

New Dunedin Hospital Fortnightly Reporting

as at 7 March 2025

Overall	Schedule	Budget	Scope	Risk	Issues
Red	Red	Red	Red	Red	Red

New Dunedin Hospital (Inpatients Building)

OVERALL UPDATE

The project remains at Red status. Over the two weeks to 7 March 2025, efforts have continued to reset and refocus on agreed objectives.

s 9(2)(b)(ii), s 9(2)(j)

An enabling works package that includes completion of piling, substructure works, and long-lead item procurement, is programmed to commence immediately, s 9(2)(f)(iv), s 9(2)(b)(ii)

s 9(2)(f)(iv)

The project is in the DESIGN phase.

FEBRUARY
2025

MARCH 2025

APRIL 2025

MAY 2025

JUNE 2025

s 9(2)(b)(ii), s 9(2)(f)(iv),
s 9(2)(j)

s 9(2)(b)(ii), s 9(2)(f)(iv), s
9(2)(j)

- Revisit stakeholder engagement approach.
 - Finalise **enabling works** strategy.
- s 9(2)(b)(ii), s 9(2)(f)(iv),
s 9(2)(j)

s 9(2)(b)(ii), s 9(2)(f)(iv),
s 9(2)(j)

s 9(2)(f)(iv)

s 9(2)(b)(ii), s 9(2)(f)(iv),
s 9(2)(j)

s 9(2)(b)(ii), s 9(2)(f)(iv),
s 9(2)(j)

s 9(2)(f)(iv)

s 9(2)(b)(ii), s 9(2)(f)(iv), s
9(2)(j)



Reset activities

s 9(2)(b)(ii), s 9(2)(f)(iv), s 9(2)(j)



Stakeholder & delivery partner engagement

Engagement with stakeholders and delivery partners has been limited this period due to upcoming decision outcomes. In the next reporting period, the project will review its stakeholder engagement approach to ensure it remains fit for purpose and can be appropriately resourced through the next phase.



Key project risks

Key project risks

ISSUE	CAUSE	IMPACTS	CURRENT PROCESS CONTROLS / MITIGATIONS	RESIDUAL RATING
s 9(2)(b)(ii), s 9(2)(f)(iv), s 9(2)(j)				Extreme
				Extreme
				Extreme
Clinical discord with the delay/reduction	<ul style="list-style-type: none"> Lack of communication. Negative publicity. 	<ul style="list-style-type: none"> Erosion of staff goodwill. Difficulty obtaining clinical approval of redesign elements. 	<ul style="list-style-type: none"> Clear and regular communications to staff around changes. Improved stakeholder relationship management. 	Extreme

RISK	POTENTIAL FAILURE(S)	POTENTIAL EFFECT(S)	CURRENT PROCESS CONTROLS / MITIGATIONS	RESIDUAL RATING
Project and clinical staff disengaged.	<ul style="list-style-type: none"> Loss of significant IP. 	<ul style="list-style-type: none"> High staff turn over and loss of IP. Increase cost to the project. Loss of morale. 	<ul style="list-style-type: none"> Strengthen governance and leadership roles. Clear messaging to staff once a decision is confirmed. 	Extreme
s 9(2)(b)(ii), s 9(2)(f)(iv), s 9(2)(j)				Extreme
Workforce project fatigue and uncertainty.	<ul style="list-style-type: none"> Lack of communication. Repetitive Value Engineering (VE) processes/ resets. 	<ul style="list-style-type: none"> Loss of staff and replacement. Staff's wellbeing impacted. 	<ul style="list-style-type: none"> Strengthen governance and leadership roles. Communicate project objectives clearly. Clear messaging to staff once a decision is confirmed. 	Extreme

New Dunedin Hospital (Inpatients Building) contd.



Schedule

Key milestones forecasts for each project phase will be updated once a procurement pathway decision is made.

Key Milestone	Forecast	Baseline
Design End	TBC	1/09/2023
Procurement Contract Award	TBC	1/03/2024
Delivery Start	TBC	1/04/2023
Delivery End (practical completion)	TBC	s 9(2)(b)(ii), s 9(2)(f)(iv), s 9(2)(j)
Go-live	TBC	s 9(2)(j)

Programme milestones

- s 9(2)(b)(ii), s 9(2)(f)(iv), s 9(2)(j)
- High level timelines associated with each option are provided under *Procurement Timelines*. Further information is outlined in Briefing HNZ00079247.
- s 9(2)(b)(ii), s 9(2)(f)(iv), s 9(2)(j)

Procurement Timelines

s 9(2)(b)(ii), s 9(2)(f)(iv), s 9(2)(j)

All Options: Enabling works	
Milestone/Deliverable	Target Date
Build to Budget redesign and tender documentation complete	11 April 2025
Civil Contractor Tender	
Release Request for Tender	14 April 2025
Tender close	28 May 2025
Evaluation and announce preferred – Letter of Intent issued	s 9(2)(f)(iv)
Contract award	
Design peer review and building consent	
Mobilisation	
Commence site works	

s 9(2)(b)(ii), s 9(2)(f)(iv), s 9(2)(j)



Cost summary: Outpatients & Inpatients Buildings

RLB project cost reports are produced monthly. As such, the cost summary remains unchanged from the previous period (RLB Financial Report 53).

	Budget \$M	Forecast \$M	Spend to date \$M
Enabling Works	s 9(2)(b)(ii), s 9(2)(f)(iv), s 9(2)(j)		53.3
Outpatient Building			218.1
Inpatient Building (including contingencies)			110.0
Sitewide (includes land acquisition, professional fees, FFE and procurement)			124.3
Additional OB Recommended Contingency	-	s 9(2)(b)(ii), s 9(2)(f)(iv), s 9(2)(j)	-
Level 6 Cold Shell Reinstatement	-		-
Additional IB Recommended Contingency	-		-
Management Reserve	-		-
Additional Escalation	-		-
Total	1,880		505.7

New Dunedin Hospital (Inpatients Building) contd.

COMMERCIAL IN-CONFIDENCE



Implementation of Rust Review Recommendations

4/14
implemented

#	Theme	Summary of Recommendation	Status	Notes
1	PROGRAMME	Consider reviewing the contractor programme to break down resourcing to a more granular trade level, particularly the architectural finishing trades, that have not yet been secured for the Project.	COMPLETE	A resourcing package has been developed by CPB for Inpatients against its proposed programme and reviewed by the independent programmer.
2	COST	Carefully consider a delay to the execution of the construction contract to obtain stronger cost certainty at an appropriate level to execute a construction contract.	COMPLETE	This recommendation was followed and the affordability challenge confirmed. A revised Quantitative Risk Analysis (QRA) has been completed as part of the build to budget option along with an assessment of cost risk if redevelopment of the existing campus proceeded.
3	GOVERNANCE	The role of the PSG Chair should be made genuinely independent. All significant decisions be endorsed by the PSG before being approved/submitted for approval.	COMPLETE	The Independent Chair is no longer the Senior Responsible Owner (SRO). All significant decisions will be endorsed by the PSG before being approved/submitted for approval.
4	GOVERNANCE	The scope of the NDH Inpatient and Outpatient Buildings, including Data and Digital, should be fixed as a matter of urgency and no further changes should be considered unless they are matters which would render the facilities no longer fit-for-purpose.	PARTIALLY COMPLETE	Scope for the outpatients and inpatients facilities are fixed as per early 2025 decisions of PSG and Ministers. Data and Digital scope for inpatients will now need to be confirmed (date TBC).
5	GOVERNANCE	The role of SRO should be confirmed as separate to the PSG Chair and an appropriate Health NZ employee appointed.	COMPLETE	Head of Infrastructure Delivery has been appointed SRO.
6	GOVERNANCE	The scope and composition of the PSG should be reviewed to ensure a focus on both construction and future operation of the hospital.	IN PROGRESS	Southern Group Director of Operations (GDO) is formally joining the PSG. Additionally, discussions Regional Deputy CE will help to determine how the broader regional view should be represented.
7	GOVERNANCE	Responsibility for the wider workforce/system transformation and digital transformation should be clearly identified as being the responsibility of HSS and Digital and Data senior management under a broader system-wide transformation initiative as originally contemplated.	PARTIALLY COMPLETE (Jun 25)	Responsibility for the workstreams is clear. The Governance changes underway will ensure appropriate Governance is in place across these workstreams. Note that information regarding NDH governance arrangements was provided to the Minister on 20 February (HNZ00079655). To be closed out in Q2 2025.
8	GOVERNANCE	Funding should be approved for the Transition Programme as a matter of urgency.	IN PROGRESS	HSS submitted an internal budget bid of up to ^{s 9(2)(b)(ii), s 9(2)(i)} for outpatients for 24/25 to 26/27. This is awaiting approval and includes provision for migration costs (including existing PMO costs necessary for a safe and competent Outpatient Building opening in Q4 2026), model of care change costs, and capacity uplift costs. This has been escalated by the Deputy Chief Executive for resolution.
9	GOVERNANCE	Revise the arrangement whereby the Head of Infrastructure Delivery sits off to one side answering to the Chief Infrastructure and Investment Officer with a dotted line report from the Programme Director Facility Workstream to provide a more conventional hierarchical reporting and delegation structure and to clarify responsibilities and accountabilities.	COMPLETE	The Head of Infrastructure Delivery is heavily involved in steering the project as SRO.
10	GOVERNANCE	The quality of the reporting needs to be raised to an appropriate standard sufficient to reassure Government as to the true status of the project. The improved project reporting outlined in the NDH Briefing to Minister of Health of 8 March 2024 should be implemented immediately, using the information provided in this review as a basis.	COMPLETE	Reporting to Ministers is frequent through advice and meetings and fortnightly reporting.
11	SCOPE	The management of the remainder of the services not incorporated into NDH should be the subject of a further Detailed Business Case which properly examines the need for additional or refurbished facilities, outsourcing options and the whole of life impacts of each options.	IN PROGRESS (outside IB scope)	Refreshed master planning has been completed as part of the options analysis in late 2024. The process of determining option 2.3 on the Cadbury site has identified residual services not included in the New Dunedin Hospital Facilities. The decision on whether to advance further business cases for residual services will be subject to decisions on the Infrastructure Investment Plan.
12	SCOPE	Funding approval and the release of tagged funds for Data and Digital Implementation Business Cases (both Digital Infrastructure and Software) should also be progressed.	IN PROGRESS	The implementation business case will be developed as part of the broader implementation business case for Inpatients – this will be developed in time for contract execution and timeframes are dependent on decision making on the procurement path, which advice has been provided to Ministers.
13	PROGRAMME	A single party should be made responsible for preparing and maintaining an overall development programme, that includes information across the whole NDH scope of works (project workstreams) to an appropriate level of detail. This role would also oversee and guide the programming output and reporting from the various project workstreams to ensure a consistent level of detail/rigor is applied.	PARTIALLY COMPLETE	An integrated programme for Outpatients has been developed. An integrated programme will be similarly prepared for inpatients when the procurement pathway is determined. (decision outstanding following advice to ministers)
14	PROGRAMME	Consideration should be given to requiring the contractor to self-audit and demonstrate compliance with an industry standard. This would provide an additional level of quality assurance.	ON HOLD	

COMMERCIAL IN-CONFIDENCE

New Dunedin Hospital (Outpatients)

COMMERCIAL IN-CONFIDENCE

Overall	Schedule	Budget	Scope	Risk	Issues
Amber	Green	Red	Green	Amber	Amber

OVERALL UPDATE

The status of the project remains AMBER.

The project continues to make good progress against its approved scope and programme. s 9(2)(b)(ii), s 9(2)(f)(iv), s 9(2)(j)

s 9(2)(b)(ii), s 9(2)(f)(iv), s 9(2)(j)

The project is in the DELIVERY phase.



Cost summary: Outpatients Buildings

	Budget - \$M	Forecast - \$M	Spend to date - \$M
Outpatient Building	s 9(2)(b)(ii), s 9(2)(f)(iv), s 9(2)(j)		218.1
Total (Inpatients and Outpatients)	1,880	s 9(2)(b)(ii), s 9(2)(j)	505.7

The figures above have been sourced from RLB Financial Report 53 (for the period ending 31 Janaury 2025).



Contractor Management

- The project is well resourced.
- There are no outstanding quality matters of note.
- Workforce Central (MBIE enabled employee hub) has been nominated for SiteSafe innovation award.



Summary of key project risks/ issues

There are no changes to key risks and issues this period:

Risk/ Issue	Mitigation	Risk type	Residual Rating
s 9(2)(b)(ii), s 9(2)(f)(iv), s 9(2)(j)		Operational	Extreme
		Schedule	High
		Cost	High
		Schedule	Medium



Schedule

Overall, the project remains on track for practical completion by 31 July 2026.

Phases:

Key Milestone	Forecast	Baseline
Design End	1/10/2022	1/03/2021
Procurement Contract Award	1/03/2022	29/04/2022
Delivery Start	23/05/2022	23/05/2022
Delivery End (practical completion)	s 9(2)(b)(ii), s 9(2)(f)(iv), s 9(2)(j)	
Go-live		

Construction

- The project is progressing well - safety, programme and QA all acceptable.
- Programme is holding, and includes a s 9(2)(b)(ii), s 9(2)(f)(iv), s 9(2)(j)
- Linings well advanced on 40% of the building.

Data and Digital

- s 9(2)(b)(ii), s 9(2)(f)(iv), s 9(2)(j)
-
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- The Digital Solutions team is working alongside the infrastructure team on a first draft patient experience to test within the Design Lab, s 9(2)(f)(iv)
- s 9(2)(b)(ii), s 9(2)(f)(iv), s 9(2)(j)
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Workforce and transition planning

- The NDH Outpatient Building's integrated programme continues to be developed, as recommended in the Rust Review (May 2024).
- s 9(2)(b)(ii), s 9(2)(f)(iv), s 9(2)(j)
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