

Te Whatu Ora Board Paper

New Dunedin Hospital Pathology Review

Date:	16 August 2023	Author:	Monique Fowler, Director Delivery, Infrastructure and Investment Group
For your:	Approval	Approved by:	Jeremy Holman, Chief Infrastructure and Investment Officer, Infrastructure and Investment Group
Seeking funding:	No	Funding implications:	No
To:	Board		

Purpose

1. The purpose of the paper is to provide Te Whatu Ora Board (“Board”) with the outcome of the pathology review undertaken to determine the clinical and operational feasibility of a stat lab function in the New Dunedin Hospital (“NDH”) Inpatient Building and recommend the proposed way forward.

Recommendations

2. The Board is asked to:
 - a) **note** that at the Capital and Infrastructure Committee (“Committee”) meeting of 10 August 2023, the Committee discussed the NDH Outpatient Pathology review and recommended that this proceed to Board for approval, subject to the feedback addressed in this paper.
 - b) **agree** with the pathology review, that a single off-site pathology service, to service the NDH, is the most efficient solution.
 - c) **approve** further work to identify options for an integrated pathology service provision including location and funding options.
 - d) **approve** the installation of a pneumatic tube from the NDH to the current hospital pathology laboratory to ensure pathology services are provided to the NDH whilst further work on the options is carried out.
 - e) **approve** the removal of the 350m2 laboratory provision within the NDH Inpatient Building which will allow the space to be repurposed and free up the Mental Health Services for Older Persons (“MHSOP”) ward to be available for fitout when demand requires it.
 - f) **note** that the Minister of Health will be provided with a briefing on the outcomes of the pathology review including options for the provision of pathology services and the Board’s recommendations.

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- g) **note** that this paper will not be shared with Te Aka Whai Ora as they are represented on the NDH Project Steering Group..
- h) **note that the author does not recommend** this paper be released proactively in full. The paper should be withheld in its entirety as the pathology review is under active consideration and is confidential as per Section 9(2)(i) & (j) Commercial Activities and Negotiations.

Contribution to strategic outcomes

- 3. The strategic outcomes for the development of NDH have not changed since the approval of the Detailed Business Case by Cabinet in 2021.
- 4. This paper regards routine administration relating to the construction of the NDH.

Executive summary

- 5. The planned provision of pathology services to support NDH was originally based on the current split service model with 1300m² within the current hospital and the balance of services provided off-site.
- 6. When the value management exercise, undertaken in 2022, reduced the in-hospital laboratory from 1300m² to 350m², a review was sought to confirm the efficacy of the in-hospital provision.
- 7. The pathology review has now been completed and found that 350m² would not be big enough to support an on-site 'stat' laboratory. As a result, either the on-site space has to increase, or the off-site laboratory has to be larger.
- 8. The recommendation from the review team of experts is that a single 4000m² off-site laboratory, within close proximity to the NDH, is the most efficient method of providing pathology services, rather than the current split model. There is no current funding available to implement this recommendation, nor is there a suitable location identified for this option.
- 9. The recommendation for the provision of pathology services to NDH is that current pathology service provision remains with the addition of a pneumatic tube to the NDH. This will allow the current pathology allocation of 350m² within the NDH to be removed and repurposed to free up the MHSOP ward to be available for fitout when demand requires it.
- 10. Investigations will continue as to what might be an appropriate location and funding source for the recommended option provided by the pathology review.

Discussion

- 11. The NDH pathology review was considered by the Committee on 10 August 2023.
- 12. The Committee recommended that the pathology review progress to Board and commented on the following areas:
 - a) It is not acceptable to build the NDH without pathology services and there must be clear and specific communication that this will not be the case.
 - b) The provision of the pathology will require extra funding both capex and opex, but an integrated pathology service will likely provide efficiencies in the provision of pathology services.

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- c) The Committee were weary of advancing the pathology review recommended option without some initial scoping and hesitant to make a formal decision without oversight of extra budget considerations.
- d) The Board will require an understanding of the options and how this will achieve a desirable, workable outcome. Information on the options are provided below.

Pathology Service Options

13. The options to deliver pathology services to the NDH are as follows:
- a) **Do Nothing** – Retain the current pathology split service provision model and make provision for a pneumatic tube to run between the current hospital laboratory and the NDH. The cost of the pneumatic tube, ~\$5 million, is provisioned within the NDH budget.
 - b) **Increase the ‘stat’ laboratory size within the NDH to 600m2 with the balance in a new offsite location to be determined in the future** – This option was not recommended as it would take significant redesign of NDH to accommodate the extra space and does not resolve the split site issue.
 - c) **Move the Hospital based Lab to a new Shelled Building (1300m2) closer to NDH, maintain the community-based lab in existing location** – Initial cost estimates of this option is around \$17 million. This option is not recommended as there is no funding or identified location and it does not resolve the split site issue. If adopted, it maybe that the pathology service provider or other private sector developer could undertake the build, but this would need further investigation.
 - d) **Build a new 4000m2 building incorporating an integrated hospital and community pathology lab** – Initial cost estimates of this option is around \$45 million. This option is recommended as the most efficient in terms of delivering pathology services. However, no location for this building has been identified and no funding is available. If adopted, it maybe that the pathology service provider or other private sector developer could undertake the build, but this would need further investigation.
14. The current feasible option is to ensure that pathology services are provided to the NDH via the pneumatic tube to the existing service provision. This will allow time to investigate the option for a new integrated service both in terms of location and funding. The provision of the tube will not be a regrettable spend as the optioning around the location of the new service is likely to be somewhere between the current laboratory site and the NDH.

Financial implications

15. It was always going to be necessary to provide off-site pathology to support the NDH. The review has clarified the size the off-site facility that it needs to be.
16. All the above options, except ‘Do Nothing’ will have funding implications not envisaged to be funded from the current NDH appropriation. Additional funding, whether it is capital or operating, will need to be sought.

17. Further analysis will need to be completed on the delivery options for an off-site pathology laboratory. However, an allowance in the upcoming Infrastructure Investment Plan should be considered to ensure funding is available if the most appropriate option is that Te Whatu Ora fund the capital required.

Te Aka Whai Ora Comments

18. Te Aka Whai Ora are represented on the Project Steering Group and through that forum have endorsed the recommendations in this paper.

Next steps

19. If the Board agrees to the recommendations in this paper, the NDH the design team will be instructed, and stakeholders will be informed.
20. A communications plan has been drafted and will be finalised based on the Board's final decision, including an update to the Minister of Health.
21. Work will start on developing options and costs for an off-site pathology provision to support a recommendation for Board consideration.