Southern District Health Board

Piki Te Ora

Statement of Performance Expectations 2021/22

Presented to the House of Representatives pursuant to section 149 (L) of the Crown Entities Act 2004

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OUR VALUES

Kind Manaakitanga

Looking after our people : we respect and support each other. Our hospitality and kindness foster better care.

Open Pono

Being sincere: we listen, hear and communicate openly and honestly and with consideration for others. Treat people how they would like to be treated.

Positive Whaiwhakaaro

Best action: we are thoughtful, bring a positive attitude and are always looking to do things better.

Community Whānaungatanga

As family: we are genuine, nurture and maintain relationships to promote and build on all the strengths in our community.

ANNUAL PLAN DATED

(Issued under Section 38 of the New Zealand Public Health and Disability Act 2000)

OUR VISION

Better health, better lives, whānau ora

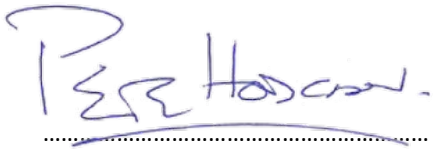
OUR MISSION

We work in partnership with people and communities to achieve their optimum health and wellbeing. We seek excellence through a culture of learning, inquiry, service and caring.

Table of Contents

1.0 Signature Page

This Annual Plan is signed and approved by the Minister of Health, Minister of Finance, the Chair and Chief Executive of the Southern DHB, as required under section 38(3) of the New Zealand Public Health and Disability Act 2000.



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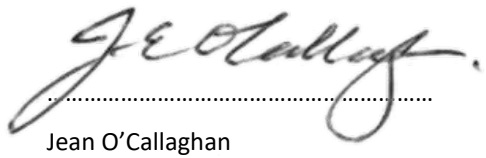
Pete Hodgson
Chair
Southern District Health Board
Date: 29 June 2021



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Jean O'Callaghan
Board member
Southern District Health Board
Date: 29 June 2021

2.0 Statement of Performance Expectations

This Statement of Performance Expectations sets out the four Output Classes that Southern DHB will deliver in the 2021/22 financial year.

Kev Facts about Southern DHB

Crown Entity (established under *New Zealand Public Health & Disability Act 2000*)

Purpose:

- Improve, promote and protect the health of our population
- Promote the integration of health services across primary and secondary care services
- Seek the optimal arrangement for the most effective and efficient delivery of health services in order to meet local, regional and national needs
- Reduce health disparities by improving health outcome for Māori and other population groups
- Manage national strategies and implementation plans
- Develop and implement strategies for the specific health needs of the local population

Vision: *Better Health, Better Lives, Whānau Ora*

Values:

Kind- Manaakitanga
Open –Pono
Positive – Whaiwhakaaro
Community - Whanaungatanga

Governance: Chair Hon. Pete Hodgson

Population: Approximately 353, 100 people live within Southern DHB boundaries.

Southern DHB's Statement of Intent (SOI)[1] provides the basis for our Statement of Performance Expectations (SPE), outlining the strategic directions for the DHB for the next four years, and defining the performance framework and outcomes that we are aiming to achieve

How Will We Demonstrate Success?

The SPE presents a view of the range and performance of services provided for our population across the continuum of care.

As a DHB we aim to make positive changes in the health status of our population over the medium to longer term. As the major funder and provider of health and disability services in the Southern district, the decisions we make about the services to be delivered have a significant impact on our population.

If coordinated and planned well, these will improve the efficiency and effectiveness of the whole Southern health system.

There are two series of measures that we use to evaluate our performance: outcome and impact measures which show the effectiveness over the medium to longer term (3-5 years); and output measures which show performance against planned outputs (what services we have funded and provided in the past year).

On an annual basis, we evaluate our performance by providing a forecast of the services we plan to deliver in the coming year and the standards we expect to meet. We then report actual performance against this forecast in our end-of-year Annual Report[2].

[1]Southern DHB's Statement of Intent (SOI) is available on the DHB's website http://www.southerndhb.govt.nz

[2]The Annual Report is tabled in Parliament and will be available on the DHB's website.

CHOOSING MEASURES OF PERFORMANCE

To make all this happen we have to balance our investment so we can deliver services now and into the future. In 2021/22, the Southern DHB plans to spend approximately $1.3 billion in delivering the following four Outputs funded through Vote Health:

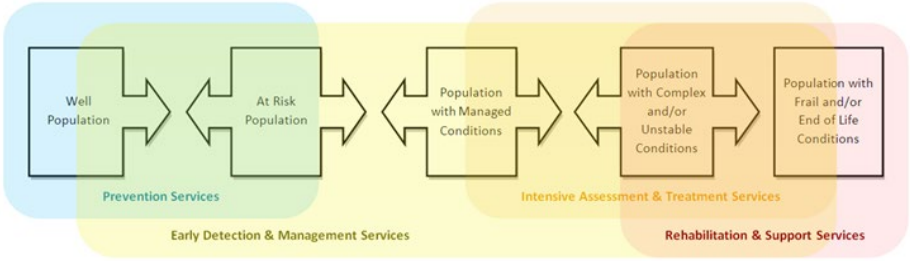
Output 1: Prevention Services;

Output 2: Early Detection and Management Services;

Output 3: Intensive Assessment & Treatment Services; and

Output 4: Rehabilitation & Support Services.

Figure 1: Scope of DHB operations - output classes against the continuum of care



Identifying a set of appropriate measures for each output class can be difficult. We cannot simply measure 'volumes' of service delivered. The number of services delivered or the number of people who receive a service is often less important than whether 'the right person' or 'enough' of the right people received the service, and whether the service was delivered 'at the right time'. In order to best demonstrate this, we have chosen to present our statement of performance expectations using a mix of measures of Timeliness (T), Volume (V), Coverage (C) and Quality (Q).

Wherever possible, past years' baseline and national results are included to give context in terms of what we are trying to achieve and to support evaluation of our performance over time. Services have also been grouped into one of the four 'output classes' that are a logical fit with the continuum care and are applicable to all DHBs.

SETTING STANDARDS

In setting performance targets, we have considered the changing demographics of our population, increasing demand for health services and the assumption that funding growth will be limited. Targets tend to reflect the objective of maintaining performance levels against increasing demand growth but reducing waiting times and delays in treatment to demonstrate increased productivity and capacity. Targets that demonstrate growth in service activity or the establishment of new services tend to be based in primary and community settings (closer to people's own homes) and are set against programmes that will support people to stay well and reduce demand for hospital and residential care. Our targets also reflect our commitment to reducing inequities between population groups, and hence some measures appropriately reflect a specific focus on high need groups. Measures that relate to new services have no baseline data.

WHERE DOES THE MONEY GO?

Table 1 overleaf presents a summary of the budgeted financial expectations for 2021/22, by output class.

Table 1: Revenue and expenditure by Output Class 2021/22

REVENUE	Total $'000
Prevention	17,243
Early Detection and Management	246,677
Intensive Assessment & Treatment	791,865
Rehabilitation & Support	186,566
Total Revenue	**1,242,351**

EXPENDITURE	Total $'000
Prevention	17,243
Early Detection and Management	239,881
Intensive Assessment & Treatment	830,861
Rehabilitation & Support	178,673
Total Expenditure	**1,266,658**
Net Surplus / (Deficit) – $' 000	**(24,307)**

Table 2: Revenue and expenditure by Output Class 2019/20 – 2024/25

Revenue & Expenditure by Output Class	2019/20 Actual $' 000	2020/21 Forecast $' 000	2021/22 Budget $' 000	2022/23 Projection $' 000	2023/24 Projection $' 000	2024/25 Projection $' 000
Prevention Services						
Revenue	20,245	18,610	17,243	17,746	18,257	18,783
Expenditure	(20,245)	(18,610)	(17,243)	(17,746)	(18,257)	(18,783)
Net Result	0	0	0	0	0	0
Early Detection and Management Services						
Revenue	221,604	229,251	246,677	252,107	262,963	274,235
Expenditure	(219,815)	(229,707)	(239,881)	(249,132)	(258,694)	(268,597)
Net Result	1,788	(456)	6,796	2,975	4,269	5,638
Intensive Assessment and Treatment						
Revenue	695,300	781,109	791,865	828,225	854,584	881,807
Expenditure	(789,619)	(805,266)	(830,861)	(853,891)	(884,234)	(910,460)
Net Result	(94,319)	(24,157)	(38,996)	(25,666)	(29,650)	(28,653)
Rehabilitation and Support						
Revenue	162,918	167,600	186,566	186,714	192,901	199,296
Expenditure	(160,841)	(168,130)	(178,672)	(183,258)	(187,943)	(192,747)
Net Result	2,077	(530)	7,894	3,456	4,958	6,549
Share of Loss in associates	0	0	0	0	0	0
Total Revenue per DHB Consolidated Financials	1,100,066	1,196,570	1,242,351	1,284,791	1,328,704	1,374,120
Total Expenditure per DHB Consolidated Financials	(1,190,520)	(1,221,713)	(1,266,658)	(1,304,027)	(1,349,127)	(1,390,588)
Net Surplus / (Deficit)	**(90,454)**	**(25,143)**	**(24,307)**	**(19,236)**	**(20,423)**	**(16,467)**

NOTE:

Rather than repeating footnotes, the following symbols have been used in the performance tables:

E Some services are demand driven and it is not appropriate to set targets: instead estimated volumes are provided to give context as to the use of resource across our system.

Δ Performance data provided by external parties can be affected by a delay in invoicing and results are subject to change.

❖ Performance data for some programmes relate to the calendar rather than financial year.

✞ System Level Measure.

SUMMARY TABLES: INDICATOR REPORTING PERIODS

Measure	Period value represents
Percentage of children fully immunised at age 8 months	Annual performance
Percentage of children fully immunised at age 2 years	Annual performance
Percentage of eligible girls and boys fully immunised with HPV vaccine	Annual performance
Percentage of people (≥ 65 years) having received a flu vaccination	flu season
Percentage of enrolled patients who smoke and are seen by a health practitioner in primary care and offered brief advice and support to quit smoking	Q4 value
Infants exclusively or fully breastfeeding at 3 months	Annual performance (calendar year)
Percentage of 4 year old children receiving a B4 School Check	Annual performance
Percentage of obese children identified in the B4 School Check programme offered a referral to a health professional for clinical assessment and family-based nutrition, activity and lifestyle interventions	Annual performance
Percentage of eligible women (50-69 years) having a breast cancer screen in the last 2 years	Previous two years
Percentage of eligible women (25-69 years) having a cervical cancer screen in the last 3 years	Previous five years
Percentage of eligible preschoolers enrolled in community oral health services	Annual performance (calendar year)
Percentage of children caries-free at five years of age	Annual performance (calendar year)
Avoidable Hospital Admissions rates for children (0-4 years)	Year to Q3
Number of people receiving a brief intervention from the primary mental health service	Annual performance
Percentage of the population identified with diabetes having good or acceptable glycaemic control	Annual performance
Ratio of repeat pharmacy prescriptions to new prescriptions.	Annual Performance
Percentage of accepted referrals for Computed Tomography (CT) scans receiving procedure within 42 days	Annual performance
Percentage of accepted referrals for Magnetic Resonance Imaging (MRI) scans receiving procedure within 42 days	Annual performance
Percentage of patients to receive their first cancer treatment (or other management) within 62 days of being referred with a high suspicion of cancer and a need to be seen within 2 weeks	Annual performance

Measure	Period value represents
Percentage of young people (0-19 years) accessing specialist mental health services	Year to Q3
Percentage of adults (20-64 years) accessing specialist mental health services	Year to Q3
Percentage of people who have a transition (discharge) plan	Year to Q3
Percentage of people (0-19 years) referred for non-urgent mental health or addiction DHB Provider services who access services in a timely manner	Year to Q3
People are assessed, treated or discharged from ED in under 6 hours	Annual performance
Number of people presenting at ED	Annual performance
Number of elective surgical service discharges	Annual performance
Percentage of elective and arranged surgery undertaken on a day case basis	Annual performance
Percentage of people receiving their elective and arranged surgery on day of admission	Annual performance
Number of elective surgical services (CWDs) delivered (elective initiative)	Annual performance
Outpatient appointments where the patient was booked but did not attend (DNA) **by ethnicity**	Annual performance
Number of maternity deliveries in Southern DHB facilities	Annual performance (calendar year)
Percentage of pregnant women registered with a Lead Maternity Carer in the first trimester	Annual performance (calendar year)
Proportion of AT&R inpatients discharged to their own home rather than ARC	Annual performance
Percentage of aged care residents who have had an InterRAI assessment within 6 months admission	Annual performance
Percentage of people ≥ 65 years receiving long-term home support who have a Comprehensive Clinical Assessment and an Individual Care Plan	Annual performance
Total number of eligible people aged ≥ 65 years supported by home and community support services	Average annual performance
Percentage of HCSS support workers who have completed at least Level 2 in the National Certificate in Community Support Services (or equivalent)	Snapshot reported as at 30 June
People (65+) accessing the community-based falls prevention service	Annual performance
Number of Rest Home Bed Days per capita of the population aged over 65 years	Annual performance

2.1 PREVENTION SERVICES

Preventative services are publicly funded services that protect and promote health in the whole population or identifiable sub-populations comprising of services designed to enhance the health status of the population as distinct from treatment services which repair/support health and disability dysfunction.

Preventative services address individual behaviours by targeting population wide physical and social environments to influence health and wellbeing.

Preventative services include health promotion to ensure that illness is prevented and unequal outcomes are reduced; statutorily mandated health protection services to protect the public from toxic environmental risk and communicable diseases; and, population health protection services such as immunisation and screening services.

On a continuum of care these services are public wide preventative services.

WHY IS THIS OUTPUT CLASS SIGNIFICANT FOR THE DHB?

New Zealand is experiencing a growing prevalence of long-term conditions such as diabetes, cancer, cardiovascular disease and respiratory disease, which account for a significant number of presentations in primary care and admissions to hospital and specialist services. These diseases are largely preventable.

By improving environments and raising awareness, preventative services support people to make healthier choices – reducing major risk factors that contribute to long-term conditions and delaying or reducing the impact of these conditions. High-needs and at-risk population groups are also more likely to engage in risky behaviours and to live in environments less conducive to making healthier choices.

Prevention services are our best opportunity to target improvements in the health of high-needs populations and to reduce inequalities in health status and health outcomes.

HOW WE WILL MEASURE PERFORMANCE OF OUR PREVENTION SERVICES

Output Class: Prevention Services

Sub Output Class	Measure	Notes		Actual 2019/20	Target 2020/21	Target 2021/22
Immunisation Services These services reduce the transmission and impact of vaccine-preventable diseases. The DHB works with primary care & allied health professionals to improve the provision of immunisations both routinely and in response to specific risk. A high coverage rate is indicative of a well-coordinated, successful service.	Percentage of children fully immunised at age 8 months	C†	Total	95%	>95%	>95%
			Māori	90%		
	Percentage of children fully immunised at age 2 years	C	Total	95%	>95%	>95%
			Māori	96%		
	Percentage of eligible boys and girls fully immunised with HPV vaccine	C	Total	65%	>75%	>75%
			Māori	63%		
	Percentage of people (≥ 65 years) having received a flu vaccination	C	Total	54%	>75%	>75%
			Māori	44%		
Health Promotion & Education Services These services inform people about risks and support them to be healthy. Success begins with awareness and engagement, reinforced by programmes and legislation that support people to maintain wellness and make healthier choices.	Percentage of enrolled patients who smoke and are seen by a health practitioner in primary care and offered brief advice and support to quit smoking	C†	Total	73%	>90%	>90%
			Māori	74%		
	Infants exclusively or fully breastfeeding at 3 months	Q Δ	Total	64%	>60%	>60%
			Māori	57%		
Population Based Screening These services help to identify people at risk of illness and pick up conditions earlier. The DHB's role is to encourage uptake, as indicated by high coverage rates.	Percentage of 4 year old children receiving a B4 School Check	C	Total	78%	>90%	>90%
			Quintile 5	74%		
	Percentage of obese children identified in the B4 School Check programme offered a referral to a health professional for clinical assessment and family-based nutrition, activity and lifestyle interventions	Q†	Total	92%	>95%	>95%
	Percentage of eligible women (50-69 years) having a breast cancer screen in the last 2 years	C	Total	66%	>70%	>70%
			Māori	63%		
	Percentage of eligible women (25-69 years) having a cervical cancer screen in the last 3 years	C	Total	71%	80%	>80%
			Māori	63%		

2.2 EARLY DETECTION AND MANAGEMENT

Early detection and management services are delivered by a range of health and allied health professionals in various private, not-for-profit and government service settings. Include general practice, community and Māori health services, Pharmacist services, Community Pharmaceuticals (the Schedule) and child and adolescent oral health and dental services.

These services are by their nature more generalist, usually accessible from multiple health providers and from a number of different locations within the DHB.

On a continuum of care these services are preventative and treatment services focused on individuals and smaller groups of individuals.

WHY IS THIS OUTPUT CLASS SIGNIFICANT FOR THE DHB?

New Zealand is experiencing an increasing prevalence of long-term conditions, so called because once diagnosed people usually have them for the rest of their lives. Some population groups suffer from these conditions more than others, and prevalence also increases with age.

By promoting regular engagement with health and disability services, we support people to maintain good health through earlier diagnosis and treatment, intervene in less invasive and more cost-effective ways with better long-term outcomes.

Our vision to better integrate services presents a unique opportunity to reduce inefficiencies across the health system and provide access to a wider range of publicly funded services closer to home. Providing flexible and responsive services in the community, without the need for a hospital appointment, better supports people to stay well and manage their condition.

HOW WE WILL MEASURE PERFORMANCE OF OUR EARLY DETECTION AND MANAGEMENT SERVICES

Output Class: Early Detection and Management

Sub Output Class	Measure	Notes		Actual 2019/20	Target 20/21	Target 2021/22
Oral Health These services are provided by registered oral health professionals to help people maintain healthy teeth and gums. High enrolment indicates engagement, while timely examination & treatment indicates successful preventative treatment and education.	Percentage of 0-4 enrolled in community oral health services	C ❖	Total	84%	>95%	>95%
			Māori	63%		
	Percentage of children caries-free at five years of age	Q ❖	Total	69%	>70%	>70%
			Māori	56%		
Primary Health Care Services These services are offered in local community settings by general practice teams and other primary health care professionals, aimed at improving, maintaining or restoring people's health. High levels of enrolment or uptake of services are indicative of engagement, accessibility & responsiveness of primary care services.	Avoidable Hospital Admissions[3] rates for children (0-4 years)	Q ✞	Total	5,496	<5,570	<5,570
			Māori	6,685	<5,570	<5,570
	Number of people receiving a brief intervention from the primary mental health service	V	Total	7,025	>7,000	>7,000
	Ratio of repeat pharmacy prescriptions to new prescriptions.		Total	N/A	N/A	<1.0
	Percentage of the population identified with diabetes having good or acceptable glycaemic control[4]	C	Total	54%	>60%	>60%
			Māori	46%		
Community Referred Testing & Diagnostics These are services which a health professional may use to help diagnose a health condition, or as part of treatment. While services are largely demand driven; faster & more direct access aids clinical decision-making, improves referral processes & reduces the wait for treatment.	Percentage of accepted referrals for Computed Tomography (CT) scans receiving procedure within 42 days	T	Total	58%	>85%	>85%
	Percentage of accepted referrals for Magnetic Resonance Imaging (MRI) scans receiving procedure within 42 days	T	Total	44%	>67%	>67%
	Percentage of patients to receive their first cancer treatment (or other management) within 62 days of being referred with a high suspicion of cancer and a need to be seen within 2 weeks	T †	Total	65%	>90%	>90%

[3] Avoidable Hospital Admissions are admissions to hospital seen as preventable through appropriate early intervention and therefore provide an indication of access to and effectiveness of primary care, the interface between primary and secondary services. The measure is a national DHB performance indicator (SI1), and is defined as the standardised rate per 100,000. The definition for this measure is being revised nationally and was not available at the time of printing – targets will be confirmed once the definition is set.

[4] An annual HbA1c test of patient's blood glucose levels is seen as a good means of assessing the management of their condition - HbA1c <64mmol/mol reflects an acceptable blood glucose level.

2.3 Intensive Assessment And Treatment

Intensive assessment and treatment services are delivered by a range of secondary, tertiary and quaternary providers using public funds. These services are usually integrated into facilities that enable co-location of clinical expertise and specialized equipment such as a 'hospital'. These services are generally complex and provided by health care professionals that work closely together.

Intensive assessment and treatment services include:

- Ambulatory services (including outpatient, district nursing and day services) across the range of secondary preventive, diagnostic, therapeutic, and rehabilitative services
- Inpatient services (acute and elective streams) including diagnostic, therapeutic and rehabilitative services
- Emergency Department services including triage, diagnostic, therapeutic and disposition services

On a continuum of care these services are at the complex end of treatment services and focussed on individuals.

Why is this Output Class Significant for the DHB?

Equitable, timely access to intensive assessment and treatment can significantly improve people's quality of life either through early intervention or through corrective action. Responsive services and timely treatment support improvements across the whole system and give people confidence that complex intervention is available when needed. People are then able to establish more stable lives, resulting in improved public confidence in the health system.

As an owner of these services, Southern DHB is also committed to providing high quality services. Quality improvement in service delivery, systems and processes will improve patient safety, reduce the number of events causing injury or harm and improve health outcomes.

Adverse events and delays in treatment, as well as causing harm to patients, drive unnecessary costs and redirect resources away from other services. Appropriate and quality service provision will reduce readmission rates and better support people to recover from complex illness and/or maximise their quality of life.

How we will measure performance of our intensive assessment and treatment Services

Output Class: Intensive Assessment and Treatment						
Sub Output Class	Measure	Notes		Actual 2019/20	Target 2020/21	Target 2021/22
Specialist Mental Health These are services for those most severely affected by mental illness or addictions. They include assessment, diagnosis, treatment, rehabilitation and crisis response when needed. Utilisation and wait times are monitored to ensure service levels are maintained and to demonstrate responsiveness to need.	Percentage of young people (0-19 years) accessing specialist mental health services	C Δ	Total	5.29%	>3.75%	>3.75%
			Māori	6.02%		
	Percentage of adults (20-64 years) accessing specialist mental health services	C Δ	Total	4.33%	>3.75%	>3.75%
			Māori	8.96%	>5.22%	>5.22%
	Percentage of people who have a transition (discharge) plan	Q	Total	54%	>70%	>70%
	Percentage of people (0-19 years) referred for non-urgent mental health or addiction DHB Provider services who access services in a timely manner	T	< 3 weeks	70%	>80%	>80%
			< 8 weeks	88%	>95%	>95%
Acute Services These are services for illnesses that may have a quick onset, are often of short duration and progress rapidly, for which the need for care is urgent. Hospital-based services include EDs, short-stay acute assessments and intensive care services.	People are assessed, treated or discharged from ED in under 6 hours	T†	Total	81%	>95%	>95%
	Number of people presenting at ED	V	Total	77, 311	< 85,000	< 85,000
Elective Services (Inpatient & Outpatient) These are services for people who do not need immediate hospital treatment and are 'booked' or 'arranged' services. They include elective surgery, but also nonsurgical interventions (such as coronary angioplasty) and specialist assessments (either first assessments, follow-ups or preadmission assessments).	Number of elective surgical service discharges[5]	V†	Total	11,179	>12,588	12,588
	Percentage of elective and arranged surgery undertaken on a day case basis	Q	Total	57%	>60%	>60%
	Percentage of people receiving their elective and arranged surgery on day of admission	Q	Total	88%	>95%	>95%
	Number of inpatient elective and arranged surgical services (CWDs) delivered)	V	Total	17,292	>18,311	18,464

[5] This measure is based on the MOH Planned Care Initiative, which replaces the Elective Initiative for 2019/20. 2017/18 Actual and Target 2018/19 have been recalculated using the new planned care definition.

Output Class: Intensive Assessment and Treatment (continued)						
Sub Output Class	Measure	Notes		Actual 2019/20	Target 2020/21	Target 2021/22
Maternity Services These services are provided to women and their families through pre-conception, pregnancy, childbirth and the early months of a baby's life. Services are provided by a range of health professionals, including midwives, GPs and obstetricians. Utilisation is monitored to ensure service levels are maintained and to demonstrate responsiveness to need.	Number of maternity deliveries in Southern DHB facilities[6]	V E	Total	3,439	3,400	3,400
			Māori	453	560	560
	Percentage of pregnant women registered with a Lead Maternity Carer in the first trimester	Q	Total	79.2%	>80%	>80%
Assessment Treatment & Rehabilitation (AT&R) These are services provided to restore functional ability and enable people to live as independently as possible. Services are delivered in specialist inpatient units and outpatient clinics. An increase in the rate of people discharged home with support, rather than to residential care or hospital environments (where appropriate) reflects the responsiveness of services.	Proportion of AT&R inpatients discharged to their own home rather than ARC[7]	T	<65 years	N/A	N/A	>85%
			≥65 years	N/A	N/A	>75%

[6] This is a new measure for 21/22
[7] This is a new measure for 21/22

2.4 Rehabilitation & Support

Rehabilitation and support services are delivered following a 'needs assessment' process and co-ordination input by NASC Services for a range of services including palliative care, home-based support and residential care services.

On a continuum of care these services will provide support for individuals.

Why is this Output Class Significant for the DHB?

Services that support people to manage their needs and live well, safely and independently in their own homes are considered to provide a much higher quality of life, as a result of people staying active and positively connected to their communities. This is evident by less dependence on hospital and residential services and a reduction in acute illness, crisis or deterioration leading to acute admission or re-admission into hospital services. Even when returning to full health is not possible, timely access to responsive support services enables people to maximise function and independence.

In preventing deterioration and acute illness or crisis, these services have a major impact on the sustainability of hospital and specialist services and on the wider health system in general by reducing acute demand, unnecessary ED presentation and the need for more complex intervention.

Support services also include palliative care services for people who have end-stage conditions. It is important that they and their families are appropriately supported, so that the person is able to live comfortably, have their needs met in a holistic and respectful way and die without undue pain and suffering.

How we will measure performance of our Rehabilitation and Support services

Output Class: Rehabilitation and Support					
Sub Output Class	Measure	Notes	Actual 2019/20	Target 2020/21	Target 2021/22
Needs Assessment & Services Coordination Services These are services that determine a person's eligibility and need for publicly funded support services and then assist the person to determine the best mix of supports based on their strengths, resources and goals.	Percentage of aged care residents who have had an InterRAI[8] assessment within 6 months admission	Q Δ	75%	>95%	>95%
	Percentage of people ≥65 years receiving long-term home support who have a Comprehensive Clinical Assessment & an Individual Care Plan	Q	99%	>95%	>95%
Home and Community Support Services (HCSS) These are services designed to support people to continue living in their own homes and to restore functional independence. An increase in the number of people being supported is indicative of the capacity in the system, and success is measured against delayed entry into residential or hospital services with more people supported to live longer in their own homes.	Total number of eligible people aged over 65 years supported by home and community support services	E	4,474	4,800	4,800
	Percentage of HCSS support workers who have completed at least Level 2 in the National Certificate in Community Support Services (or equivalent)	Q Δ	86%	>80%	>80%
Rehabilitation These services restore or maximise people's health or functional ability following a health-related event. They include mental health community support, physical or occupational therapy, treatment of pain or inflammation and retraining to compensate for lost functions.	People (65+) accessing the community-based falls prevention service[9]		N/A	N/A	1,865
Age Related Residential Care These services are provided to meet the needs of a person who has been assessed as requiring long-term residential care in a hospital or rest-home indefinitely.	Number of Rest Home Bed Days per capita of the population aged over 65 years	V	5.8	<6.11	<6.11

[8] InterRAI is an evidence-based geriatric assessment tool the use of which ensures assessments are high quality and consistent and that people receive equitable access to support and care.

[9] This is a new measure for 21/22

3.0 Financial Performance

3.1 Forecast Financial Statements

The projected DHB deficit for 2021/22 is $24.3 million. This reflects the ongoing work implementing changes to operating models in the current year and the three out-years.

It has been highlighted over the past few years that the DHB must invest in services and facilities to continue to meet the health demands from the population groups it serves. The investment in the Primary & Community Strategy continues as the catalyst for the fundamental shift in service delivery across the Southern district.

Table 3: DHB Consolidated Prospective Net Results

DHB Consolidated Prospective Net Results	2019/20 Actual $' 000	2020/21 Forecast $' 000	2021/22 Budget $' 000	2022/23 Projection $' 000	2023/24 Projection $' 000	2024/25 Projection $' 000
Governance	(220)	297	0	(1,110)	(1,149)	(1,189)
Funds	5,382	(1,614)	19,617	9,698	13,471	17,463
Provider	(95,616)	(23,826)	(43,924)	(27,824)	(32,745)	(32,741)
Net Surplus / (Deficit)	**(90,454)**	**(25,143)**	**(24,307)**	**(19,236)**	**(20,423)**	**(16,467)**

The focus is on valuing patient time as a key driver for change in the DHB. By rethinking the models of care, investing and coordinating the process change across the DHB to drive the pace of change required to take the DHB forward. The budget for 2021/22 continues to reflect the investments on the pathway to a sustainable future across all areas of healthcare delivery.

Key Assumptions

Key assumptions include:

- Successful delivery of the programme of change through service alignment initiatives.
- The improvement of information delivery primarily due to investment in IT systems.
- Achieving elective surgery targets to ensure receipt of the associated revenue.
- Investment in cancer care and diagnostics to reduce patient waiting lists.
- Managing personnel cost growth and the impacts from national collective agreements and workforce retention / recruitment issues.
- Continuing the focus on management of expenditure through regional alignment, national procurement and shared services activity.
- Effective capital expenditure to enhance service delivery and continue on the pathway to robust Asset Management Plan.
- Managing the working capital and cash position to minimise the cost of capital.
- Accelerated depreciation for Dunedin Hospital is recognised and included in the budgeted deficit.
- The liability from the Holidays Act 2003 continues to be accrued, which is included in the budgeted deficit.
- The cost to complete a detailed business case for the digital investment for the new Dunedin hospital is included in the budget and contributes to the deficit.

Significant Assumptions

The DHBs key assumptions relating to the 2021/22 budgeted financial statements are summarised below:

- Funding is based on the Government Allocations under Population Based Funding (PBF). Southern DHB's share of the pool is projected to decrease marginally year on year as shown below.

Table 4: Southern DHB PBF projections

DHB	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Southern	6.77%	6.75%	6.73%	6.70%	6.67%	

- Despite the decreasing share of PBF revenue, Government allocated revenue is forecast to increase.
- The investments include outsourcing to meet capacity constraints, implementing the Primary & Community Strategy Action Plan, increasing ICU capacity, progressively reducing the vacancy factor, resourcing for growth in Lakes region and implementing change management processes with the focus on valuing patient time.
- Demographic driven service growth continues to be projected as follows;

Table 5: Southern DHB demographic driven service growth

DHB	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Southern	2.22%	1.99%	1.85%	1.64%	1.55%	

- Incremental savings and efficiency targets have been built into baseline budgets.

- Costs associated with the activities of New Zealand Health Partnership Ltd (NZHPL) are included.
- Acute demand continues to increase, however the DHB plans to meet the elective targets set.
- The Holidays Act 2003 requirements will be remediated once national decisions have been made on a number of issues. We have included the payment being made in the 2021/22 year and this will require additional funding to support the cashflow.

3.2 Capital Expenditure and Capital Funding

Southern DHB has an on-going need for capital expenditure. Capital Expenditure is shown in Table 6.

Table 6: Planned Capital Expenditure

Planned Capital Expenditure	2019/20 Actual $' 000	2020/21 Forecast $' 000	2021/22 Budget $' 000	2022/23 Projection $' 000	2023/24 Projection $' 000	2024/25 Projection $' 000
Clinical Capital	13,024	13,495	27,945	18,125	12,390	12,865
Building Capital	8,629	4,401	18,997	14,676	13,892	14,110
Strategic Capital	6,698	7,905	18,810	11,627	2,904	3,194
Information Systems Capital	4,279	7,106	13,318	9,664	7,542	7,060
Total capital expenditure budget	**32,630**	**32,907**	**79,070**	**54,092**	**36,728**	**37,229**

The capital investment needs are spread across the DHB with services (demographics), technology, productivity, and quality requirements all driving demand for capital expenditure. The development and refinement of the Asset Management Plan currently in progress is critical for effective assessment of expenditure especially for the Interim Works on the Dunedin Hospital site.

Interim Works

The ICU redevelopment will be completed and fully operational in the 2021/22 year. There are ongoing deferred maintenance projects required to sustain the operational capability of Dunedin Hospital from 2020/21 through to the new Dunedin Hospital. A significant number of projects are included and the final timing of these is to be refined. The most pressing are the new CT & MRI in Dunedin to reduce diagnostic wait times and the development of a MAU in Dunedin hospital to improve bed utilisation. In Southland Hospital the replacement of the CT and potential extension to the ED will be progressed, along with a fifth theatre.

Baseline Clinical Capital

A Contingency fund is included within the baseline investment level to ensure the Southern DHB has the ability to meet expenditure that has arisen through items such as unexpected failures and changes in legislation.

Capital Financing and Debt Facilities

Financing for capital expenditure and the cash requirements for the DHB are shown in Table 7. The key component of financing highlighted is as follows;

- The working cash flow will require careful management. This together with the extensive capital investments required will result in an overdraft facility being utilised. Deficit support will be required when the Holidays Act 2003 liability is to be paid to staff.

Table 7: Planned Capital Financing

Planned Capital Financing	2019/20 Actual $' 000	2020/21 Forecast $' 000	2021/22 Budget $' 000	2022/23 Projection $' 000	2023/24 Projection $' 000	2024/25 Projection $' 000
Deficit Support	80,000	0	0	90,628	0	0
Equity for Capital Projects	4,744	1,309	14,709	9,082	0	0
Equity repaid	(707)	(707)	(707)	(707)	(707)	(707)
Cash Balance	31,011	14,394	(28,507)	(45,348)	(58,055)	(66,366)

The DHB has the following financing arrangements in place:

Table 8: DHB Financing Arrangements

Facility/Lender	Facility $' 000	Amount Drawn	Due date	Rate
Crown Debt	(0)	(0)	Qrtly instalment	0.00%
Finance Leases	1,091	1,091	Mthly & Qrtly instalment	0.00%
	1,091	1,091		

Asset Valuations and Disposals

Land and buildings are revalued to fair value as determined by an independent registered valuer. The last revaluation was undertaken as at 30 June 2018. The revaluation is undertaken with sufficient regularity to ensure the carrying amount is not materially different to fair value. At each year-end a fair value assessment is undertaken to confirm the carrying amount is not materially different to fair value.

Buildings with known asbestos issues were impaired by $20 million as at 30 June 2017 in accordance with PBE IPSAS 21 – Impairment of Non-Cash Generating Assets. This resulted in a decrease in the carrying cost of the assets as well as a corresponding reduction in the revaluation reserve. As remedial work is undertaken on the buildings, the DHB increases the carrying cost of the asset by the value of the remediation work.

Future valuations of Land and Buildings will be adjusted to include the essential capital maintenance at the Dunedin Hospital site to ensure the buildings are maintained to a minimum standard until the new Dunedin Hospital is operational.

The DHB will ensure that disposal of land or buildings transferred to, or vested in it pursuant to the Health Sector (Transfers) Act (1993) will be subject to approval by Minister of Health. The DHB will ensure that the relevant protection mechanisms that address the Crown's obligations under the Treaty of Waitangi and any processes relating to the Crown's good governance obligations in relation to Māori sites of significance and that the requirements of section 40 of the Public Works Act and Ngai Tahu Settlements Act are addressed. Any such disposals are planned in accordance with s42(2) of the NZPHD Act 2000.

Valuation of Land and Buildings at 30 June 2018

Tony Chapman of Colliers Otago undertook a valuation of the Southern DHB land and buildings portfolio at 30 June 2018. As a result a revaluation of $34,570,000 was made to land and buildings at 30 June 2018 based on the existing useful lives. The Minister of Health has announced an intention to build a new Dunedin Public Hospital. The Ministry of Health has commenced work with the concept design being developed, land purchased and demolition on-site in progress.

3.3 Prospective Financial Statements

In accordance with the new Accounting Standards Framework the District Health Board is classified as a Tier 1 Public Sector Public Benefit Entity (PBE).

Table 9: DHB Consolidated Statement of Prospective Financial Performance

DHB Consolidated Statement of Prospective Financial Performance	2019/20 Actual $' 000	2020/21 Forecast $' 000	2021/22 Budget $' 000	2022/23 Projection $' 000	2023/24 Projection $' 000	2024/25 Projection $' 000
Revenue						
PBF Funding Package	945,394	1,029,374	1,071,204	1,108,696	1,147,501	1,187,663
Inter District Revenue	23,648	25,986	27,338	28,344	29,387	30,469
Funder Side Contracts	80,541	84,175	90,254	93,413	96,682	100,066
Provider Misc Revenues	50,483	57,034	53,556	54,338	55,135	55,923
Total Revenues	1,100,066	1,196,569	1,242,352	1,284,791	1,328,705	1,374,121
less Personnel Expenses						
Medical Personnel	(156,219)	(158,537)	(162,040)	(165,803)	(171,605)	(177,612)
Nursing Personnel	(201,693)	(183,051)	(197,346)	(199,377)	(206,355)	(213,578)
Allied Health Personnel	(57,719)	(63,472)	(68,310)	(70,257)	(72,716)	(75,261)
Support Services Personnel	(6,169)	(6,744)	(6,990)	(7,178)	(7,430)	(7,690)
Management/Admin Personnel	(55,633)	(57,859)	(61,503)	(63,123)	(65,333)	(67,619)
Personnel Costs Total	(477,433)	(469,663)	(496,189)	(505,738)	(523,439)	(541,760)
less Non Personnel Expenditure						
Outsourced Services Expenses	(48,797)	(55,084)	(52,426)	(53,998)	(55,618)	(57,287)
Clinical Supplies Expenses	(109,059)	(121,547)	(115,854)	(120,084)	(123,687)	(127,397)
Infrastructure & Non Clinical Supplies Expenses	(88,494)	(88,953)	(94,778)	(101,221)	(107,334)	(108,524)
Total Non-Personnel Expenditure	(246,350)	(265,584)	(263,058)	(275,303)	(286,639)	(293,208)
less Provider Payments						
Personal Health Expenses	(270,490)	(281,133)	(290,255)	(300,415)	(310,929)	(321,811)
Mental Health Expenses	(30,105)	(32,879)	(36,587)	(37,502)	(38,439)	(39,400)
Disability Support Expenses	(154,465)	(161,466)	(171,158)	(175,437)	(179,823)	(184,319)
Public Health Expenses	(10,331)	(9,108)	(6,531)	(6,694)	(6,862)	(7,033)
Maori Health Expenses	(1,344)	(1,880)	(2,881)	(2,938)	(2,997)	(3,057)
Total Provider Payments	(466,736)	(486,466)	(507,412)	(522,986)	(539,050)	(555,620)
Total Expenses	(1,190,519)	(1,221,713)	(1,266,659)	(1,304,027)	(1,349,128)	(1,390,588)
Net Surplus / (Deficit)	**(90,454)**	**(25,143)**	**(24,307)**	**(19,236)**	**(20,423)**	**(16,467)**
Supplemental Information						
Depreciation Charges	(25,063)	(30,781)	(33,077)	(41,111)	(41,933)	(42,772)
Interest Costs	(236)	(17)	(50)	(100)	(100)	(100)
Capital Charge	(9,651)	(7,899)	(7,142)	(6,627)	(10,615)	(9,559)
Total IDCC Costs	(34,950)	(38,697)	(40,269)	(47,838)	(52,648)	(52,431)
Medical FTE	613	650	676	676	676	676
Nursing FTE	1,834	1,889	1,953	1,953	1,953	1,953
Allied FTE	709	731	769	769	769	769
Support FTE	99	103	104	104	104	104
Management/Admin FTE	732	745	750	750	750	750
Total FTE	3,987	4,118	4,252	4,252	4,252	4,252

Table 10: DHB Consolidated Prospective Balance Sheet

DHB Consolidated Prospective Balance Sheet	2019/20 Actual $' 000	2020/21 Forecast $' 000	2021/22 Budget $' 000	2022/23 Projection $' 000	2023/24 Projection $' 000	2024/25 Projection $' 000
Current Assets:						
Cash & Bank Accounts	31,011	14,394	7	7	7	7
Prepayments	3,635	2,868	2,868	2,923	2,979	3,035
Inventory	6,095	5,235	5,235	5,334	5,435	5,539
Accounts Receivable	46,183	47,149	45,606	46,472	47,355	48,257
Total Current Assets	86,924	69,646	53,716	54,736	55,776	56,838
Current Liabilities:						
Bank overdraft and current debt	(962)	(234)	(28,617)	(45,458)	(58,165)	(66,476)
Creditors provisions and payables	(153,311)	(149,574)	(154,007)	(162,127)	(166,490)	(170,990)
Total Current Liabilities	(154,273)	(149,808)	(182,624)	(207,585)	(224,655)	(237,466)
Net Working Capital	(67,348)	(80,162)	(128,908)	(152,848)	(168,879)	(180,629)
Non Current Assets:						
Land , Buildings, Plant and Equipment	329,770	325,358	371,351	384,332	379,125	373,581
Long Term Investments	0	0	0	0	0	0
Total Non Current Assets	329,770	325,358	371,351	384,332	379,125	373,581
Non Current Liabilities:						
Long Term Debt	(1,091)	(857)	(857)	(761)	(653)	(533)
Other Liabilities	(95,338)	(102,888)	(110,438)	(19,810)	(19,810)	(19,810)
Net Equity	**165,993**	**141,452**	**131,148**	**210,912**	**189,783**	**172,609**

Table 11: DHB Consolidated Statement of Prospective Changes in Equity

DHB Consolidated Statement of Prospective Changes in Equity	2019/20 Actual $' 000	2020/21 Forecast $' 000	2021/22 Budget $' 000	2022/23 Projection $' 000	2023/24 Projection $' 000	2024/25 Projection $' 000
Total Equity at beginning of period	172,410	165,993	141,452	131,147	210,913	189,783
Net Result for the period - Governance	(220)	297	0	(1,110)	(1,149)	(1,189)
Net Result for the period - Funds	5,382	(1,614)	19,617	9,698	13,471	17,463
Net Result for the period - Provider	(95,616)	(23,826)	(43,924)	(27,824)	(32,745)	(32,741)
Revaluation of Fixed Assets	0	0	0	0	0	0
Other movement	0	0	0	0	0	0
Equity Repaid (Revaluation funding)	(707)	(707)	(707)	(707)	(707)	(707)
Equity Injections for Capital	4,744	1,309	14,709	9,082	0	0
Equity Injections for Deficit	80,000	0	0	90,628	0	0
Total Equity at end of Period	**165,993**	**141,452**	**131,147**	**210,913**	**189,783**	**172,609**

Table 12: DHB Consolidated Statement of Prospective Cash Flows

DHB Consolidated Statement of Prospective Cash Flows	2019/20 Actual $' 000	2020/21 Forecast $' 000	2021/22 Budget $' 000	2022/23 Projection $' 000	2023/24 Projection $' 000	2024/25 Projection $' 000
Operating Cashflows						
Cash inflows from operating activities	1,097,687	1,195,536	1,239,659	1,283,739	1,327,607	1,373,003
Cash outflows from operating activities	(1,113,027)	(1,178,414)	(1,217,475)	(1,345,459)	(1,302,841)	(1,343,326)
Net cash inflows(outflows) from operating activities	(15,340)	17,122	22,184	(61,720)	24,766	29,677
Investing Cashflows						
Cash inflows from investing activities	312	232	236	238	240	243
Cash outflows from investing activities	(27,344)	(34,323)	(79,070)	(54,092)	(36,726)	(37,229)
Net cash flows from investing activities	(27,033)	(34,091)	(78,834)	(53,854)	(36,486)	(36,986)
Financing Cashflows						
Cash inflows from financing activities	84,744	1,309	14,709	9,081	0	0
Cash outflows from financing activities	(1,473)	(957)	(960)	89,652	(987)	(1,002)
Net cashflows from financing activities	83,271	352	13,749	98,733	(987)	(1,002)
Net increase/(decrease) in cash held	40,899	(16,617)	(42,901)	(16,841)	(12,707)	(8,311)
Add opening balance	(9,888)	31,011	14,394	(28,507)	(45,348)	(58,055)
Closing cash balance	**31,011**	**14,394**	**(28,507)**	**(45,348)**	**(58,055)**	**(66,366)**