



Te Whatu Ora
Health New Zealand

Briefing

Interprofessional Learning Centre

Date due:	19 May 2023	Priority:	Urgent
Security classification:	In Confidence	Reference:	HNZ00019210
Copy to:	Prof Helen Nicholson, Acting Vice-Chancellor, University of Otago Peter Winder, Chief Executive, Te Pūkenga Naomi Ferguson, Chair, Te Whatu Ora		

Minister:	Action sought:	Action required by:
Hon Dr Ayesha Verrall, Minister of Health	Agree that the budget constraints and cost pressures being experienced by Te Whatu Ora, Te Pūkenga and the University of Otago means that while Interprofessional Learning remains a priority, building a new Interprofessional Learning Centre is no longer financially feasible nor a priority.	26 May 2023
Hon Grant Robertson, Minister of Finance	Agree that the budget constraints and cost pressures being experienced by Te Whatu Ora, Te Pūkenga and the University of Otago means that while Interprofessional Learning remains a priority, building a new Interprofessional Learning Centre is no longer financially feasible nor a priority.	26 May 2023
Hon Jan Tinetti, Minister of Education	Agree that the budget constraints and cost pressures being experienced by Te Whatu Ora, Te Pūkenga and the University of Otago means that while Interprofessional Learning remains a priority, building a new Interprofessional Learning Centre is no longer financially feasible nor a priority.	26 May 2023



Te Whatu Ora
Health New Zealand

Contact for discussion			
Name	Position	Phone	1 st contact
Fepulea'i Margie Apa	Chief Executive, Te Whatu Ora	s 9(2)(a)	X
Prof Helen Nicholson	Vice-Chancellor, University of Otago		
Peter Winder	Chief Executive, Te Pūkenga	s 9(2)(a)	

The following departments/parties have been consulted:	
University of Otago	Te Pūkenga
The Treasury	Tertiary Education Commission
Ministry of Health	

Minister's office to complete

- Approved
- Declined
- Noted
- Needs change
- Seen
- Overtaken by Events
- See Minister's Comments
- Withdrawn

Comments:

Minister's office to complete

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Comments:

Briefing: HN200019210: Interprofessional Learning Centre



Briefing

Interprofessional Learning Centre

Date Due:	19 May 2023	Action required by:	26 May 2023
Security classification:	In Confidence	Priority:	Routine
To:	Hon Dr Ayesha Verrall, Minister of Health		
	Hon Grant Robertson, Minister of Finance		
	Hon Jan Tinetti, Minister of Finance		
Copy to	Prof. Helen Nicholson, Vice-Chancellor, University of Otago Peter Winder, Chief Executive, Te Pūkenga Naomi Ferguson, Chair, Te Whatu Ora		

Purpose

1. This joint briefing, from Te Whatu Ora, the University of Otago and Te Pūkenga, provides you with information relating to the parties' commitment to interprofessional education and their recommendation as to the proposed Interprofessional Learning Centre planned for Dunedin.

Recommendations

Te Whatu Ora recommends that you:

	Minister of Health	Minister of Finance	Minister of Education
a) Note that a priority for all three parties is to work towards a more culturally competent and representative health workforce and enhance interprofessional education.	<input checked="" type="checkbox"/> Noted	<input type="checkbox"/> Noted	<input type="checkbox"/> Noted
b) Note the budget constraints and cost pressures being experienced by Te Whatu Ora, Te Pūkenga and the University of Otago	<input checked="" type="checkbox"/> Noted	<input type="checkbox"/> Noted	<input type="checkbox"/> Noted
c) Agree that the budget constraints and cost pressures being experienced by Te Whatu Ora, Te Pūkenga and the University of Otago means, while Interprofessional Learning remains a priority, building a new	<input checked="" type="checkbox"/> Yes / No	<input type="checkbox"/> Yes / No	<input type="checkbox"/> Yes / No



Te Whatu Ora
Health New Zealand

Minister of Health Minister of Finance Minister of Education

Interprofessional Learning Centre is no longer financially feasible, nor a priority.

- d) **Note** that work will continue between the three parties to develop interprofessional education as part of the workforce strategy, including the potential to reactivate an Interprofessional Learning Centre proposal at a future point in time. Noted Noted Noted


- e) **Agree** that a business case for the Interprofessional Learning Centre is not required to come to Ministers in August 2023. Yes / No Yes / No Yes / No



Hon Dr Ayesha Verrall
Minister of Health




Fepulea'i Margie Apa
Chief Executive
Te Whatu Ora – Health New Zealand

Date: 

Hon Grant Robertson
Minister of Finance

Date: 19/5/2023

Date: 

Hon Jan Tinetti
Minister of Education

Date: 11/06/2023



Summary

1. Working towards a more culturally competent and representative health workforce is a priority for Te Pūkenga, the University of Otago and Te Whatu Ora and a shared goal of its collaboration. A workforce that reflects the communities it serves will improve health outcomes for all. An important enabler of a fit-for-purpose future workforce is interprofessional education.
2. Cost pressures and budget constraints are being experienced by all three parties, requiring each party to prioritise their funding and make difficult choices. Choices that involve the provision of services, redundancies and reduced capital plans.
3. Given the organisational and economic changes that have impacted the operations and all three parties, and the escalating costs of the Interprofessional Learning Centre (ILC), none now believe the development of the ILC is a high priority for their scarce resources.
4. The ILC concept remains a shared vision of the parties, albeit one that cannot now be realised in the short to medium term.
5. The parties remain committed to interdisciplinary learning as a pillar of future health training programmes and will continue to work towards growing interdisciplinary training through their respective investments in health education. Opportunities to enhance this commitment include:
 - a. the delivery of initiatives aligned with Te Whatu Ora anticipated workforce plan
 - b. the development and design of new programmes of learning by the University of Otago and Te Pūkenga.

Background

6. Te Pūkenga, the University of Otago and Te Whatu Ora are partners in the delivery of an education health workforce, including the provision of Dunedin Hospitals status as a teaching hospital.
7. Since 2019, the then Southern District Health Board, the University of Otago and the then Otago Polytechnic (now Te Pūkenga) have collaborated on an ILC project.
8. The ILC is proposed to bring together four key elements:
 - a. the Professional Development Unit (PDU) at Dunedin hospital
 - b. parts of the University of Otago's wider health sciences education activities as well as its Advanced Learning Medicine programme
 - c. all educational components both theoretical and clinical, for Te Pūkenga nursing, midwifery, and occupational therapy schools
 - d. simulation and interprofessional education activity undertaken in partnership between the University of Otago, Te Whatu Ora and Te Pūkenga.



9. The cost of the ILC estimated in 2020 was \$50 million, and was planned to be split three ways and funded by each party in the following manner:
 - Te Whatu Ora - \$17 million has been set aside as part of the New Dunedin Hospital budget.
 - University of Otago – to fund its contribution as part of its general capital programme.
 - Te Pūkenga – Otago Polytech initially envisaged a contribution of \$17 million towards the ILC. While awaiting the completion of the business case, no budgetary provision for this investment was made prior to the dissolution of Otago Polytechnic as a subsidiary of Te Pūkenga.
10. The Ministers of Health and Finance have requested that a business case for the ILC be presented in August for their consideration and this briefing seeks to outline the reasons why none of the three parties see the ILC as a priority for funding.

Discussion

Hospitals and health systems cannot function without an educated workforce

11. The importance of quality health education training for the health workforce is undeniable. Health education delivery that is appropriate for, and flexible in response to, changing standards and practices in clinical care underpins the relationship between Te Whatu Ora, University of Otago and Te Pūkenga. All three parties recognise the need to prioritise and ensure sustainability of health education.
12. In addition, the parties seek to enable an enhanced interdisciplinary learning experience that will better ready the workforce for contemporary practice.
13. Working towards a more culturally competent and representative health workforce is a priority for all three parties and a shared goal of its collaboration. A workforce that reflects the communities it serves will improve health outcomes for all. An important enabler of a fit-for-purpose future workforce is interprofessional education.
14. Te Whatu Ora Workforce Taskforce is one of three taskforces appointed to make rapid progress on urgent system pressures. Its role is to provide an enabling function for a whole-of-system workforce view recommending options for the removal of barriers to our desired future workforce state—an agile, responsive, inclusive workforce that is underpinned by Te Tiriti, Pae Ora and equitable outcomes.
15. The Taskforce will work with employers and educational parties, among others, to accelerate the need for trained workforce in priority service areas while national strategic workforce initiatives are being implemented.

Future of Interprofessional Education

16. There is a shared desire amongst the parties to implement a programme to grow interdisciplinary clinical teams that are empowered to work across the system. The teams would also be supported to best respond to new and emerging models of care to better meet the needs of Māori and diverse communities (e.g. increasing nurse and pharmacy prescribers and growing new workforces) and, via innovative pathways, to help deepen and prioritise developing cultural competency and cultural safety.
17. In the short term, there are a great number of non-capital solutions that will further enhance interprofessional education that the New Zealand workforce needs urgently, these are:
 - Regulators to facilitate dual registration pathways (including earn as you learn – to full registration), allow simulation (including IPE) as part of at least a proportion of the clinical hour requirements of students i.e., 10-20%.
 - Providers to align degrees for different health professions, look to broaden entry criteria, provide enhanced pastoral care, greater recognition of cross-credit and recognition of prior learning, part-time study while full-time working options – linked to the dual registration above.
 - Unions/employers to develop operating models that allow professionals to work to the top-end of their scope of practice for longer (regardless of profession) and for those individuals to have more flexibility of practice.
18. These solutions do not only relate specifically to the Dunedin context but are applicable across the motu. They will serve to develop a better educated and engaged workforce more generally.

Cost Escalation and Budget constraints

19. Since the original cost estimates of the ILC were gathered, construction costs have escalated significantly.
20. The capital cost of the ILC is now estimated at exceeding \$140 million with additional operating costs estimated at exceeding \$71 million over the life of the asset. This equates to capital funding of ~\$50 million per party.
21. The size and scale of the new Dunedin Hospital is, and will continue to place, substantial pressure on the available contractor, and sub-contractor, workforce in the South Island. Planning another substantial build will only serve to further drive cost escalation as the projects compete for the same workforce.
22. All three parties are currently experiencing cost pressures and budget constraints, specifically: -



- a. Te Whatu Ora – the significant pressure on the Health Capital Envelope has been communicated to the Ministers of Health and Finance over the last two years. The New Dunedin Hospital has seen costs exceed budget resulting in \$90 million of savings being sought. Additionally, across the motu, Te Whatu Ora is having to prioritise and defer projects to ensure the health capital envelope is not exceeded, including pausing a new national spinal unit.
 - b. University of Otago – is facing significant pressure on its capital budgets due to escalating construction costs and the current cost of borrowing. The University is also having to re-phase and reprioritise its overall capital programme in response to wider short-to-medium term financial pressures.
 - c. Te Pūkenga – is addressing fundamental underlying financial sustainability issues as it progresses the integration and transformation of the 16 former Institutes of Technology and Polytechnics and 9 former Industry Training Organisations that have been brought together. Te Pūkenga is pursuing significant cost savings and responding to a further decline in domestic enrolments in face-to-face learning. In the context of operating losses Te Pūkenga is having to carefully prioritise and limit capital expenditure in order to preserve its cash position and avoid borrowing. There are no pre-merger ring-fenced funds available in Otago to support this investment.
23. Due to cost pressures outlined in para 22, it is agreed by all three parties that building the ILC is not able to be financially prioritised at this time.
 24. It is noted that if Ministers agree to delay the ILC, Budget costs are being accrued by the parties in the development of the business case could then be redirected to other priority areas.
 25. Not building the ILC will not impact the teaching status of Dunedin Hospital.

Possible Capital Solutions

26. There are currently no plans for the re-use of the current Dunedin Hospital once the new hospital is built. It is a substantial set of buildings that could be repurposed in a number of different ways.
27. Re-use of the current buildings was discounted as an option for an ILC predominantly due to a delay in the provision of the new building and a slight loss in proximity to the new hospital, one block difference. The current Professional Development Unit for Dunedin Hospital is housed within the Fraser Building and could continue to operate from there
28. Further planning and investigation is required to determine how the current hospital buildings may be reused in future to support interprofessional learning, and the timing of their re-use will align with the finishing of the new hospital, enabling the contractor workforce to transition if required.



Te Tiriti o Waitangi

29. Not proceeding with building the ILC will not impact on the Crown's obligations, as all parties are committed to upholding the principles of Te Tiriti o Waitangi through the further development of interprofessional education.

External consultation with Manatū Hauora and Tertiary Education Commission supports the proposal to delay the ILC

Manatū Hauora comment

30. Manatū Hauora supports the commitment from the parties to develop interdisciplinary clinical teams, including through non-capital solutions.
31. We acknowledge the significant on-going pressures against the Health Capital Envelope, and we note the need for careful prioritisation of all resources across the sector (financial, construction and clinical).
32. We recommend that you agree the Te Whatu Ora proposal to re-scope the delivery of training facilities on the New Dunedin Hospital campus. We understand Te Whatu Ora will provide further advice on how it will ensure the provision of adequate space to support ongoing training needs, and the potential use of the \$17.0 million within the New Dunedin Hospital budget for this purpose.

Tertiary Education Commission comment

33. The Tertiary Education Commission also supports the recommendation that the ILC is no longer financially feasible and should not be a priority for Te Pūkenga and the University of Otago.
34. Both the University of Otago and Te Pūkenga are facing financial sustainability issues and are undertaking organisational change programmes, and we consider they should focus on addressing those issues rather than proceeding with the ILC.
35. As part of the response to their financial situations, both parties are deferring or cancelling capital projects, so it does not make sense for them to proceed with a new capital project – especially given the significant increase in the cost of the ILC.
36. We would also recommend that given the estimated cost of the ILC has tripled compared to initial estimates, there needs to be a more comprehensive analysis of whether the ILC still represents value for money, or the proposed benefits could be achieved via an alternative option. This is particularly the case given that two of the three parties (the Southern District Health Board and Otago Polytechnic) are now part of larger, national entities and any solution should be nationally rather than regionally focused.



Next Steps

37. The parties will continue to remain committed to interdisciplinary learning as a pillar of future health training programmes and will continue to work together to improve health education.
38. If Ministers wish the ILC business case to progress as initially requested, work will continue to finalise the case for presentation in August.
39. If the Ministers agree that the ILC is not a current priority, given the cost pressures that the three parties are facing, current development of the business case will be abandoned. Work will continue between the three parties to develop interprofessional education as part of the workforce strategy, including the potential to reactivate an ILC proposal at a future point in time.



~~In Confidence~~



Minister's Comments

Proactively Released

~~In Confidence~~

