	-
-	Transform and Sustain	-	-	-
-	Other	120	-	(120)
-		118	-	(118)
22,168	***Capital Spend***	***5,176***	***5,540***	***364***
	Regional Strategic			
129	RHIP (formerly CRISP)	431	-	(431)
129		431	-	(431)
22,297	**Total funds applied**	**5,607**	**5,540**	**(67)**

16. ROLLING CASH FLOW

	Actual	September Forecast	Variance	Oct Forecast	Nov Forecast	Dec Forecast	Jan Forecast	Feb Forecast	Mar Forecast	Apr Forecast	May Forecast	Jun Forecast	Jul Forecast	Aug Forecast	Sep Forecast
Cash flows from operating activities															
Cash receipts from Crown agencies	44,314	46,159	(1,845)	53,331	47,114	46,793	46,911	46,658	46,912	46,989	46,657	47,010	46,946	46,245	47,542
Cash receipts from revenue banking	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash receipts from donations, bequests and clinical trials	5	-	5	-	-	-	-	-	-	-	-	-	-	-	-
Cash receipts from other sources	(5,179)	495	(5,674)	3,096	2,068	497	500	507	500	500	507	501	495	501	502
Cash paid to suppliers	(22,140)	(27,178)	5,038	(27,268)	(27,744)	(35,350)	(19,219)	(24,533)	(27,642)	(27,614)	(26,045)	(28,383)	(28,715)	(26,504)	(28,613)
Cash paid to employees	(15,652)	(16,918)	1,266	(20,413)	(17,629)	(17,101)	(23,089)	(17,894)	(17,431)	(18,045)	(20,857)	(17,738)	(16,802)	(22,611)	(17,546)
Cash generated from operations	**1,348**	**2,559**	**(1,210)**	**8,746**	**3,809**	**(5,160)**	**5,103**	**4,738**	**2,340**	**1,831**	**261**	**1,389**	**1,924**	**(2,369)**	**1,884**
Interest received	30	54	(24)	49	44	39	34	29	24	19	14	9	4	-	-
Interest paid	-	-	-	-	-	-	-	(5)	(7)	(10)	(13)	(15)	(17)	(20)	(23)
Capital charge paid	(655)	(0)	(655)	61	61	(4,299)	61	61	61	61	61	(4,609)	(0)	(0)	183
Net cash inflow/(outflow) from operating activities	**723**	**2,612**	**(1,889)**	**8,856**	**3,914**	**(9,420)**	**5,198**	**4,823**	**2,418**	**1,901**	**323**	**(3,226)**	**1,910**	**(2,389)**	**2,044**
Cash flows from investing activities															
Proceeds from sale of property, plant and equipment	6	-	6	(0)	0	0	(0)	-	-	0	0	0	0	-	-
Acquisition of property, plant and equipment	(1,514)	(1,728)	214	(1,240)	(1,657)	(1,445)	(1,351)	(1,962)	(1,788)	(1,718)	(1,618)	(1,652)	(1,732)	(1,732)	(1,732)
Acquisition of intangible assets	(53)	(115)	62	(115)	(115)	(115)	(115)	(115)	(115)	(115)	(115)	(177)	(115)	(115)	(115)
Acquisition of investments	(678)	-	(678)	-	-	-	(129)	-	-	-	-	-	-	-	-
Net cash inflow/(outflow) from investing activities	**(2,240)**	**(1,843)**	**(396)**	**(1,355)**	**(1,772)**	**(1,560)**	**(1,596)**	**(2,077)**	**(1,903)**	**(1,833)**	**(1,733)**	**(1,829)**	**(1,847)**	**(1,847)**	**(1,847)**
Cash flows from financing activities															
Proceeds from equity injection	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Equity repayment to the Crown	-	-	-	-	-	-	-	-	-	-	-	(357)	-	-	-
Net cash inflow/(outflow) from financing activities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(357)**	**-**	**-**	**-**
Net increase/(decrease) in cash or cash equivalents	(1,517)	769	(2,286)	7,501	2,142	(10,981)	3,602	2,745	514	68	(1,410)	(5,413)	63	(4,236)	197
Add:Opening cash	2,908	2,908	-	1,392	8,893	11,034	53	3,655	6,401	6,915	6,983	5,573	160	223	(4,013)
Cash and cash equivalents at end of period	**1,392**	**3,677**	**(2,286)**	**8,893**	**11,034**	**53**	**3,655**	**6,401**	**6,915**	**6,983**	**5,573**	**160**	**223**	**(4,013)**	**(3,817)**
Cash and cash equivalents															
Cash	4	4	-	4	4	4	4	4	4	4	4	4	4	4	4
Short term investments (excl. special funds/clinical trials)	(1,991)	796	(2,787)	6,012	8,153	(2,828)	774	3,520	4,034	4,102	2,692	(2,721)	(2,658)	(6,895)	(6,698)
Short term investments (special funds/clinical trials)	2,693	2,877	(184)	2,877	2,877	2,877	2,877	2,877	2,877	2,877	2,877	2,877	2,877	2,877	2,877
Bank overdraft	685	-	685	-	-	-	-	-	-	-	-	-	-	-	-
	1,392	**3,677**	**(2,286)**	**8,893**	**11,034**	**53**	**3,655**	**6,401**	**6,915**	**6,983**	**5,573**	**160**	**223**	**(4,013)**	**(3,817)**

Changes have been made to the phasing of some major cash-flows based on best estimates of when they will occur e.g. elective services revenue, IDF wash-up and the rest home worker's pay equity settlement.

BOARD HEALTH & SAFETY CHAMPION'S UPDATE

Verbal

OURHEALTH HAWKE'S BAY Whakawateatia	**Primary Care Development Partnership Governance Group Report** 143
	For the attention of: **HBDHB and Health Hawke's Bay Ltd Boards**
Document Owner:	Brayden Barber, Chair
Author:	Ken Foote, HBDHB Company Secretary
Month:	September, 2018
Consideration:	For Information

RECOMMENDATION

That the Boards:

1. **Note** the contents of this report.

The Primary Care Development Partnership (PCDP) Governance Group met for the second time on Wednesday 3 October 2018.

OPENING

The first part of the meeting took the form of a Powhiri and Whakawhanaungatanga, where members of the Governance Group and key support staff from both HBDHB and HHB were able to get to know each other.

AGREEMENT

The Draft PCDP Agreement had been amended and updated with feedback and comments from the previous meeting. Members were generally happy with the revised draft, with only a few minor issues to sort out.

Focus now needs to shift to the completion of 'Schedule 1 – Scope of our Partnership, Partnership Activities & Partnership Activities'. This schedule will set out the prioritised activities to be undertaken within the partnership, and will essentially provide the specific delegated authorities to the PCDP Governance Group to make decisions on behalf of HBDHB and HHB.

DEPUTY CHAIR

The meeting noted that Helen Francis was the HBDHB Board member appointed by the DHB to be the Deputy Chair of the Governance Group.

NAME

It had been previously agreed that the name "Primary Care Development Partnership" needs to be changed. Governance Group members had not come up with any alternatives, so the Chair indicated that he had requested the HBDHB Kaumatua to make some suggestions. These options (and any others) will be considered at the next meeting, and a recommendation made to both Boards.

MEETING FREQUENCY

Initial thinking was to align Governance Group meetings with HHB meetings (six weekly). Next meeting set for 15 November 2018, with further discussion to occur.

THEMATIC UPDATE FOR 2018/19 WORK PROGRAMME
Chris Ash introduced a series of short presentations on themes and prioritised programmes of work planned for the PCDP in 2018/18. These included:

- Be the CHANGE we want to be
- Primary Options for Acute Care (POAC) & Urgent Primary Care
- Palliative Care
- Community Pharmacy
- Community Mental Health & Addictions
- Older People & Frailty
- Integrated Care & Long Term Conditions
- Wairoa Integrated Care Demonstrator Site.

These were all noted, but will not be 'approved' until relevant components of these are incorporated into Schedule 1 of the Agreement.

STAKEHOLDER COMMUNICATIONS
A communication strategy is to be discussed within the PCDP Support Team, with a recommendation to be provided at the next meeting.

HAWKE'S BAY District Health Board Whakawāteatia	**Māori Relationship Board** 144
	For the attention of: **HBDHB Board**
Document Owner:	Heather Skipworth, Chair
Reviewed by:	Not applicable
Month:	October, 2018
Consideration:	For Information

12

RECOMMENDATION

That the Board

1. **Note** the contents of this report; and

Note that the Maori Relationship Board:

- **Discussed** detail relating to National Bowel Screening Programme, Indicative Equity Outcomes in Māori and Pasifika and **endorsed** the recommendation.
- **Received** and discussed the Te Ara Whakawaiora – Cardiovascular HBDHB paper, noting recommendations from the Target Champion.

The Māori Relationship Board met on 10 October 2018. An overview of issues discussed and/or agreed at the meeting is provided below.

NATIONAL BOWEL SCREENING PROGRAMME (NBSP), INDICATIVE EQUITY OUTCOMES IN MĀORI AND PASIFIKA

Emma Foster (Deptuy ED – Primary Care) provided a draft discussion document entitled "NBSP: Hawke's Bay Equity" the day prior to the meeting to provide some context and clarify. MRB have been very focused for a number of months on lowering the age of bowel screening for Maori to 50 years and over and were disappointed the MoH had not agreed to this. The draft discussion document provided a summary of what was known know about inequities in the NBSP.

- Bowel cancer is the second most common cancer registered for Māori females in New Zealand (NZ) after breast cancer. For Māori males, it is the third most common cancer registered.
- Bowel cancer is currently more common amongst non-Māori, but bowel cancer incidence is increasing for Māori and Māori tend to present with more severe symptoms.
- Survival is lower for Māori than non-Māori, even when stage at diagnosis and comorbidities are adjusted for. *(National Bowel Screening Unit, Ministry of Health, Considerations of the potential equity impacts for Māori of the age range for screening, 2018).*

MRB asked what were the main causes of premature death in Maori? In response Lisa Jones (Business Analyst) advised:

- The highest causes were Ischaemic Heart disease and Lung cancer. Recent modelling from the University of Otago have shown tobacco control offers some of the largest opportunities to reduce inequity between Maori and non-Maori mortality rates.

  For this reason incorporating smoking cessation into the bowel screening pathway would be beneficial for Māori.

- By increasing Māori participation rates in the current National Bowel Screening programme age group 60-74 years to **73 % or more**, is another way to reduce inequities from the screening programme.

To ensure overall thinking was on the right track, all that was known had been pulled together and recommendations developed on how we can reduce the equity gap. There was some general discussion, after which the following **recommendations were endorsed**:

1. Note that National Bowel Screening Programme continues to be rolled out according to national expectations.
2. Note that the recommendation nationally is to wait for further data from the roll out of the NBSP as it is at the moment, as there is current uncertainty of rates of adenomas and changing rates of bowel cancer for Māori.
3. Recommend that we have a strong monitoring and performance management system to ensure that Māori participation/screening rates achieve 73%.
4. Identify some options that may assist management in effectively targeting our Māori population in the screening programme, enable management to utilise available resources effectively and with the best outcome.
5. Agree that management advocate on behalf of MRB to become one of the early adopters for any future pilot relating to extending the age of screening for Māori.
6. Recommend once the Health Equity Report is complete, that a programme of work is developed with MRB, to reduce Māori health inequities.

TE ARA WHAKAWAIORA – CARDIOVASCULAR (NATIONAL INDICATOR)

The report was taken as read and MRB agreed with the recommendation from the Target Champion that: The Medical Directorate leadership team in conjunction with the cardiology service will continue to monitor and review its strategies to ensure sustained compliance with both cardiovascular indicators. The service will continue to participate in TAS cardiac network activities to align with regional and national strategies. MRB noted that a review of service provision is about to be undertaken.

EQUITY AND CULTURAL COMPETENCY

Following further discussion with MRB around the recommendation put to the HBDHB Board in September, the HBDHB Board Chair (who attended the MRB meeting) rephrased and MRB agreed to the following recommendation, to focus more around process to address the areas raised:

1. that a Working Group come together to study and focus on next year's planning; and
2. that a Workshop be set up in the New Year (including MRB members and other representatives as required), the result of which will be clear actions and targets we can aim for.

MĀORI WORKFORCE PROJECT

A six monthly project update will be provided within the GM Maori Health's report in November and it was requested that extra time be included on the MRB agenda to further discuss this matter.

KAUPAPA MAORI TERMINOLOGY

Sensitivity around how the DHB uses this had been discussed the month prior. HBDHB management wished to better understand and asked MRB were to provide guidance as to how and how not to use the term "Kaupapa Māori".

Kaupapa Māori Maternal Health Programme: Charrissa Keenan joined the meeting and very passionately explained the methodology used to formulate the Maternal Health and Wellbeing Project as true Kaupapa Māori. Some good positive discussion followed and Charrissa provided handouts to assist understanding.

MRB members applauded and were pleased to receive the template, which reflected how our values are being delivered to our most vulnerable. This project will be an exemplar for service delivery.

OURHEALTH HAWKE'S BAY Whakawateatia	**Hawke's Bay Clinical Council**	145
	For the attention of: **HBDHB Board**	
Document Owner:	Dr John Gommans (Chair) & Dr Andy Phillips (Co-Chair)	
Month:	October 2018	
Consideration:	For Information	

13

RECOMMENDATION

That the Board

Review the contents of this report; and

Note that Clinical Council:

- **Discussed** the Quality Dashboard (draft)
- **Discussed** the report on Conception to Five Years - Including First 1,000 Days
- **Received** Committee reports
- **Received** reports for information only

Council met on 10 October 2018. An overview of matters discussed is provided below:

QUALITY DASHBOARD (Draft)

The ED People & Quality presented a draft Quality Dashboard which included principles of alignment with the Institute of Medicine's six domains of quality; covering whole of sector, keeping it simple at the start and allowing it to evolve over time.

The draft "starter for 10" dashboard was discussed. Feedback from members included need for indicators that addressed population health, quality of care for people with disabilities and healthy aging. Council expressed a preference for outcome indicators rather than process or output indicators, and acknowledged that there may be a mix of indicators reported monthly, quarterly and annually.

Council endorsed the principles. Members will provide feedback on specific indicators and the draft dashboard will then be considered by the Clinical Effectiveness and Audit Committee who will work with business intelligence to populate the dashboard with data.

CONCEPTION TO FIVE YEARS INCLUDING THE FIRST 1,000 DAYS

Shari Tidwell, Health Intersector Development Manager and Charrissa Keenan, Health Gains Advisor attended the meeting to discuss the report. It was noted that the scope of the report was widened to be from pre-conception to 5 years, to address a gap in the pre-school age group, to support wellbeing with a holistic approach, be culturally responsive and working with whanau to co-design innovative programmes.

Following discussion Council supported the rationale to extend the approach to lengthen scope to five years but asked that focus should not be lost on the critical first 1,000 days period Council was pleased to review a report that it had initiated.

COMMITTEE REPORTS

Clinical Advisory & Governance Group (CAG)
The minutes of the previous meeting of CAG were noted. A nomination to fill the CAG member vacancy on Council is under discussion with the Chair of CAG.

Professional Standards & Performance Committee
The purpose of the committee is to provide assurance to Council that the essential requirements of credentialling, accreditation, professional standards, clinical standards, training and research as being done well.

This is the first Committee of Council's new clinical governance structure to report back following its initial meetings, which focussed on the work of the following Advisory Groups that report to it.

- Allied Health Professions AG
- Hawke's Bay Clinical Research AG
- Medical Credentialing AG
- Nursing and Allied Health Credentialing AG
- Nursing and Midwifery Leadership AG
- Resident Medical Officers Training AG

Other Committee members include the CMO Primary Care, CMDO-Hospital, CNMO, CAHPO, ED People & Quality, Senior Advisor Cultural Competency and Consumer representative (or delegates). Of note the Clinical Research AG have good engagement with agencies working in the research sector. Medical credentialing is working well with good engagement between meetings. The Nursing and Allied Health group had progressed their business by exchange of emails but previously had not met for 18 months. This group now has new membership and has caught up on outstanding work. A process for multi-disciplinary credentialling of departments has not yet been resolved and it was noted that this is not done well nationally. It is suggested that external reviews may be the most appropriate means to achieve this; the recent cardiology services review being a good example. Currently primary care is not linked well into this advisory group. Council asked that the committee prepare a schedule to inform them of which departments had been credentialed or externally reviewed.

Reports for information were noted from the following:

- Havelock North Gastroenteritis Outbreak (final)
- Clinical Portal project Update
- Te Ara Whakawaiora - Cardiovascular (National Indicator)

OURHEALTH HAWKE'S BAY Whakawateatia	**Hawke's Bay Health Consumer Council** 146
	For the attention of: **HBDHB Board**
Document Owner:	Rachel Ritchie, Chair
Reviewed by:	Not applicable
Month:	October, 2018
Consideration:	For Information

RECOMMENDATION

That the Board

1. **Note** the contents of this report.

14

Consumer Council met on 11 October 2018. An overview of issues discussed and/or agreed at the meeting is provided below.

CLINICAL GOVERNANCE COMMITTEE REPRESENTATION / ROLE OF CONSUMER REPRESENTATIVES

Discussion took place around consumer representation on Clinical Governance committees and advisory groups. Concern was raised regarding the limited consumer representatation on committees, compared with DHB staff. This concern was understood but is important as a first step to have at least one consumer conscience/voice at the table. It is recognised this can be a lonely role, always having a different perspective and 'going against the tide' when you are the only one in a group. In time, Council would like to see more balance and influence.

A draft summary guide has been put together to assist consumer representatives, including tips and background/context as well as a summary of what Person and Whanau Centred Care; Consumer Engagement in Service Planning and Delivery and Clinical Governance is. This will be discussed further at the next meeting.

The first Consumer Experience Committee meeting was scheduled for Monday 15 October which is a great step forward. Council are looking forward to progress in this area. The Terms of Reference for the Consumer Experience Committee were also approved by Council.

INFORMATION SERVICES (IS) PRESENTATION

The Chief Information Officer provided a presentation on the IS service focus since her arrival. Council was encouraged that IS are now business led, not technology driven and initiatives are now prioritised by user groups and not IS.

Key initiatives undertaken to date include the regional clinical portal, digitally enabled children's oral health, oncology prescribing at the bedside and oncology patient access to entertainment. Other initiatives being looked at are the Emergency Q APP and patient self-service kiosks. Feedback from the Council was that there appeared to be some gaps in consumer engagement to consider priorities, current initiatives and ensure generally the consumer voice is heard directly at a planning level for

IS. A consumer member is on the governance group but this has been in recess for a few months. Work is under way to connect a working group with Anne.

CLINICAL SERVICES PLAN (CSP)
After some discussion around the CSP, Council feel the overall theme and content of the CSP is that of a high level reference document. Council's are focussed on and very pleased to see Person & Whanau Centred Care is front and central, and publicly identified as a key way forward. We look forward to the next phase around prioritisation and implementation plans.

Clinical and Consumer Council at their joint December meeting plan to discuss the next steps in more detail.

NATIONAL BOWEL SCREENING PROGRAMME – Indicative Equity Outcomes in Maori and Pasifika
This paper was responding to the view around the ' inequity' of this programme initially, and the call to reduce the survey age for Maori and Pacifica to 50 yr old. The paper noted there is no evidence that such a reduction will reduce inequity. However, Emma Foster and the team are strongly focussed on efforts to achieve the national target of 73% participation for Maori and Pasifika. Further review of the programme will be undertaken in time also.

Council supported the work being done and offered assistance where needed.

MINISTRY OF HEALTH – NEW APPROACH TO "PLANNED CARE"
The Company Secretary provided information received recently from the MoH on a proposed new approach to managing electives which they are now calling "planned care". The MoH want feedback from consumers and has suggested a teleconference to discuss the framework.

Council members were interested in participating and this is in the process of being arranged.

REPORTS FOR INFORMATION WERE NOTED FROM THE FOLLOWING:
- Te Ara Whakawaiora - Cardiovascular (National Indicator)

Nuka Conference:
- Significant interest from council members across the 2 days and thanks to Ken and others for arranging.

HAWKE'S BAY District Health Board Whakawāteatia	**Terms of Reference Update Appointments and Remuneration Advisory Committee**	147
	For the attention of: **HBDHB Board**	
Document Owner & Author:	Ken Foote, Company Secretary	
Month:	October 2018	
Consideration:	For Decision	

RECOMMENDATION

That the HBDHB Board approve an additional function within the Terms of Reference for the Appointments and Remuneration Advisory Committee**:**

(c) Review (and endorse) any CEO proposed adjustments to the remuneration packages of the CEO's direct reports.

15

BACKGROUND
The current terms of reference to ARAC are attached.

Despite not being stated in the terms of reference, it has been custom and practice over many years for the HBDHB CEO to share and discuss his proposed adjustments to the remuneration packages of his direct reports with ARAC. This practice is consistent with the principles and openness and transparency in decision making and also with the "two up" policy, where remuneration decisions are recommended by the line manager and approved they the next level manager.

The omission of this specific function from the terms of reference for ARAC has been discovered following receipt of a summary of 'Lessons for DHBs' arising from the Beattie Varley Report (see below). Bringing the terms of reference into line with current practice is all that is required to meet the expectations set out in that summary.

BEATTIE VARLEY REPORT
In 2017, Beattie Varley was commissioned by the Ministry of Health to look at a number of historical governance and financial decisions by Counties Manukau DHB. One of the issues addressed in this review was:

- Remuneration and benefit decisions relating to some senior staff

In a letter from the Director General of Health to DHB CEOs and Chairs on lessons arising from this review (and this issue in particular), he noted:

"Regarding remuneration and conditions for tier two DHB employees, many DHBs already have Board remuneration committees that can review matters regarding senior management remunerations terms and conditions. Such committees support the Chief Executive in making these important decisions and also provide a level of assurance to the Board. I expect you to consider whether your arrangements are fit for purpose in light of this report and make any necessary changes to ensure your processes are robust."

This is what prompted questions about current practice and the subsequent identification of the deficiency of the ARAC terms of reference.

HAWKE'S BAY District Health Board

TERMS OF REFERENCE

Hawke's Bay District Health Board
Appointments and Remuneration Advisory Committee

Board Approved: August 2012

Purpose	The purpose of the Appointments and Remuneration Advisory Committee (ARAC) is to advise the Hawke's Bay District Health Board (HBDHB) on general remuneration policy and all employment issues relating to the CEO.
Functions	The functions of ARAC are to: a) Periodically review and make recommendations regarding HBDHB remuneration policy. b) Undertake the processes required and make recommendations on all CEO employment related issues, including: - appointment - termination - remuneration package / terms and conditions [1] - performance targets - performance review [2]
Level of Authority	ARAC has the authority to give advice, and make recommendations, to the Board. There may be situations where the Committee may need to investigate and deal with confidential issues regarding the CEO. In those situations the Board may resolve to delegate to the committee the power to act on the Board's behalf. The Committee shall keep members of the Board fully informed, on a confidential basis, of significant developments in relation to these issues as may be practicable in the circumstances.
Membership	Members of ARAC: ▪ Will be appointed for any period that terminates no later than four months after the end of the term of the HBDHB Board that appointed them. (Note: The full term of a Board is three years). ▪ Members may be reappointed by the 'new' Board. The appointment of a Board member to ARAC terminates if the member ceases to be a member of the Board. Remuneration will be based on the Cabinet Fees Framework Composition: ▪ HBDHB Chair ▪ Two additional HBDHB Board Members – excluding HBDHB employees
Chair	▪ The HBDHB Chair shall be the Chair of ARAC unless otherwise determined by the Board

[1] Terms and conditions of employment can not be finalised by the Board without the consent of the State Services Commissioner.
[2] The Chair shall normally conduct the annual performance review of the CEO and report to ARAC.

Quorum	▪ A quorum of members of the committee will be two.
Meetings	▪ A minimum of two meetings shall be held each year provided that any member of the committee or the CEO may request a meeting anytime he or she considers it necessary ▪ The committee may have in attendance such members of management, including the CEO and such persons as external remuneration experts, as it considers necessary to provide appropriate information and explanations ▪ All HBDHB Board members will be entitled to attend meetings of the Committee as observers and with the approval of the committee chair may have the right to speak. ▪ The Standing Orders adopted by the Board will apply to Committee meetings.
Reporting	▪ After each Committee meeting the Chair shall report the Committee findings and recommendations to the Board ▪ The CEO shall be responsible for drawing to the Committee's immediate attention any material matter that relates to the HBDHB's remuneration policies, legislative change that has the potential to significantly impact on the HBDHB's remuneration policies, or employee relations matter arising out of the application of the HBDHB's remuneration policies or remuneration initiatives.
Minutes	▪ Minutes will be circulated to all members of the Committee within one week of the meeting taking place. HBDHB Board members will be sent a copy of the minutes, on request.

HAWKE'S BAY District Health Board Whakawāteatia	**Allied Laundry Services Ltd Annual General Meeting** 148
	For the attention of: **HBDHB Board**
Document Owner:	Ken Foote, Company Secretary
Reviewed by:	Chief Executive
Month:	October 2018
Consideration:	For Decision

RECOMMENDATION

That the Board

1. **Note** the Annual Report and Financial Statements for Allied Laundry Services Ltd (which have been reviewed but not yet signed off by the auditors) for the year ended 30 June 2018.

2. **Appoint** Ken Foote as the HBDHB Shareholder representative to attend the Allied Laundry Services Ltd Annual General Meeting to be held on Tuesday 27 November 2018, with Carriann Hall appointed as his Alternate.

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FINANCIAL STATEMENTS & ANNUAL REPORT

Attached are copies of:

- Letter from the CEO
- Notification of the Annual General Meeing
- Minutes of last years Annual General Meeting
- Chair and Chief Executives Report
- Financial Statements

The Allied Laundry Board will declare the 'interest on capital dividend' of $0.06 per share to shareholder for the 2017/18 financial year, as required by the Shareholders Agreement. Given this requirement, this dividend is treated as a monthly 'expense' within the management accounts of the company, therefore leaving a 'small' annual surplus of $151,475 (1.4% of revenue).

AGM REPRESENTATIVE

The Shareholders Agreement requires each shareholder to appoint a representative for the AGM.

As the HBDHB appointed Director on the Board of Allied (and the current Chair) it would be appropriate for Ken Foote to be appointed as the HBDHB shareholder representative to attend and vote at the AGM. If for some reason Ken is unable to attend, it is recommended that Carriann Hall be appointed as his Alternate.

Friday 19th October 2018

To Chairs; Boards of District Health Boards; Allied Laundry Services Limited Shareholders.

Regarding; appointment of Shareholding District Health Board Annual General Meeting Representatives.

The Allied Laundry Annual General Meeting is being held on Tuesday 27th November 2018 at Allied Laundry Services Ltd. Palmerston North.

The Shareholders' Agreement for Allied Laundry Services Limited requires each shareholder to appoint a representative for the Annual General Meeting.

Could the shareholding DHB's nomination for representative to the Allied Laundry AGM please be forwarded as soon as possible to Denise Climo (dclimo@alliedlaundry.co.nz) at Allied Laundry.

Regards

Mark Mabbett

CEO

Allied Laundry Services Limited

Allied Laundry Services Limited
Notification of Annual General Meeting.

Notice is hereby given that the Annual Meeting of shareholders of Allied Laundry Services Limited will be held:

At **Allied Laundry Services Limited; Palmerston North.**

On Tuesday 27th November 2018

BUSINESS

1 Apologies

2 Shareholders Representatives

To clarify who is attending the meeting and has voting rights as the representative of a shareholder**.**

3. Minutes

To review and accept the minutes of the Annual Meeting held on 28 November 2017.

Recommendation: That the minutes of the Annual Meeting held on 28 November 2017 be accepted as a true and accurate record of that meeting.

4 Financial Statements and Reports

To receive, consider and adopt the company's financial statements for the year ended 30 June 2018 together with the auditor's report thereon and the Chairperson's Annual Report.

Recommendation: That the annual report of the company for the year ended 30th June 2018 be required to include only the signed financial statements for the accounting period completed and an Auditor's report.

That the annual report for the year ended 30th June 2018 is received.

That the letter of representation for the year ended 30th June 2018 be signed by 1 Director and the CEO.

5 Chairs Report.

To receive and accept the annual Chairs report.

Recommendation: That the Chairpersons report for the year ended 30th June 2018 is received.

6 Payment of Dividend.

To declare a dividend of $0.06 per share from 1 July 2017 to 30 June 2018 to the six shareholding District Health Boards.

Recommendation: That a dividend payment of $0.06 per share from 1 July 2017 to 30 June 2018 is declared to each shareholding District Health Board.

7 Appointment of Auditors

To record the continuance of Deloitte as auditors on behalf of the Office of the Auditor-General for Allied Laundry Services Limited.

Recommendation: That the continuance of Deloitte as auditors on behalf of the Office of the Auditor-General be recorded.

8 General

To deal with any other business that may be properly brought before the meeting.

By Order of the Board

15 October 2018

Ken Foote

Chair

ALLIED LAUNDRY
BY HEALTH • FOR HEALTH

ANNUAL GENERAL MEETING

Minutes

28 November 2017
Venue: Meeting Room, Allied Laundry, Palmerston North

Present:

Shareholder representatives: Ken Foote, Jeff Small, Simon Barrett, Brian Walden, Judith Parkinson, Gina Lomax, TeAroha Hohaia for Taranaki DHB via Teleconference
Mark Mabbett, Kathy O'Neill, Denise Climo

1. Apologies

No Apologies

2. Share Holders Representatives

Letters of Appointment from the DHB shareholding for representatives have been received from Taranaki District Health Board for Te Aroha Hohaia and Simon Barrett, Whanganui District Health Board for Brian Walden, Hawkes Bay District Health Board for Ken Foote, MidCentral District Heath Board for Jeff Small, Capital & Coast District Health Board for Gina Lomax and Hutt District Health Board for Judith Parkinson.

The Shareholder Representatives to the Allied Laundry Board are Simon Barrett, Brian Walden, Ken Foote, Jeff Small, Gina Lomax and Judith Parkinson.

3. Minutes

Minutes of the Annual General Meeting of 29th November 2016 have been received and approved.
Moved: *Jeff Small*
Second: *Brian Walden*
Carried

Matters Arising From the Minutes:

No matters arising

4. Financial Statements and Reports

Reasonable result for year. Auditors report qualification same as last year. Ongoing discussions with Auditors, totally impractical to do a Stocktake. Their standard requires validation of stock. Board happy with way it is currently being handled

Recommendation: That the annual report of the Company for the year ended 30th June 2017 be required to include only the signed financial statements for the accounting period completed and an Auditor's Report
That the Annual Report for the year ended 30th June 2017 is received
Moved: Judith Parkinson
Second: Brian Walden
Carried

Recommendation: That the letter of Representation for the year ended 30 June 2017 be signed by 1 Director, namely the Chair and the CEO of Allied Laundry

Moved: Jeff Small
Second: Judith Parkinson
Carried

5. Chairs Report

Report read to the meeting. Added thanks to Mark and all the staff for a great year, without them it would not have been achieved. Allied Laundry is held up as an example of how a shared service can successfully work to the advantage of those involved.

Moved: Ken Foote
Second: Jeff Small
Carried
Board acknowledged the Chairs contribution for the past year

6. Dividend

Rigorous discussion was held on this topic. Key point was varying % of MOH return on capital during the current year – this would make an impact on the 2016/17 profit. No major Capital Expenditure anticipated in the next couple of years. Discussion was held around paying a dividend when in a loss situation. Suggested that thought be given to modifying the Shareholders Agreement to make the Dividend a discretionary payment going forward.

Recommendation: That a Dividend payment of 8 cents per Share for the 2016/17 financial year based on the monthly DHB balance is paid to each DHB on completion of the Solvency Certificate

Moved: TeAroha Hohaia
Second: Brian Walden
Carried

Recommendation: Payment of Dividend is made as funding permits, being aware there is still the payment of a couple of years outstanding

Moved: Jeff Small
Second: Brian Walden
Carried

Recommendation: Retained Surplus Earnings to be retained

Moved: *Jeff Small*
Second: *TeAroha Hohaia*
Carried

7. Appointment of Auditors

It is a requirement for Allied Laundry to be audited as it is 100% owned by DHB's.

Recommendation; That the Board reappoint Deloitte as Auditors for Allied Laundry
Moved: *Gina Lomax*
Second: *Judith Parkinson*
Carried

8. General Business

No General Business

Chair thanked TeAroha from Taranaki for participating

Meeting closed at 10.30am

Signed:

_____ Date: _____
Ken Foote (Chair)

CHAIR & CHIEF EXECUTIVE'S REPORT FOR THE YEAR ENDED 30 JUNE 2018

After two years of embedding the expansion and integration processes to include the laundry requirements of Hutt Valley and Capital & Coast DHB's, the one off and consolidation effects of the transition have ceased. Allied Laundry is now entering in to a state of a 'new' business as usual. However, this does not mean that Allied Laundry will sit still. We are continuing to explore and implement strategies and policies of continuous improvement that will ensure Allied Laundry stays current with modern technology, maintains our high levels of operational performance and customer service, exceeds health & safety expectations and continues to be fiscally responsible whilst minimising the cost of services to our shareholding DHB's.

The year end results indicate that we have been largely successful in achieving this and the objectives set for the year.

Strategically we are looking at a number of issues:

- We are continuing to 'invest' and gain value from our alliances with New South Wales Health and with other NZ DHB operated laundries (particularly Canterbury Linen).
- After initiating the process, we are waiting for the outcome of a shareholder review of theatre linen before we implement either an exit strategy (should the collective decision be to move to disposable) or embark on a sustainable 'expansion' plan to meet the ongoing (and potentially increasing) demand for reusable product.
- The high rate of stock loss continues to be a concern. We are currently planning to start with the application of a pricing surcharge on scrubs to cover some of this cost, as indicated earlier in the year.
- Ongoing investment in modern technology will continue to keep the plant as efficient as possible. We are currently investigating a plant capital investment to process the 7,500 scrubs and gowns per day currently hand folded, through a garment finishing system; an investment of $700k. Robotics have surged in laundry processing systems and we will be continuing to stay up to date with these changes to scope future investment.

Operationally, the Board and management have focussed on developing our staff during the year, including:

- We have taken a positive approach to health and safety (H & S). This has included completely reformatting the plant H & S structures, adding in a Steering Group to oversee H & S on an organisation wide level and creating a monthly Wellness programme that has included, healthy eating, Kiwisaver information, stop smoking and promotion of cervical screening and blood donation. We have linked in with Proactive Physio to take a pre-emptive stance to manage staff discomfort and injuries. The Proactive response has been so successful Proactive is using Allied Laundry as a test bed for rolling out other injury management programmes.
- With signals that the Labour government was moving the minimum wage to $20 by 2021 and business starting to embrace the 'living wage', we have taken a proactive stance to make a difference to our predominantly lower paid staff, offering a substantial wage movement heading to the living wage at 1 January 2019. Staff will also be offered an Industry Training Programme focussing on H & S and lean processing leading to an NZQA qualification which is linked to an increase in wages.

We would like to thank all the staff, the Board and shareholders for their ongoing support of Allied Laundry and for the belief in the cooperative spirit that has shown what DHB's can do when they choose to work together to create regional solutions. Allied Laundry, New Zealand's leading DHB joint venture, continues to offer the regional DHB's a low cost, high quality and customer focussed laundry service that we can all be proud of.

Ken Foote
Chair

Mark Mabbett
Chief Executive

Monday 15th October 2018

Chair of the Boards and CEO's Allied Laundry Shareholders.

MidCentral District Health Board
Taranaki District Health Board
Whanganui District Heath Board
Hawkes Bay District Health Board
Capital & Coast District Health Board
Hutt Valley District Health Board.

Dear Sir or Madam,

Regarding Allied Laundry financial accounts for the 2017/18 financial year.

Please find attached the final accounts for Allied Laundry Services for the 2017/18 financial year. The Accounts have been reviewed by Deloitte. Final stamped and signed accounts will be made available once completed.

The accounts show a small profit for Allied Laundry for the 2017/18 financial year.

The Allied Laundry Board will declare a dividend of $0.06 per share to the shareholders for the 2017/18 financial year.

The Allied Laundry Board of Directors have received and reviewed the accounts.

Yours sincerely

Mark Mabbett

CEO
Allied Laundry Services Limited

NLA NAYLOR LAWRENCE & ASSOCIATES
CHARTERED ACCOUNTANTS · BUSINESS ADVISORS

Allied Laundry Services Ltd

Financial Statements
For the Year ended 30 June 2018

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Palmerston North | 06 357 0640 | 196 Broadway Ave, Palmerston North
Dannevirke | 06 374 4266 | 11 Ward Street, Dannevirke

info@nla.net.nz | **www.nla.net.nz**

Allied Laundry Services Ltd

Directory

As at 30 June 2018

Nature of Business	During the year the company has continued to provide a laundry and linen services to Taranaki, Whanganui, Hawkes Bay, MidCentral, Hutt Valley, Capital & Coast and Wairarapa District Health Boards and commercial customers.	
Registered Office	Palmerston North Hospital, Ruahine Street Palmerston North	
Directors	Ken Foote (Chair) Simon Barrett Brian Walden Jeffrey Small (resigned 30 June 2018) Neil Wanden (appointed 1 July 2018) Judith Parkinson (appointed 1 July 2017) Gina Lomax (appointed 25 October 2017) Tony Hickmott (resigned 15 September 2017)	
Shareholders	MidCentral District Health Board	1,150,000 Ordinary Shares
	Whanganui District Health Board	1,150,000 Ordinary Shares
	Taranaki District Health Board	1,150,000 Ordinary Shares
	Hawkes Bay District Health Board	1,150,000 Ordinary Shares
	Capital & Coast District Health Board	1,150,000 Ordinary Shares
	** Hutt Valley District Health Board	850,000 Ordinary Shares
Accountants	Naylor Lawrence & Associates Limited Chartered Accountants 196 Broadway Avenue Palmerston North 4410	
Bankers	BNZ Bank Palmerston North	
Solicitors	Buddle Findlay Wellington	
Company Number	877063	

*** Hutt Valley District Health Board have committed to purchasing a full parcel of 1,150,000 shares in a phased approach by 1 January 2019.*

Allied Laundry Services Ltd

Annual Report

For the Year Ended 30 June 2018

The board of directors submit their annual report including the financial statements for Allied Laundry Services Ltd for the year ended 30 June 2018, and the auditors report.

The shareholders of Allied Laundry Services Ltd have exercised their right under section 211(3) of the Companies Act 1993 and unanimously agreed that this annual report need not comply with any of paragraphs (a) and (e) - (j) of section 211(1).

Auditor

The Auditor-General is the auditor of Allied Laundry Services Ltd. The Auditor-General has appointed Melissa Youngson for Deloitte Limited to carry out the audit of the financial statements of the Company on his behalf. Ms. Youngson for Deloitte Limited.

For and on behalf of the Board

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_____ **Director** **Date** _____

Ken Foote (Chair)

_____ **Director** **Date** _____

Simon Barrett

_____ **Director** **Date** _____

Brian Walden

_____ **Director** **Date** _____

Neil Wanden

_____ **Director** **Date** _____

Gina Lomax

Allied Laundry Services Ltd

Annual Report (continued)

For the Year Ended 30 June 2018

_____ **Director** **Date** _____

Judith Parkinson

Allied Laundry Services Ltd

Statement of Comprehensive Income

For the Year Ended 30 June 2018

	Note	2018	2017
		$	$
Operating Revenue			
Revenue - Capital & Coast DHB		3,066,385	2,991,583
Revenue - Wairarapa DHB		371,714	360,484
Revenue - External		632,744	656,360
Revenue - Rag Sales		5,140	-
Revenue - MidCentral DHB		2,109,836	2,147,196
Revenue - Taranaki DHB		1,088,289	1,034,550
Revenue - Whanganui DHB		664,270	632,757
Revenue - Hawkes Bay DHB		1,656,595	1,610,896
Revenue - Hutt Valley DHB		995,333	998,080
Total Operating Revenue		**10,590,306**	**10,431,906**
Less Expenses			
Operating Expenses			
Assembly Supplies		157,082	175,800
Chemicals & Detergents		239,837	228,391
Delivery - Transport		1,286,724	1,270,058
Freight		16,476	11,143
Steam & Electricity		399,959	426,793
Maintenance plant		400,957	393,354
Protective Clothing/Uniforms		8,922	8,208
Health & Safety		44,780	35,088
Travel Expenses		12,630	16,414
Wages/Labour costs		3,930,257	3,955,119
Water & Waste		69,812	71,521
		6,567,436	**6,591,889**
Administration Expenses			
Audit fees		41,802	41,049
Bad Debts Written Off		3	2
Bank Charges		3,621	7,437
Cleaning		64,101	64,625
Communication expenses		12,467	12,051
Directors fees		101,250	105,000
Fringe Benefit Tax		7,976	4,592
General expenses		47,626	66,271
Management fee		-	28,000
Motor Vehicle expenses		4,653	3,441
Office Supplies		82,368	92,755
Professional Fees		66,025	57,220
Superannuation Contributions		90,941	90,810
		522,833	**573,253**
Interest Rent and Lease			
Interest Paid - Loans		42,683	91,812
Rent		324,317	325,236
		367,000	**417,048**

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These financial statements are to be read in conjunction with the accompanying Notes.

Allied Laundry Services Ltd

Statement of Comprehensive Income (continued)

For the Year Ended 30 June 2018

	Note	2018	2017
		$	$
Rates and Insurance			
ACC Levies		74,648	41,161
Insurance		47,770	58,749
		122,418	**99,910**
Non Cash Expenses			
Depreciation	5	2,467,722	2,212,272
Total Expenses		**10,047,409**	**9,894,372**
Operating Surplus before Other Income		**542,897**	**537,534**
Other Income			
Interest Received		82	782
Profit/(Loss) on Sale of Fixed Assets		(4)	3,992
Total Other Income		**78**	**4,774**
Net Surplus		**542,975**	**542,308**
Net Surplus and Total Comprehensive Income attributable to:			
Owners of the parent		542,975	542,308

These financial statements are to be read in conjunction with the accompanying Notes.

Allied Laundry Services Ltd

Statement of Movements in Equity

For the Year Ended 30 June 2018

	Paid Capital	Retained Earnings	Total
Opening balances at 1 Jul 2017	6,300,000	84,537	6,384,537
Total comprehensive income for the year, net of tax			
Profit for the period		542,975	542,975
Total comprehensive income for the year, net of tax		**542,975**	**542,975**
Transactions with owners, recorded directly in equity			
Share Capital	300,000		300,000
Dividend Payable		(391,500)	(391,500)
Balance at the End of Year	**6,600,000**	**236,012**	**6,836,012**
Opening balances at 1 Jul 2016	6,050,000	(51,189)	5,998,811
Total comprehensive income for the year, net of tax			
Profit for the period		542,308	542,308
Total comprehensive income for the year, net of tax		**542,308**	**542,308**
Transactions with owners, recorded directly in equity			
Share Capital	250,000		250,000
Dividend Payable		(406,582)	(406,582)
Balance at the End of Year	**6,300,000**	**84,537**	**6,384,537**

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These financial statements are to be read in conjunction with the accompanying Notes.

Allied Laundry Services Ltd

Statement of Financial Position

As at 30 June 2018

	Note	2018	2017
		$	$
Equity			
Paid up Share Capital	2	6,600,000	6,300,000
Retained Earnings	3	236,012	84,537
Total Equity		**6,836,012**	**6,384,537**
Represented by:			
Current Assets			
BNZ Bank		46,188	5,455
Accounts Receivable	4	1,029,820	1,127,755
Inventories		51,039	41,106
Total Current Assets		**1,127,047**	**1,174,316**
Non Current Assets			
Property, Plant & Equipment	5	8,091,342	8,527,055
Goodwill	6	795,427	795,427
Total Non Current Assets		**8,886,769**	**9,322,482**
Total Assets		**10,013,816**	**10,496,798**
Current Liabilities			
Trade Creditors		505,630	644,255
Accruals - General		295,251	252,225
Accruals - Dividends & Rebates	12	1,198,759	1,303,249
Holiday Pay Liability		472,785	437,981
Current Portion of Term Loans	8	243,992	243,992
BNZ Credit Plus Facitliy	8	(102)	514,098
GST Payable		30,244	49,056
Provision for Gratuity	7	13,123	12,446
Total Current Liabilities		**2,759,682**	**3,457,302**
Non Current Liabilities			
Term Loan - BNZ	8	352,122	544,959
Term Loan - EECA	8	66,000	110,000
Total Non Current Liabilities		**418,122**	**654,959**
Total Liabilities		**3,177,804**	**4,112,261**
Net Assets		**6,836,012**	**6,384,537**

Director _____ **Date** _____

Ken Foote (Chair)

These financial statements are to be read in conjunction with the accompanying Notes.

Allied Laundry Services Ltd

Statement of Financial Position (continued)

As at 30 June 2018

_____	**Director**	**Date**	_____
Simon Barrett			
_____	**Director**	**Date**	_____
Brian Walden			
_____	**Director**	**Date**	_____
Neil Wanden			
_____	**Director**	**Date**	_____
Gina Lomax			
_____	**Director**	**Date**	_____
Judith Parkinson			

Allied Laundry Services Ltd

Statement of Cash Flows

For the Year Ended 30 June 2018

	Note	2018	2017
		$	$
Cash Flows from Operating Activities			
Cash was provided from:			
Receipts from Customers		10,688,241	10,334,653
Interest Receivable		82	782
GST Received		-	117,865
		10,688,323	**10,453,300**
Cash was disbursed to:			
Payments to Suppliers and Employees		7,863,045	7,503,813
Goods and Services Tax Paid		18,812	-
Interest Paid		42,683	91,812
		7,924,540	**7,595,625**
Net Cash Flows from Operating Activities		**2,763,783**	**2,857,675**
Cash Flows from Investing Activities			
Cash was provided from:			
Sale of Fixed Assets		-	22,771
		-	**22,771**
Cash was disbursed to:			
Purchase of Fixed Assets		2,032,013	2,306,004
		2,032,013	**2,306,004**
Net Cash Flows from Investing Activities		**(2,032,013)**	**(2,283,233)**
Cash Flows from Financing Activities			
Cash was provided from:			
Issue of Share Capital		300,000	150,000
		300,000	**150,000**
Cash was disbursed to:			
Repayment of Term Loans		751,037	667,122
Dividend Paid		240,000	-
		991,037	**667,122**
Net Cash Flows from Financing Activities		**(691,037)**	**(517,122)**
Net Increase in Cash Held		40,733	57,320
Cash at the Beginning of the Year		5,455	(51,865)
Cash at the End of the Year		**46,188**	**5,455**

These financial statements are to be read in conjunction with the accompanying Notes.

1 Statement of Accounting Policies

Reporting Entity

The financial statements and notes are for Allied Laundry Services Limited (the Company). It is a profit oriented entity incorporated and domiciled in New Zealand and is a company registered under the Companies Act 1993.

The address of its registered office is 196 Broadway Avenue, Palmerston North, New Zealand. Its principal place of business is 12/50 Ruahine Street, Roslyn, Palmerston North, New Zealand.

The principal activities of the Company during the financial period were the provision of laundry and linen services to Taranaki, Whanganui, Hawkes Bay, MidCentral, Hutt Valley, Capital & Coast and Wairarapa District Health Boards and commercial customers.

Statement of Compliance and Basis of Preparation

The Company has adopted the New Zealand equivalents to International Financial Reporting Standards - Reduced Disclosure Regime ("NZ IFRS - RDR") as set out in the External Reporting Board's "Accounting Standards Framework".

The financial statements are general purpose financial statements that have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ("NZ GAAP). They comply with New Zealand equivalents to NZ IFRS - RDR. The Company has elected to report under NZ IFRS - RDR as the Company is a for-profit Tier 2 entity for financial reporting purposes on the basis that it does not have public accountability and is not a large for-profit public sector entity. The financial statements have been prepared in accordance with the requirements of the Companies Act 1993. All reporting concessions have been taken.

The financial statements were approved and authorised for issue by the Board of Directors.

The accounting principles recognised as appropriate for the measurement and reporting of the Statement of Comprehensive Income and Statement of Financial Position on a historical cost basis are followed by the company, unless otherwise stated in the Specific Accounting Policies. The information is presented in New Zealand dollars. All values are rounded to the nearest $.

Specific Accounting Policies

The following specific accounting policies which materially affect the measurement of the Statement of Comprehensive Income and Statement of Financial Position have been applied:

(a) Revenue

Revenue comprises amounts received and receivable by the business for goods and services supplied in the ordinary course of business. Operating Revenue is recognised based on the number of laundry items processed and dispatched to customers.

Interest income and expenses are reported on an accrual basis using the effective interest method.

(b) Expenses

Operating expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin.

(c) Inventory

Inventories are stated at the lower of cost and net realisable value. Cost includes all expenses directly attributable to the manufacturing process as well as suitable portions of related production overheads, based on normal operating capacity. Costs of ordinarily interchangeable items are assigned using the first in, first out cost formula. Net realisable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

(d) Trade Receivables

Trade Receivables are recognised at fair value, then amortised cost, making allowances for doubtful debts.

(e) Property, Plant & Equipment

The cost of purchased assets is the value of consideration given to acquire the assets and the value of other directly attributable costs which have been incurred in bringing the assets to the location and condition necessary for their intended service. Costs include financing costs that are directly attributable to the purchase of those assets.

Depreciation is calculated at the following rates:

Buildings 2-8.3% Straight Line
Leasehold 5-20% Straight Line
Textiles & Linen 33% Straight Line
Plant 10-40% Straight Line
Office Equipment 18.6% Straight Line
Motor Vehicles 20% Straight Line

Work in progress is not depreciated. The total cost of a project is transferred to property and/or plant and equipment on its completion and then depreciated.

The internal controls over the identification and existence of Textiles & Linen stock movements are limited. This therefore has a direct impact on the final value of Textiles & Linen stock as well as the Textiles & Linen depreciation balances.

(f) Operating Leases

Operating lease payments, where the lessors effectively retain substantially all of the risks and benefits of ownership of the leased items, are recognised in the determination of the operating surplus in equal instalments over the lease term.

(g) Income Tax

The company is exempt from income tax under Section CW 38 (2) of the Income Tax Act 2007.

(h) Goodwill

Goodwill represents the excess of the purchase consideration over the fair value of the net tangible asset and intangible assets, acquired at the time of acquisition of a business or an equity interest in a subsidiary or associate company. Goodwill is tested annually for impairment. Brand names are recognised at cost. They are regarded as having indefinite useful lives because there is no foreseeable limit to the period over which they are expected to be useful. They are therefore not amortised. Instead, they are tested annually for impairment.

(i) Financial Instruments

(1) Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument, and are measured initially at fair value adjusted by transaction costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

A financial liabililty is recognised when it is extinguished, discharged, cancelled or expires.

(2) Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- Loans and receivables
- Financial assets at Fair value through profit or loss (FVTPL)
- Held-to-Maturity investments (HTM)
- Available-for-sale financial assets (AFS)

All financial assets except for those at FVTPL are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

(3) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less an allowance for credit losses. Discounting is omitted where the effect of discounting is immaterial. The Company's trade and most other receivables fall into this category of financial instruments.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other shared credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified group.

(j) Foreign currencies

The financial statements are presented in New Zealand Dollards (NZD), which is also the functional currency of the Company.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items at year end exchange rates are recognised in profit and loss.

(k) Goods and Services Taxation (GST)

Revenues and expenses have been recognised in the financial statements exclusive of GST except that irrecoverable GST input tax has been recognised in association with the expense to which it relates. All items in the Statement of Financial Position are stated exclusive of GST except for receivables and payables which are stated inclusive of GST.

(l) Impairment

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Company at which management monitors goodwill.

Cash-generating units to which goodwill has been allocated are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows.

Impairment losses for cash-generating units reduce first the carrying amount of goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment charge is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount.

(m) Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

(n) Employee Benefits

(1) Short-term employee benefits

Short-term employee benefits are benefits, other than termination benefits, that are expected to be settled wholly within 12 months after the end of the reporting period in which the employees render the related service. Examples of such benefits include wages and salaries and non-monetary benefits. Short-term employee benefits are measured at the undiscounted amounts expected to be paid when the liabilities are settled.

(2) Other long-term employee benefits

The Company's liability for annual and long service leave are included in other long term benefits as they are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are measured at the present value of the expected future payments to be made to employees. The expected future payments incorporate anticipated future wage and salary levels, experience of employee departures and periods of service, and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the timing of the estimated future cash outflows. Any re-measurement arising from experience adjustments and changes in assumptions are recognised in profit or loss in the periods in which the changes occur.

The Company presents employee benefit obligations as current liabilities in the statement of financial position if the Company does not have an unconditional right to defer settlement for at least twelve months after the reporting period, irrespective of when the actual settlement is expected to take place.

(o) Equity, Reserves and Dividend Payments

Share capital represents the fair value of shares that have been issued. Any transaction costs associated with the issuing of shares are deducted from share capital.

Retained earnings include all current and prior period retained profits.

Dividend distributions payable to equity shareholders are included in other liabilities when the dividends have been approved in a general meeting prior to the reporting date.

Dividends are paid by the company after reviewing the financial position and impact of the dividend on the solvency of the company. All dividends are approved by the Board before payment.

(p) Business Combinations

The Company applies the acquisition method in accounting for business combinations. The consideration transferred by the Company to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Company, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

The Company recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

Goodwill is stated after separate recognition of identifiable intangible assets. it is calculated as the excesss of the sum of: (a) fair value of consideration transferred; (b) the recognised amount of any non-controlling interest in the acquiree; and (c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair value of identifiable net assets exceed the sum calculated above, the excess amount (i.e. gain on bargain purchase) is recognised in profit or loss immediately.

(q) Provisions and Contingent Liabilities

Provisions are recognised when the Company has a present obligation or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligation as a whole. Provisions are discounted to their present values, where the time value of money is material.

No liability is recognised in an outflow of economic resources as a result of present obligation is not probable. Such instances are disclosed as contingent liabilities, unless the outflow of resources is remote in which case no liability is recognised.

(r) Statement of Cash Flows

The Statement of Cash Flows is prepared exclusive of gst, which is consistent with the method used in the Statement of Financial Performance.

The following are definitions of the terms used in the Statement of Cash Flows:

(a) Cash is considered to be cash on hand, current accounts in banks, and other highly liquid investments in which the entity invests as part of its day to day cash management. Cash includes borrowings from financial institutions such as bank overdrafts, where such borrowings are on call and are used as part of the day to day cash management.

(b) Investing activities are those activities relating to the aquisition, holding and disposal of fixed assets and of investments. Investments can include securities not falling within the definition of cash.

(c) Financing activities are those activities which result in changes in the size and composition of the capital structure of the group. This includes both equity and debt not falling within the definition of cash. Dividends paid in relation to the capital structure are included in financing activities.

(d) Operating activities includes all transactions and other events that are not financing or investing activities.

(s) Significant Management Judgement in applying Accounting Policies and Estimation Uncertainty

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Impairment
In assessing impairment, management estimates the recoverable amount of each asset or cash-generating unit based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

Useful life of depreciable assets
Management reviews its estimate of the useful life of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of certain software and IT equipment.

Furthermore, the useful life for linen stocks is based on an assumption that linen stocks last for 36 months (3 years). The policy is based on the life of the total pool of circulating linen stocks and reflects linen life, linen ragging and unidentified stock losses.

Changes in Accounting Estimates
There have been no changes in accounting estimates during the reporting period.

(t) Changes in Accounting Policies

There have been no changes in accounting policies. All policies have been applied on a basis consistent with those from previous financial statements.

2 Share Capital

	2018	2017
	$	$
Paid in Capital		
Opening Balance	6,300,000	6,050,000
Movements	300,000	250,000
Closing Balance	**6,600,000**	**6,300,000**
Total Share Capital	**6,600,000**	**6,300,000**

The share capital of the Company consists only of fully paid ordinary shares; the shares do not have a par value. All shares are equally eligible to receive dividends and the repayment of capital and represents one vote at the shareholders' meeting.

The shareholding as at the end of the reporting period is set out below. Shares are worth $1 each.

	Number of Shares	Cost of Shares
		$
MidCentral District Health Board	1,150,000	1,150,000
Whanganui District Health Board	1,150,000	1,150,000
Taranaki District Health Board	1,150,000	1,150,000
Hawkes Bay District Health Board	1,150,000	1,150,000
Capital & Coast District Health Board	1,150,000	1,150,000
Hutt Valley District Health Board	850,000	850,000
	6,600,000	**6,600,000**

3 Retained Earnings

	2018	2017
	$	$
Opening Balance	84,537	(51,189)
Plus:		
Net Surplus	542,975	542,308
Less:		
Dividend Payable	391,500	406,582
Retained Earnings Closing Balance	**236,012**	**84,537**

4 Current Receivables

	2018	2017
	$	$
Accounts Receivable		
Trade Debtors	1,029,820	1,127,755
Total Current Receivables	**1,029,820**	**1,127,755**

All amounts are short-term. The net carrying value of trade receivables is considered a reasonable approximation of fair value.

All of the Company's trade and other receivables have been reviewed for indicators of impairment, and no evidence of impairment has been identified.

5 Property, Plant & Equipment

	Leasehold - At cost	Textiles & Linen - At cost	Buildings - At cost	Capital Work in Progress	Plant	Motor Vehicles	Office Equipment	Total
Gross carrying amount								
Balance 1 July 2017	47,456	5,678,446	438,957	244,926	9,381,952	33,466	222,704	16,047,907
Write off nil value assets	-	-	-	-	-	-	-	-
Additions	-	1,799,915	-	89,985	368,005	-	19,030	2,276,935
Transfers of assets ready for use	-	-	-	(244,926)	-	-	-	(244,926)
Disposals	-	(805,054)	-	-	(2,700)	-	(947)	(808,701)
Balance 30 June 2018	47,456	6,673,307	438,957	89,985	9,747,257	33,466	240,787	17,271,215
Depreciation and impairment								
Balance 1 July 2017	35,226	3,002,697	12,884	-	4,389,908	3,904	76,233	7,520,852
Write off nil value assets	-	-	-	-	-	-	-	-
Disposals	-	(805,054)	-	-	(2,700)	-	(947)	(808,701)
Depreciation	4,387	1,805,532	18,239	-	581,336	6,693	51,535	2,467,722
Balance 30 June 2018	39,613	4,003,175	31,123	-	4,968,544	10,597	126,821	9,179,873
Carrying amount as at 30 June 2018	7,843	2,670,132	407,834	89,985	4,778,713	22,869	113,966	8,091,342
Carrying amount as at 30 June 2017	12,230	2,675,749	426,073	244,926	4,992,044	29,562	146,471	8,527,055

6 Goodwill

	2018	2017
	$	$
Goodwill	795,427	795,427
Total Goodwill	**795,427**	**795,427**

The recoverable amount of the Cash Generating Unit (CGU), consisting of Textiles & Linen and Plant, was estimated based on the present value of the future cash flows expected to be derived from the CGU (value in use), using a discount rate of 6% and a terminal value growth rate of 1.5% in Revenue and 2.5% in Expenditure from 2020. The recoverable amount of the CGU was estimated to be higher than its carrying amount and no impairment was required.

7 Provisions

	2018	2017
	$	$
Provision for Gratuity		
Opening Balance	12,446	11,995
Movement for period	677	451
Closing Balance	**13,123**	**12,446**
Total Provisions	**13,123**	**12,446**

8 Term Loans

	2018	2017
	$	$
Allied Laundry Services Limited has a BNZ overdraft facility of $664,460 (2017: $807,360), nil was drawn as at 30 June 2018 (2017: $514,098).		
BNZ holds perfected security in all present and after acquired property of Allied Laundry Services Limited, as well as certain other significant assets		
The carrying amount of the term loans is considered to be a reasonable approximation of the fair value.		
The BNZ Term Loan carries interest at 5.71% per annum (2017: 5.71%). The BNZ Credit Plus facility carries interest at 5.05% per annum (2017: 5.05%).		
The Energy Efficiency and Conservation Authority (EECA) facility is interest free. The facility totalled $220,000.		
Non-current portion		
Term Loan - BNZ	352,122	544,959
Term Loan - EECA	66,000	110,000
Total Non-current portion	**418,122**	**654,959**
Current portion		
Term Loan - BNZ	199,992	199,992
Term Loan - EECA	44,000	44,000
	243,992	**243,992**
BNZ - Credit Plus Facility	(102)	514,098
Total Current portion	**243,890**	**758,090**
Total Term Loans	**662,012**	**1,413,049**

9 Financial Instruments

(a) **Categories of Financial Assets and Financial Liabilities**
The carrying amount of financial assets and financial liabilities in each category are as follows:

Financial Assets - Loans and receivables	2018	2017
	$	$
Accounts Receivable	1,029,820	1,127,755
BNZ Bank	46,188	5,455
	1,076,008	**1,133,210**

Financial Liabilities - At amortised cost	2018	2017
	$	$
Trade Creditors	505,630	644,255
Accruals - Dividends & Rebates	1,198,759	1,303,249
Accruals - General	295,251	252,225
Term Loans	662,012	1,413,049
	2,661,652	**3,612,778**

10 Events Occurring After Balance Date

On 2 July 2018, 150,000 shares were purchased for $150,000 by Hutt Valley District Health Board. This is in accordance with Hutt Valley District Health Board's commitment to purchasing a full parcel of 1,150,000 shares in a phased approach by 1 January 2019.

No other adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorisation.

11 Transactions with Key Management Personnel

	2018	2017
	$	$
Director Fees		
Whanganui DHB	15,000	15,000
MidCentral DHB	15,000	15,000
Hawkes Bay DHB	30,000	30,000
Capital & Coast DHB	11,250	15,000
Hutt Valley DHB	15,000	15,000
Taranaki DHB	15,000	15,000
Total Director Fees	101,250	105,000
Executive Management remuneration	178,065	182,306
Total Transactions with Key Management Personnel	**279,315**	**287,306**

Key Management Personnel of the Company are members of the Board of Directors and members of the Executive Management team. Key Management Personnel remuneration includes the expenses listed above. There have been no other transactions with Key Management Personnel.

12 Related Party Transactions

Allied Laundry Services Limited has provided laundry services to the MidCentral, Whanganui, Hawkes Bay, Hutt Valley, Wairarapa, Capital & Coast and Taranaki DHB's. These entities are related to Allied Laundry Services Limited by common ownership. MidCentral DHB leases a building and charges electricity, steam and gas costs to Allied Laundry Services Limited. These transactions are entered into on a commercial basis and during the year totalled $468,896. Outstanding amounts will be settled in cash when due. Dividends will be settled in cash in line with the repayment plan disclosed in Note 14. No management fees were paid to ALSCO during the 2018 financial year for management services (2017: $28,000). The revenue from the shareholders is disclosed in the Statement of Comprehensive Income.

	2018	2017
	$	$
Allied Laundry Services Limited paid rent to		
MidCentral DHB	308,263	307,160
Taranaki DHB	1,264	3,024
Whanganui DHB	5,190	5,184
Capital & Coast DHB	4,800	4,800
Hutt Valley DHB	4,800	4,800
	324,317	324,968
Accounts Receivable		
MidCentral DHB	194,870	219,358
Taranaki DHB	104,936	106,550
Whanganui DHB	62,503	66,229
Hawkes Bay DHB	167,620	157,497
Capital & Coast DHB	300,535	317,854
Hutt Valley DHB	94,257	102,877
	924,721	970,365
Accounts Payable		
MidCentral DHB	78,072	250,114
Taranaki DHB	1,443	1,741
Whanganui DHB	2,101	2,107
Hawkes Bay DHB	2,875	2,875
Capital & Coast DHB	7,681	-
Hutt Valley DHB	460	1,898
	92,632	258,735
Accruals - 2014/2015 Rebate payments owing by Allied Laundry Services Limited		
MidCentral DHB	-	101,087
Taranaki DHB	-	45,676
Whanganui DHB	-	28,924
Hawkes Bay DHB	-	76,044
	-	251,731
Accruals - Dividend payments owing by Allied Laundry Services Limited		
MidCentral DHB	230,415	221,415
Taranaki DHB	230,415	221,415
Whanganui DHB	230,415	221,415
Hawkes Bay DHB	230,415	221,415
Capital & Coast DHB	194,015	125,015
Hutt Valley DHB	83,084	40,843
	1,198,759	1,051,518

13 Board Representatives Attendance at Meetings

	July	August	September	October	November	December	January	February	March	April	May	June
Ken Foote	Yes	No	Yes	Yes	Yes	No meeting	Yes	No meeting	Yes	Yes	No meeting	Yes
Simon Barrett	Yes	Yes	Yes	Yes	Yes	No meeting	Yes	No meeting	Yes	Yes	No meeting	Yes
Brian Walden	Yes	Yes	Yes	Yes	Yes	No meeting	Yes	No meeting	Yes	Yes	No meeting	Yes
Jeffrey Small	Yes	No	Yes	Yes	Yes	No meeting	Yes	No meeting	Yes	Yes	No meeting	Yes
Judith Parkinson	Yes	Yes	Yes	No	Yes	No meeting	Yes	No meeting	Yes	Yes	No meeting	Yes
Gina Lomax	N/A	N/A	N/A	N/A	Yes	No meeting	Yes	No meeting	Yes	Yes	No meeting	No
Tony Hickmott	Yes	Yes	N/A	N/A	N/A	No meeting	N/A	No meeting	N/A	N/A	No meeting	N/A

14 Going Concern

These financial statements have been prepared using the going concern assumption. As at 30 June 2018, Allied Laundry Services Limited recorded an accounting profit of $542,975.

As at 30 June 2018, the entity's current liabilities exceeded its current assets by $1,632,635 (2017: $2,282,986). It should be noted however that $1,198,759 (2017: $1,303,249) of the total current liabilities relates to accrued dividends and rebates to the shareholders.

Assets of the entity are recorded at cost.

The considered view of the Directors of Allied Laundry Services Limited, after making due enquiry, there is a reasonable expectation that the entity has adequate resources and pre-approved borrowing facilities to continue operations and manage perceived outgoings as they fall due during the next twelve months from the date of signing the 30 June 2018 financial statements.

Approved cash flow forecasts indicate that cash received from operating activities and additional share equity will be more than sufficient to cover current debt repayments, an approved asset replacement plan and an approved rebate and dividend repayment plan (refer below).

Having regard to the circumstances which it considers likely to affect the entity during the period of one year from the date these financial statements are signed, and to circumstances which it believes will occur after that date, the Directors believe the going concern assumption is a valid basis on which to prepare these financial statements.

Dividend Repayment Plan
The approved dividend repayment plan is as follows:
- 2015/16 Dividend $404,933 to be repaid 1 July 2018 (paid)
- 2016/17 Dividend $406,574 to be repaid 1 January 2019
- 2017/18 Dividend $391,500 to be repaid 1 July 2019

Each repayment will be formally supported by a solvency statement (and certificate for dividends), and approved by the Directors in the month before the payment is due.

15 Contingent Liabilities

The Company has no contingent liabilities as at 30 June 2018, (2017 Nil).

16 Capital Commitments

The Company has no capital commitments as at 30 June 2018, (2017 Nil).

CLINICAL SERVICES PLAN

Verbal Update

HAWKE'S BAY District Health Board Whakawāteatia	**Te Ara Whakawaiora – Cardiovascular Report** 150
	For the attention of: **HBDHB Board**
Document Owner	John Gommans, CMDO - Hospital
Document Author(s)	Paula Jones, Service Director
Reviewed by	Executive Management Team Māori Relationship Board, HB Clinical Council and HB Health Consumer Council
Month/Year	October 2018
Purpose	For Information
Previous Consideration Discussions	Regular report to EMT, MRB, Clinical Council and Consumer Council for their information.
Summary	There has been a challenge within the central region in meeting the access to angiography indicator for our total population and for Maori due to CCDHB's limited ability to meet regional demand. It is doubtful that Hawke's Bay will meet these indicators without development of a local interventional cardiology service.
Contribution to Goals and Strategic Implications	Improving Health and Equity for all populations.
Impact on Reducing Inequities/Disparities	Improving Health and Equity for all populations.
Consumer Engagement	Not applicable.
Other Consultation /Involvement	Not applicable.
Financial/Budget Impact	Within operational budget.
Timing Issues	Not applicable.
Announcements/ Communications	Not applicable
RECOMMENDATION **That the HBDHB Board:** Note the contents of this report	

18

Te Ara Whakawaiora: Report from the Target Champion for Cardiovascular Disease

Author:	**Paula Jones**
Designation:	**Service Director**
Date:	**September 2018**

OVERVIEW

This report is from Dr John Gommans CMDO-Hospital and champion for the cardiovascular indicators. The report focuses on the two acute coronary syndrome (ACS) indicators, which were introduced as indicators of District Health Board (DHB) performance by the Ministry of Health in 2013/14 - high risk ACS patients accepted for angiogram within three days of admission and ACS patients who have completed data collection.

Priority	Indicator	Measure	Champion	Reporting Month
Cardiovascular	• Total number (%) of all ACS patients where door to cath time is between -2 to 3 days of admission. • Total number (%) with complete data on ACS forms	70% of high risk >95% of ACS patients	John Gommans	September 2018

There has been a challenge within the central region in meeting the access to angiography indicator due to CCDHB's limited ability to meet regional demand. It is doubtful that Hawke's Bay will meet these indicators without development of a local interventional cardiology service.

WHY IS THIS INDICATOR IMPORTANT?

To provide a national consistent reporting framework, all regions are required to report measures of ACS risk stratification and time to appropriate intervention using ANZACS-QI. HBDHB commenced using the ANZACS-QI system in September 2013. The DHBs actively monitor these two indicators of concern (figures 1 and 2). HBDHB actively monitors the ethnicity breakdown for these two indicators.

RECOMMENDATION:

That the HBDHB Board:

Note the contents of this report

FIGURE 1

% of all patients presenting with ACS who undergo coronary angiography have completion of ANZACS QI and Cath/PCI registry data collection within 30 days (data up to Quarter 4 2017/18).

Central Region DHB

Registry Completion Quarterly Report - Jul 2018

Central Region DHBs

Period *	Central Region DHB Performance							Regional Performance				National Performance
	Capital And Coast	Hawkes Bay	Hutt Valley	Mid Central	Nelson Marlborough	Wairarapa	Whanganui	Northern	Midland	Central	Southern	
2016/2017 Q3 (Dec 2016 - Feb 2017)	110/111 (99.1%)	83/90 (92.2%)	52/52 (100.0%)	85/86 (98.8%)	51/61 (83.6%)	31/32 (96.9%)	28/28 (100.0%)	712/724 (98.3%)	459/479 (95.8%)	440/460 (95.7%)	472/474 (99.6%)	2083/2137 (97.5%)
2016/2017 Q4 (Mar 2017 - May 2017)	114/115 (99.1%)	73/83 (88.0%)	61/62 (98.4%)	81/81 (100.0%)	62/68 (91.2%)	21/21 (100.0%)	23/24 (95.8%)	742/753 (98.5%)	511/512 (99.8%)	435/454 (95.8%)	502/508 (98.8%)	2190/2227 (98.3%)
2017/2018 Q1 (Jun 2017 - Aug 2017)	98/99 (99.0%)	80/87 (92.0%)	62/62 (100.0%)	72/72 (100.0%)	52/55 (94.5%)	33/33 (100.0%)	31/31 (100.0%)	806/809 (99.6%)	488/506 (96.4%)	428/439 (97.5%)	488/491 (99.4%)	2210/2245 (98.4%)
2017/2018 Q2 (Sep 2017 - Nov 2017)	104/104 (100.0%)	81/82 (98.8%)	63/63 (100.0%)	88/89 (98.9%)	54/60 (90.0%)	28/28 (100.0%)	34/34 (100.0%)	809/815 (99.3%)	470/500 (94.0%)	452/460 (98.3%)	489/495 (98.8%)	2220/2270 (97.8%)
2017/2018 Q3 (Dec 2017 - Feb 2018)	93/95 (97.9%)	68/69 (98.6%)	56/56 (100.0%)	61/63 (96.8%)	57/62 (91.9%)	23/23 (100.0%)	26/26 (100.0%)	759/762 (99.6%)	344/469 (73.3%)	384/394 (97.5%)	482/488 (98.8%)	1969/2113 (93.2%)
2017/2018 Q4 (Mar 2018 - May 2018)	86/88 (97.7%)	85/87 (97.7%)	68/68 (100.0%)	66/66 (100.0%)	79/84 (94.0%)	22/22 (100.0%)	37/38 (97.4%)	801/823 (97.3%)	261/523 (49.9%)	443/453 (97.8%)	432/493 (87.6%)	1937/2292 (84.5%)

Hawke's Bay DHB

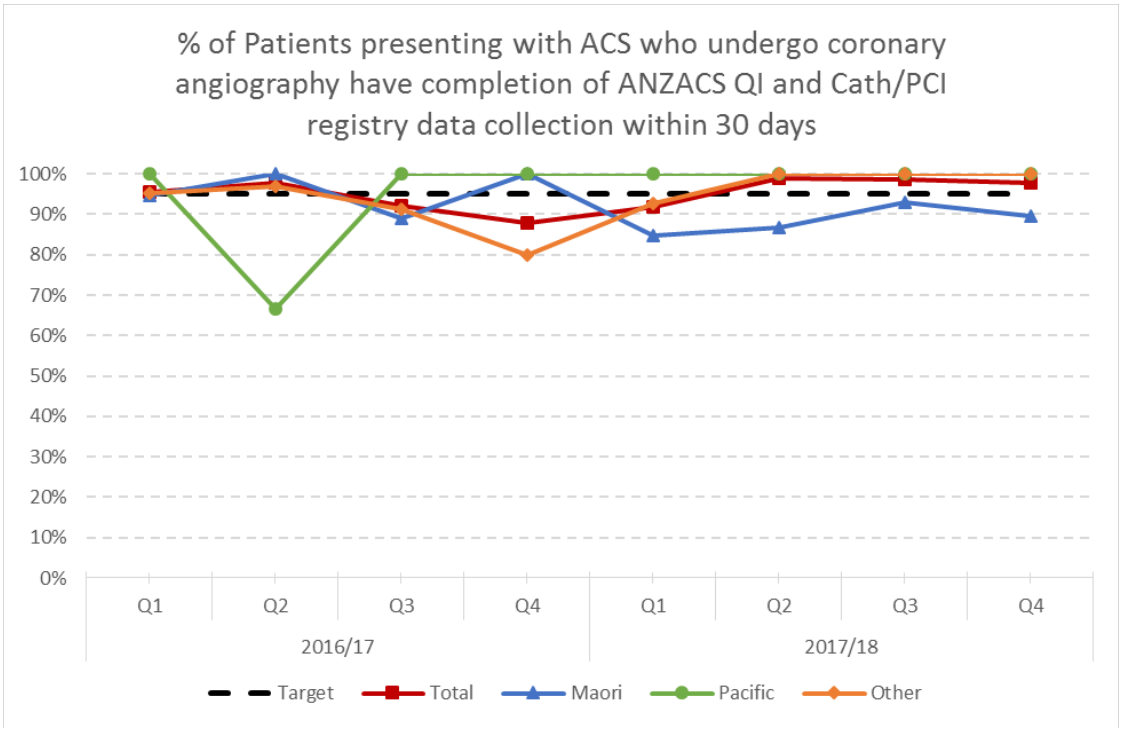

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FIGURE 1 - CONTINUED

Hawke's Bay DHB

		Target	Total	Maori	Pacific	Other
2014/15	Q1	95%	0%	0%	0%	0%
	Q2	95%	28%	13%		0%
	Q3	95%	61%	7%		0%
	Q4	95%	83%	91%	100%	81%
2015/16	Q1	95%	85%	92%	50%	85%
	Q2	95%	84%	71%		89%
	Q3	95%	100%	100%	100%	100%
	Q4	95%	99%	100%		96%
2016/17	Q1	95%	95%	95%	100%	95%
	Q2	95%	98%	100%	67%	97%
	Q3	95%	92%	89%	100%	91%
	Q4	95%	88%	100%	100%	80%
2017/18	Q1	95%	92.0%	84.6%	100.0%	92.8%
	Q2	95%	98.8%	86.7%	100.0%	100.0%
	Q3	95%	98.5%	92.9%	100.0%	100.0%
	Q4	95%	97.7%	89.5%	100.0%	100.0%

FIGURE 1 COMMENT

We have met the 95% target for the total population for five out of the last eight quarters including three of the last four quarters. The target for Maori patients has been met for three of the last eight quarters. It should be noted that there are larger variations in percentage ratings for Maori patients due to lower volumes of patients eg if we were compliant with one more patient in the last quarter or in quarter 3 2016/17 this would improve the result by 5-7% and we would have met the 95% target. The achievement of this indicator is based on local resource capacity and is ***not*** ethnicity related. Factors contributing to the variation include data being finalised on the ANZACS data registry, patients that remain as inpatients spanning more than one quarter or delays in inputting data to the registry due to lag in receiving discharge summaries from other DHBs

The recommendations of the external review of HBDHB Cardiology services carried out in December 2017 highlighted that completion of ANZACs QI registry is currently a non-dedicated FTE activity, which is at the discretion of workload within the service and suggested that resources for this important data capture for all patients are addressed in the medium to long term development of the service as this is an important national benchmark measuring compliance.

FIGURE 2

% of all patients with high risk ACS Who Receive an Angiogram within 3 days of Admission (data up to Quarter 4 2017/18).

Central Region DHB

Door to Cath < 3-Days Quarterly KPI Report by DHB - Jul 2018

Central Region DHBs

Period	Central Region DHB Performance							Regional Performance				National Performance
	Capital And Coast	Hawkes Bay	Hutt Valley	Mid Central	Nelson Marlborough	Wairarapa	Whanganui	Northern	Midland	Central	Southern	
2016/2017 Q3 (Jan 2017 - Mar 2017)	96/102 (94.1%)	50/77 (64.9%)	35/56 (62.5%)	56/76 (73.7%)	57/64 (89.1%)	18/25 (72.0%)	17/24 (70.8%)	558/716 (77.9%)	365/486 (75.1%)	329/424 (77.6%)	460/526 (87.5%)	1712/2152 (79.6%)
2016/2017 Q4 (Apr 2017 - Jun 2017)	101/113 (89.4%)	55/85 (64.7%)	48/70 (68.6%)	70/87 (80.5%)	65/65 (100.0%)	13/22 (59.1%)	20/28 (71.4%)	563/785 (71.7%)	387/517 (74.9%)	372/470 (79.1%)	414/471 (87.9%)	1736/2243 (77.4%)
2017/2018 Q1 (Jul 2017 - Sep 2017)	100/103 (97.1%)	69/84 (82.1%)	45/60 (75.0%)	58/71 (81.7%)	52/55 (94.5%)	27/34 (79.4%)	23/33 (69.7%)	604/807 (74.8%)	386/512 (75.4%)	374/440 (85.0%)	437/491 (89.0%)	1801/2250 (80.0%)
2017/2018 Q2 (Oct 2017 - Dec 2017)	97/101 (96.0%)	61/83 (73.5%)	50/58 (86.2%)	59/88 (67.0%)	55/60 (91.7%)	20/29 (69.0%)	25/29 (86.2%)	593/781 (75.9%)	385/482 (79.9%)	367/448 (81.9%)	417/485 (86.0%)	1762/2196 (80.2%)
2017/2018 Q3 (Jan 2018 - Mar 2018)	80/85 (94.1%)	37/67 (55.2%)	47/58 (81.0%)	46/63 (73.0%)	67/69 (97.1%)	14/25 (56.0%)	14/33 (42.4%)	602/775 (77.7%)	348/495 (70.3%)	305/400 (76.3%)	439/516 (85.1%)	1694/2186 (77.5%)
2017/2018 Q4 (Apr 2018 - Jun 2018)	90/99 (90.9%)	53/90 (58.9%)	53/67 (79.1%)	48/70 (68.6%)	73/75 (97.3%)	12/18 (66.7%)	16/29 (55.2%)	656/832 (78.8%)	353/470 (75.1%)	345/448 (77.0%)	376/449 (83.7%)	1730/2199 (78.7%)

The dates are based on the dates of admission. Number (%) of all ACS patients where door to cath time is between -2 to 3 days. Target is 70%. Those with < -2 days are excluded from numerator but included in denominator.

Hawke's Bay DHB

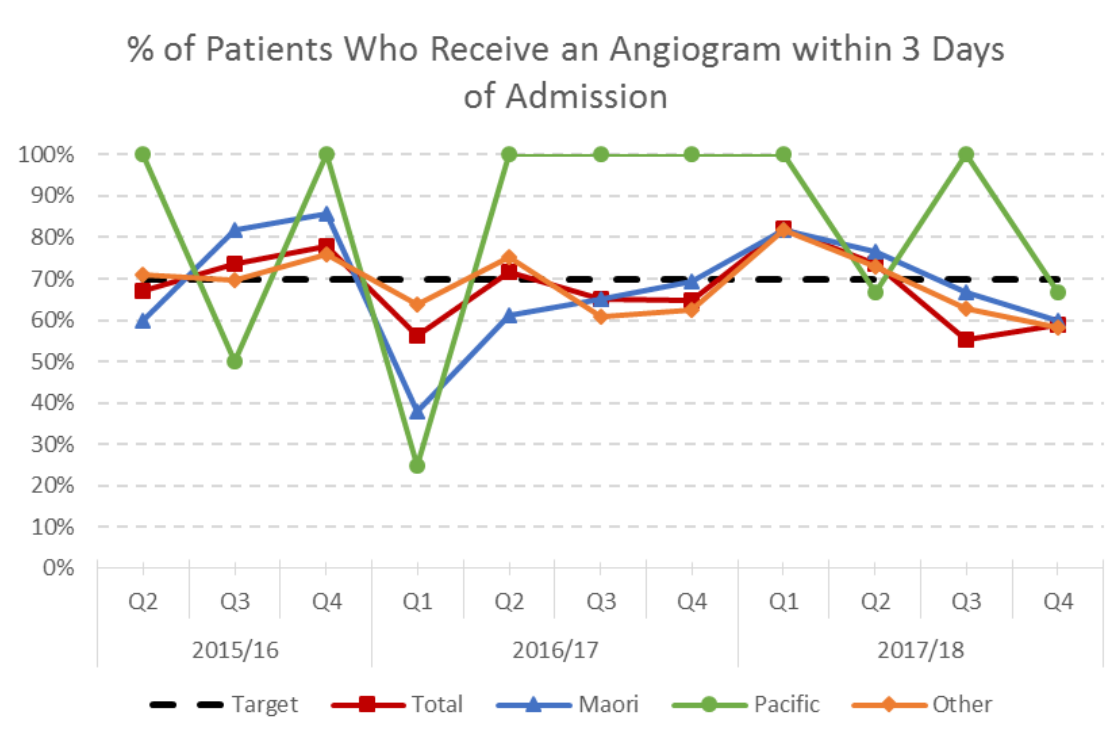

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FIGURE 2 - CONTINUED

Hawke's Bay DHB

		Target	Total	Maori	Pacific	Other
2014/15	Q1	70%	76%	91%	50%	75%
	Q2	70%	49%	33%		52%
	Q3	70%	62%	67%	50%	62%
	Q4	70%	63%	58%	50%	65%
2015/16	Q1	70%	51%	38%	50%	53%
	Q2	70%	67%	60%	100%	71%
	Q3	70%	74%	82%	50%	70%
	Q4	70%	78%	86%	100%	76%
2016/17	Q1	70%	56%	38%	25%	64%
	Q2	70%	72%	61%	100%	75%
	Q3	70%	65%	65%	100%	61%
	Q4	70%	64.7%	69%	100%	63%
2017/18	Q1	70%	82.1%	81.8%	100.0%	81.9%
	Q2	70%	73.5%	76.5%	66.7%	73.0%
	Q3	70%	55.2%	66.7%	100.0%	63.0%
	Q4	70%	58.9%	60.0%	66.7%	58.1%

FIGURE 2 comment

We have met the 70% target for three of the last eight quarters for the total population and two of the last eight for Maori. Target for Maori patients is consistent with the total performance of the quarters overall. Ethnicity is not a barrier to access to angiography once the patient has presented to secondary care. Poor performance by the HBDHB against indicators is attributed to

a) The timing of the two angiogram lists per week
b) Lack of capacity within the radiology department to extend the number of sessions offered to cardiology (although we have the ability to negotiate ad hoc short lists on a Friday if cardiologist availability and staffing allows)
c) Need to transfer the majority of patients to Wellington for angiography and CCDHB capacity to receive HBDHB patients within the timeframe
d) Regional ability to respond to peaks in demand
e) Completion of data at the time of reporting (the recommendations of the external review of HBDHB Cardiology services carried out in December 2017 highlighted that completion of ANZACs QI registry is currently a non-dedicated FTE activity, which is at the discretion of workload within the service).

The 2017 review primary recommendations include resources for the cardiology service, including angiography/PCI/Pacing addressed in the medium to long term within the service provision plan.

CHAMPION'S REVIEW OF ACTIVITY THAT WAS PLANNED TO SUPPORT THIS INDICATOR?

DATA ENTRY: HBDHB met some indicators in quarter three and four of 2017/18. This was achieved by close monitoring by the directorate leadership team in conjunction with the cardiology service. In late 2017 an external review of HBDHB cardiology services was undertaken. A subsequent strategy is being developed to implement the recommendations from this review, and will align with the cardiology service business case development.

Strategies to improve compliance to the registry data entry indicators include:

- Nursing staff, checking all incomplete forms and finalising or updating as required
- All multiple Episodes of Care (EoC) checked and corrections made as required
- Retraining on database process for staff using the system
- Month and quarter reports discussed with cardiology staff using database
- Patients transferred out from HBDHB before ACS EoC completed are followed up for database completion by CCDHB

DOOR TO CATHETER: Maintaining compliance with the door to catheter within three days indicator is challenging as there is limited access to local angiography and many of these interventions are delivered by CCDHB, which is struggling to meet demand from the region. Strategies to improve compliance include:

- Increased access to angiography suite wherever possible (resource and staffing dependant)
- Extension of the Thursday angiogram list (when possible) to capture late in the week admissions
- Ongoing partnership with flight team to 'piggyback' onto other services when possible
- Communication between CCDHB and HBDHB to support timely transfers of patients
    - Improved visibility on the Cardiac Acute Transfer Schedule (whiteboard)
    - Activation of regional response plan for 'blowout' wait lists

Since 2016, HBDHB Service Director representation has occurred in partnership with the cardiology leadership team at TAS Cardiology Regional Network meetings.

Strategies continue to ensure sustained compliance for these indicators:

- Progression with a comprehensive action plan and an initiation of formal project for the development of cardiology services in Hawke's Bay following the 2017 cardiology external review
- Cardiologist's rosters designed to ensure availability for increased coronary angiogram access.
- Locum Cardiologists support is provided when required.
- Registered nurse oversees and monitors the database in conjunction with the cardiology CNM to ensure adherence to the indicators

RECOMMENDATIONS FROM TARGET CHAMPION

The Medical Directorate leadership team in conjunction with the cardiology service will continue to monitor and review its strategies to ensure sustained compliance with both cardiovascular indicators. The service will continue to participate in TAS cardiac network activities to align with regional and national strategies.

CONCLUSION

There has been a challenge within the central region in meeting the access to angiography indicator for our total population and for Maori due to CCDHB's limited ability to meet regional demand. It is doubtful that Hawke's Bay will meet these indicators without development of a local interventional cardiology service.

HAWKE'S BAY
District Health Board
Whakawāteatia

Recommendation to Exclude the Public

Clause 32, New Zealand Public Health and Disability Act 2000

That the public now be excluded from the following parts of the meeting, namely:

20. Confirmation of Minutes of Board Meeting - Public Excluded
21. Matters Arising from the Minutes of Board Meeting - Public Excluded
22. Board Approval of Actions exceeding limits delegated by CEO
23. Chair's Update
24. Annual Plan 2018/19 (draft)
25. Māori Relationship Board
26. HB Clinical Council
27. Finance Risk and Audit Committee

The general subject of the matter to be considered while the public is excluded, the reason for passing this resolution in relation to the matter and the specific grounds under Clause 32(a) of the New Zealand Public Health and Disability Act 2000 for the passing of this resolution are as follows:

- Official Information Act 1982 9(2)(ba) to protect information which is subject to an obligation of confidence.
- Official Information Act 1982 9(g)(i) to maintain the effective conduct of public affairs through the free and frank expression of opinions between the organisation, board and officers of the Minister of the Crown.
- NZPHD Act 2000, schedule 3, clause 32(a), that the public conduct of the whole or relevant part of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under any of sections 6, 7 or 9 (except section 9(2)(g)(i) of the Official Information Act 1982).