

Minutes

Board

28 August 2024 | 10:00 AM - 01:30 PM, 1 Reserve Road, St Leonards, and Microsoft Teams

Attendees

Nigel Lyons (Chair), Carmen Rechbauer, Cathryn Cox, David Currow, Gayle Murphy, Nicholas Hawkins, and Elizabeth Salisbury.

Apologies: Darren Turner and Michael Legg

In Attendance: Stephanie Hales for Item 1.4, Nick Dunn, Rob Lindeman, Darren Croese for Item 3, Deanna Paulin, Vanessa Thomson, Rob Lindeman, Tarquin Pollock for Item 4, Deanna Paulin for Item 5, Lyn Baker for Item 7, Matthew Watts for Item 9.1, Juliana Iles-Mann and Stephen Braye for Item 10.

Secretariat: Tanya Dunn

Welcome, Acknowledgment of Country and Emergency Management

The Chair opened the meeting with Acknowledgement of Country and welcomed all attendees.

Attendance and Apologies:

Attendance and apologies were noted, with a quorum present.

Declarations of Conflict of Interest

The Board Chair requested attendees to declare any conflicts of interest.

Confirmation of previous Minutes and Review of Action Log

Board members were invited to comment on the minutes.

The draft Board meeting minutes of the 26 June 2024 were approved by the Board members as an accurate record of the meeting. The action log was reviewed, with updates provided on completed and ongoing items.

Stephanie Hales, Associate Director, Integrations Science, Forensic and Analytical Science Service presented a summary of the Forensic and Analytical Scientific Services (FASS) Investment Development (IDD). Proposal to establish a forensic precinct at Lidcombe integrating NSWHP and NSW Police Services to provide innovative forensic and scientific services to enhance the health and safety of the NSW community. The benefits include greater community health and safety, advancement of new technologies, and enhanced workforce well-being. Awaiting a response from the Police Minister

- In June 2024, the Minister for Health sought joint funding support from the Minister of Police and Counter Terrorism. Both Ministers visited the campus in July. Three options proposed, with concerns about the middle option potentially excluding important components such as central processing and digital infrastructure. The importance of digital benefits and the need for capacity for anatomical pathology, and genomics were highlighted.
- The next steps focuses on developing a business case to demonstrate the benefits and secure funding, in collaboration with the Ministry of Health and Health Infrastructure.

The Board provided support to ensure the business case includes solutions for anatomical pathology, digital pathology, and genomics. Regular updates will be provided to the Board.

Chief Executive Update

The Chief Executive report was taken as read.

Noting:

- The ongoing efforts in budget stabilisation and efficiency programs, with a focus on their alignment with the reconfiguration and standardisation initiatives, particularly on the Fusion project and the Quality Management Information System (QMIS). It was noted that plans need to be finalised within the next two months to prevent potential delays.
- Positive outcomes from recent meetings with Local Health Districts (LHDs). The newly introduced dashboard tool demonstrating pathology ordering practices has been well-received. Each LHD is implementing their own efficiency and restructuring program. Successful pathology stewardship initiatives are being scaled system-wide, focusing on demand management. LHD dashboards to be presented to the Board at the October meeting.
- Management of Beckman Coulter (BD) culture bottles is ongoing, with stock levels expected to normalise by late September 2024. Lessons learned will be incorporated into future stock and demand management.
- Trainees from the first round of the NSW Public Sector Apprentices and Trainees program are settling well into their roles across laboratories, administration offices, and collection centres throughout NSW. The Minister for Skills, TAFE, and Tertiary Education visited the Royal North Shore Hospital pathology laboratory and met with four new trainees. An announcement was made regarding the second round of traineeship, with NSWHP awaiting funding for an additional 26 trainees.
- Ongoing efforts are being made to revisit the budget and align benefits of the Fusion project.

- Discussions were held with Dr David Rue from Microsoft on collaboration with EPIC on AI initiatives. Dr Rue is being considered as a speaker for a future Board and SLT strategy workshop to be scheduled for later in the year.
- The Board acknowledged Dr Stephen Braye, Chief Medical Information Officer and Director Clinical Services, for his significant achievements and contributions over four decades of service. Dr Braye is commencing his long service leave prior to retirement.
- Ms Sharon Neville, Operations Director, Criminalistics, was recognised for her 35 years of dedicated service, along with accolades received from Police NSW.
- A briefing was provided to the Board concerning a recent incident involving the perinatal post-mortem service. An investigation is underway, and open disclosure has been conducted with the family. Support is being provided to both the family and the staff involved.
- Potential collaboration with Queensland Pathology in the fields of Digital Anatomical Pathology and Genomics is being explored to facilitate resource sharing and sub-specialisation between states.
- A discussion was held on the benefits of public pathology providers sharing information and development efforts related to activity-based costing and pricing.

The Board acknowledged the hard work and progress achieved by the staff, as highlighted in the Finance and Performance meeting, and commended their efforts to enhance collaboration with LHDs.

The Board **NOTED** the update provided.

Action: A presentation on the LHD Dashboards, focusing on pathology ordering and charges, and pathology stewardship, will be provided to the Board at the October meeting.

FY25 Budget, Forecast and Budget Stabilisation Initiatives

The Board Chair provided an overview of the NSW Health financial challenges for the year, highlighting limited discretionary funding and various savings initiatives and efficiency programs in place, with significant savings expected over the next four years.

Nick Dunn presented the financial results for FY24, including the budget and forecast results.

- An overview of the finalised budget and statement of service for FY25 was provided, with a focus on sustainability, governance, and forecasting. The budget was favourable due to a one off COVID expense adjustment from the Ministry of Health (MoH), but underlying results were unfavourable. The March certified financial statements were also unfavourable to budget.
- The budget stabilisation programs delivered a \$14.5 million benefit across both actual and budget initiatives. High vacancy rates influenced employee-related results, which improved by June 2024.
- Goods and services expenditure was impacted by supplier CPI increases above funded levels and additional maintenance costs.

- Private revenue increased but remained below pre-COVID levels. Public revenue and activity have shown a year on year increase.
- The final FY24 results were consistent with the May projections, indicating an improved financial position compared to the forecast in March.
- The total FTE count is at 4661, reflecting a net increase of 146 over the year. This includes positions funded by Police NSW and subsidies. The underlying FTE increase was 2.7%, set against a 6% rise in activity. Overtime was reduced by 5% due to the filling of vacancies.
- Employee-related expenses increased by 3.5%. Expenses for goods and services increased by 3.35%, leading to a gap in supply contracts tied to CPI.
- A total of \$25 million in efficiencies has been allocated back to LHDs for FY25, these are factored into reduced prices to LHDs.
- General fund expense budget increased by 4% (\$38 million), due to the escalation in costs for goods and services, and employee related expenses.
- Revenue budget has increased by 6.8% to \$770 million. This growth was driven by a 3.4% contribution from CPI and the remainder from FY24.
- Risks identified include the achievement of budget stabilisation targets for FY24 with lower targets, and the setting of FY25 targets at \$30 million. Concerns remain regarding the impact of CPI and the recovery of private revenue.
- The initial forecast indicated an \$8.5 million unfavourable outcome. There is a plan to achieve a \$7 million better result for FY26.
- FY24 saw a \$6 million better than budget performance, with a 4% increase in productivity efficiency due to a 6% activity increase.
- COVID funding is forecast at \$10 million for FY25, with potential to increase to \$25 million.
- Health Services Union (HSU) Award dispute identified as a potential risk impacting FY26.
- Concerns were raised regarding billing issues, particularly affecting Anatomical Pathologists, leading to potential revenue loss. Efforts are underway to ensure proper Medicare billing and classification. An end to end review of the billing process and an internal billing audit are in progress. Regular updates were recommended to be provided through the Finance and Performance Committee.

Rob Lindeman provided a presentation on the budget stabilisation programs and their strategic implications and Louise Wienholt provided a presentation related to labour management and structural reform initiatives. The discussion focused on various efficiency initiatives and financial strategies for FY25.

Noting:

- Utilising activity -based costing for peer comparison of laboratories to identify efficiencies.
- Implementing standardised and streamlined workflows to reduce low-volume testing, with data benchmarking providing insights to minimise unnecessary test ordering.
- Identifying anomalies in test configurations and standardising methods.
- Changes in relationships between laboratories and on-site testing, including the use of point of care testing to achieve system savings.
- Engaging with LHDs around private revenue and new services agreements.
- Standardising research billing to align with clinical care costs.
- Changes in ordering and usage of consumables, and the removal of redundant equipment, and review of maintenance contracts.
- Next steps: Engaging leaders in strategy implementation and maintain staff engagement in efficiency initiatives. Provide regular updates on financial forecasts and the progress of these initiatives to the Board.

Comments and reflections:

- A discussion was held on the need for cost recovery in research billing without imposing excessive premiums.
- An agreement to initiate discussions with clinical research support teams and explore potential internal investments with the Strategic Leadership Team before presenting back to the Board.
- The challenges in implementing changes were noted, highlighting the importance of site ownership and clear messaging to avoid negative perceptions.
- Challenges faced by Aboriginal people in accessing pathology services was noted, highlighting the need for targeted traineeships, workforce opportunities, and creating safe touchpoints for Aboriginal communities.
- The reliance on ICT support and the need for detailed planning, particularly with SDPR and Fusion programs were noted. A workshop will be conducted to explore interdependencies and ensure feasibility of planned changes.
- The importance of fostering a strong and positive culture as part of the change process was highlighted.

The Board expressed their support for the ongoing initiatives and appreciated the efforts of the team's involved.

Action Initiate discussions with the Strategic Leadership Team on research billing improvements and research support teams and provide an update to the Board at a future meeting.

The Board **NOTED** the update provided and will receive regular progress updates.

Supporting Scientific Workforce of the Future

Vanessa Thomson, Director, Scientific and Technical, presented an overview of the progress and future strategies for supporting the scientific workforce of the future.

- A focus on standardising work practices, laboratory structures, staffing profiles, and IT systems for scientific and technical staff.
- Current challenges include outdated and inconsistent awards, disparities in duties, as well as a high training workload due to inconsistent practices and policies.
- The implementation of a training and competency framework to support workforce development and ensure that all staff are trained and assessed according to the new standards.
- Exploring the implementation of a risk-based model for training and competency assessments.
- The brief outlined three strategic horizons; immediate standardisation of laboratory structures and staffing profiles; *short-term* standardisation of work policies and training over the next two years; and *long-term* preparation for future laboratory configurations and technological advancements. The training and competency framework will be continuously monitored and adjusted based on feedback and evolving needs.

The Board **NOTED** the overview provided and expressed interest in receiving an update on laboratories of the future at a future Board meeting.

Update on the Technical Officer and Scientific Officer Dispute

Deanna Paulin provided an update on progress on the Technical Officer and Scientific Officer dispute.

- An agreement has been negotiated towards an interim Award to facilitate the conversion of Technical Officers to Hospital Scientists under specific conditions.
- The next steps involve finalising the interim award and submitting to Commissioner J McDonald for consideration at a mid-September hearing. In addition, an implementation timetable will be developed, and a communication strategy to effectively inform staff about the changes and new processes.

The Board **NOTED** the update provided and requested regular progress updates.

The Board acknowledged the team's efforts and achievements in reaching our current position.

It was suggested to present this as a case study to the MoH.

Culture, Safety and Wellbeing

The Culture, Safety and Wellbeing report was taken as read.

Deanna Paulin noted the following:

- The Agency Performance Adjustment (APA) achieved favourable results for FY22-23 and FY 23-24, with improvements and projected refunds. Effective management of work health and safety and workers compensation risks were highlighted.
- The People Matter Employee Survey (PMES) results are expected in October, with an updated People and Culture scorecard to be presented in November 2024.

Finance and Performance Committee

The Finance and Performance Committee report was taken as read.

Gayle Murphy, Acting Chair of the Finance and Performance Committee noted the following:

- The team's efforts in stabilising projects were acknowledged, which results exceeding expectations in 2024. The need for monthly reviews was highlighted.
- Communications are being revised to ensure the information shared is valuable for both LHDs and staff.
- The effectiveness of the pathology stewardship program and its timeline was acknowledged.

The Board **NOTED** the update provided.

Audit and Risk Management Committee

The Audit and Risk Management Committee report was taken as read.

Lyn Baker, Chair of the Audit and Risk Management Committee noted the following:

- The 2023-24 internal audit plan is nearly complete, with two final audits scheduled for the September meeting. The focus at the September meeting will be on financial statements.
- The Committee noted a several risks outside of appetite, which were raised at the previous Committee meeting. Significant work on reviewing these risks has occurred, with a report to be discussed at the September Committee meeting.

Tammy Boone provided an overview of the risk report.

- A risk maturity assessment is underway from July 2024-October 2024.
- Work is continuing on combining and updating the SLT Strategic Risks and general strategic risks.
- An analysis of clinical operations risks includes 18 external risks and 13 risks within appetite.
- The risk review is ongoing, with an updated risk report to be compiled for the September Committee meeting.
- There was discussion on the necessity of Board involvement in any changes to the risk appetite statement.

Action: A review of the risk appetite and statement will be discussed during the October Strategic Leadership Team meeting and subsequently presented to the Board at the October Board meeting.

The Board **NOTED** the update provided.

Quality and Clinical Safety Committee

The Quality and Clinical Safety Committee report was taken as read.

Nick Hawkins, Chair of the Quality and Clinical Safety Committee noted the following:

- A discussion held around setting internal targets and gathering accurate data for certain performance indicators, with a focus on setting realistic and achievable internal targets while meeting external requirements and reporting.

The Board **NOTED** the update provided.

Clinical Council

Report only by exception. No update was provided.

- The Board acknowledged and commended the efforts in resolving the blood culture issue and the positive outcome achieved through collaboration.

Medical Staff Executive Council

Report only by exception. Elizabeth Salisbury, Chair, Medical Staff Executive Council, noted feedback from the recent Town Hall with Vanessa Janissen, highlighting high participation and the inclusion of questions from members across the state.

The Board **NOTED** the update provided.

Medical and Dental Appointments Advisory Committee

The Medical and Dental Appointments Advisory Committee report was taken as read.

Report only by exception.

Fusion and Single Digital Patient Record

Juliana Iles Mann provided an update on the Fusion Program year to date June 2024 and budget rebaseline.

Noting:

- The primary focus was on the budget, including revisions for the current year and changes for the next six months.
- Significant revisions have been made to identify opportunities for savings and benefit realisations. The current request at \$150.09 million, with a recommendation to accept an increase of \$2 million over the initial approved budget \$148 million. Two contingency lines, totalling \$8.1 million, were reintroduced into the budget to specifically support operational implementation expenses. The revised allocation of resources, including support for implementation and additional operational ICT resources, were discussed. The scope and content of the program of work, including the laboratory network, QMIS and reporting, were highlighted.

- Final confirmation of the licensing and hosting costs for EPIC and IMCS is still pending, which may impact the budget. The finalisation of all benefits templates are ongoing. Strategies for third-party and middleware systems are being finalised. Efforts are underway to distinguish between Fusion benefits and Single Digital Patient Record (SDPR) benefits, with an independent assessment required by the MoH.
- The Board endorsed the revised Fusion budget of \$150,091,904, noting the amount held in contingency of \$8.1 million to specifically support operational expenses.
- The Board expressed their appreciation for the extensive work undertaken in revising the budget and managing costs.
- The Board Chair again acknowledged Dr Stephen Braye for his significant contributions to the Fusion Program and NSWHP during his career, as he prepares for retirement.

The Board **NOTED** the update provided.

Items without Notice

The Board Chair invited Board members to raise any items without notice.

- The concern regarding the cytology workforce and the establishment of a centralised Cytology Academy was discussed. An analysis of the cytology service has been undertaken, and a copy of the analysis white paper will be shared with the Board.
- The signed Statement of Service was acknowledged. The role of the Board, as referenced in the Act, was highlighted. It was agreed to incorporate specific elements into the annual assessment of the Board, scheduled for October.

Action: Elizabeth Salisbury to share a copy of the white paper on the analysis of the Cytology Service with the Board.

Action: Cybersecurity will be discussed at the October Board meeting, focusing on critical assets.

Board Evaluation

Reflections:

- Positive feedback was received on the improved strategic finance presentation.
- A discussion was held on the importance of Board members visiting different sites to gain a better understanding of NSWHP beyond the executive level.
- Appreciation was expressed for the hard work and dedication of staff, and recognition was given for the alignment with NSWHP's strategy.
- The Board Chair thanked Board members for their reflections on today's Board meeting.

With no other business to come before the meeting, the meeting was closed at 1.27pm.

For Information

NSW Health Pathology Scorecard

The Scorecard was provided for information and taken as read.

Medical and Dental Appointments Advisory Committee Meeting Minutes

Noted for information.

Finance and Performance Committee Meeting Minutes

Noted for information.

Audit and Risk Management Committee Meeting Minutes

Noted for Information.

Clinical Council Committee Meeting Minutes

Noted for information.

Quality and Clinical Safety Committee Meeting Minutes

Noted for information.

Medical Staff Executive Council Committee Meeting Minutes

Noted for information.

Statement of Service

Noted for information.

Meeting Close

Endorsed by Nigel Lyons. Board Chair, NSW Health Pathology

