



Memo

To: **DHB BOARD**

From: Chris Fleming, Chief Executive Officer

Date: 18 February 2010

Re: **LETTER OF EXPECTATIONS FOR DISTRICT HEALTH BOARDS**

Attached is a copy of the Minister's Letter of Expectations for District Health Boards. The expectations are very consistent with the messages that we have been receiving for some time. The draft District Annual Plan is aligned to these expectations.

Recommendation

That the Board:

- **Receives this report**

Chris Fleming



Office of Hon Tony Ryall

Minister of Health
Minister of State Services

11/2 SMT ✓

9 FEB 2010

Mr Murray Cleverly
Chair
South Canterbury District Health Board
Private Bag 911
TIMARU 7940

Dear Mr Cleverly

Letter of Expectations for District Health Boards and their subsidiary entities for the 2010/11 year

This Government wants **better, sooner, more convenient** health care for all New Zealanders. This means strong priority must be given to improving frontline services and to operating within the approved financial budget.

The global economic crisis is impacting on Government revenues. New Zealand still faces several years of major financial deficits, and therefore the future increases in Vote Health will be smaller than in previous years.

At the same time New Zealanders understandably want better services from the large sums of money already invested in the health sector. The challenge for all of us is to improve the delivery of services at the same time as coping with ongoing fiscal restraint.

All DHBs must budget within their allocations and establish specific action plans to improve financial performance. This means your Board should be able to clearly demonstrate how it effectively takes ownership of financial performance and will develop and implement specific actions to live within its means year on year.

This will require much better financial management across the health sector. The Government is no longer in a position to top up DHB budgets to meet unexpected shortfalls. Similarly, equity and debt will be more constrained, so Boards will need to prioritise capital more closely and fund more from internal resources. DHB deficits must be quickly worked out of the system. We will continue to regularly discuss with you your quarterly performance.

Expectations of all District Health Boards:

Improving service and reducing waiting times

New Zealanders want the public health service to reduce excessive patient waiting times. Resources must be focused on supporting frontline services, so you can achieve more progress in this area. You should work with the Ministry to implement productivity and quality and safety improvements.

Specifically, we expect you to:

- **Increase elective surgical volumes year on year.** This includes both first specialist assessments and surgery. While the Government will help by building capacity in the public sector, we expect DHBs to move away from reliance on spot purchasing from the private sector. Instead you should consider sustainable longer-term relationships to help grow elective surgery.
- **Improve Emergency Department waiting times.** Emergency Departments are a barometer of how well a whole hospital is doing. We expect improved performance in line with the 6 hour length of stay target.
- **Improve cancer treatment waiting times.** We expect shorter intervals between patients' diagnosis and treatment, particularly radiation treatment.

Next Steps in the Primary Health Care Strategy

New Zealanders want better access to a wider range of services closer to home. Closer integration of services across the care continuum will improve convenience for patients and reduce pressure on hospitals. Expressions of Interest have been received, and business cases are being developed from those selected. Those DHBs not involved in this should be working with their Primary Health Organisations (PHOs) to advance initiatives.

Specifically, we expect you to:

- Work with community and hospital clinicians to provide a wider range of services in community settings as appropriate and specify these in your DAP.
- Provide these services at no cost to patients.
- Actively investigate and facilitate the opportunities that exist in your district to consolidate PHOs where appropriate, acknowledging existing provider networks.

Clinical Leadership

Clinical leadership is internationally recognised as a fundamental driver of improved patient care. It is also pivotal to greater job satisfaction for the health workforce.

Feedback from clinicians often contradicts statements from DHB leaders that clinical leadership has been achieved. Good boards understand that the best clinical environments can only be achieved with engaged input from clinicians. We expect you to strengthen clinical engagement from the governance level throughout the organisation.

Regional Co-operation

Greater collaboration between neighbouring and close Boards is an essential part of our future direction, to maximise clinical and financial resources. We expect you to accelerate closer collaboration with your neighbouring and close DHBs, including Regional Service Plans and clinical networks. We are not interested in process but results. We expect to see real gains from this collaborative endeavour identified in your DAP. Any disputes should be referred to the National Health Board.

More Unified system

Historically, DHBs often reinvent the wheel 21 times. That's why the National Health Board has been established to ensure that the public health service operates more effectively as a unified system.

We acknowledge that you are working constructively with the National Health Board to meet our expectations. We have received overwhelming support for the shared services approach to make the most of collective procurement and back office rationalisation. We look forward to working with you on other improvements flowing from the MRG Report such as quality and safety.

We look forward to receiving your DAP and Statement of Intent showing how you will progress the expectations outlined in this letter.

The year ahead will be challenging for the public health service. The Government will appreciate your strong focus on improving productivity and getting best value for every health dollar, and this will be a primary accountability in our discussions with you.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Tony Ryall', with a horizontal line underneath the name.

Hon Tony Ryall
Minister of Health