

13 June 2024

9(2)(a)

Tēnā ko 9(2)(a)

Your request for official information, reference: HNZ00049009

Thank you for your email dated 22 May 2024, asking Health New Zealand | Te Whatu Ora for the following under the Official Information Act 1982 (the Act).

Regarding Minister of Health briefings April 2024:

- *HNZ00043056 Aide Memoire - Ziman House*
- *HNZ00041863 Briefing - West Coast Mental Health Project Request for Budget Uplift from Baseline Depreciation Cash*

Response

- *HNZ00043056 Aide Memoire - Ziman House*

Please note: this paper was not sent to the Minister's Office and was incorrectly placed on the proactively released list of reports the Minister received. However, as this document has previously been released to other West Coast media outlets we are happy to provide it to you.

Please find attached as **Appendix 1** the Aide Memoire pertaining to Ziman House - dated 12 April 2024.

Some information has been withheld pursuant to the following sections of the Act:

- 9(2)(a) to protect the privacy of natural persons, including those deceased.
- 9(2)(b)(ii) as, if released, it would be likely to unreasonably prejudice the commercial position of the person who supplied or who is the subject of the information.
- *HNZ00041863 Briefing - West Coast Mental Health Project Request for Budget Uplift from Baseline Depreciation Cash*

Please find attached as **Appendix 2** the Briefing paper – West Coast Mental Health Project Request for Budget Uplift from Baseline Depreciation Cash -dated 22/4/2024.

There is currently a RFP (Request for Proposals) underway for a main contractor for this project and as such we are withholding information pursuant to the following sections of the Act:

- 9(2)(b)(ii) as, if released, it would be likely to unreasonably prejudice the commercial position of the person who supplied or who is the subject of the information.
- 9(2)(i) enable a Minister of the Crown or any public service agency or organisation holding the information to carry out, without prejudice or disadvantage, commercial activities
- 9(2)(j) to enable Health NZ to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).
- 9(2)(a) to protect the privacy of natural persons, including those deceased

I have considered the public interest in releasing the information. However, I do not consider that this public interest outweighs the harm identified above.

How to get in touch

If you have any questions, you can contact us at h.nzOIA@Tewhaturora.govt.nz.

If you are not happy with this response, you have the right to make a complaint to the Ombudsman. Information about how to do this is available at www.ombudsman.parliament.nz or by phoning 0800 802 602.

As this information may be of interest to other members of the public, Health NZ may proactively release a copy of this response on our website. All requester data, including your name and contact details, will be removed prior to release.

Nāku iti noa, nā



Philip Wheble

Associate Group Director Operations

West Coast / Te Tai o Poutini

Aide Memoire

Ziman House

To:	Hon Dr Shane Reti, Minister of Health	Reference:	HNZ00043056
From:	Abbe Anderson, National Director Commissioning	Due Date:	12 April 2024
Copy to:	Hon Casey Costello, Associate Minister of Health	Security level:	Unclassified

Contact for telephone discussion (if required)			
Name	Position	Telephone	1st contact
Abbe Anderson	National Director Commissioning	9(2)(a)	
Cathy O'Malley	Group Manager, Regional System Integration	9(2)(a)	X

The following departments/agencies have been consulted
N/a

Attachments
Appendix 1: Ziman House Report Reefton – Rhonda Sherriff – June 2022

Purpose

1. To provide background and next steps on the permanent closure of an aged residential care facility, Ziman House, in Reefton on the West Coast.

Background / Context

2. Reefton, in the 2018 census, had a population of approximately 927 people, approximately 230 (23%) of whom were over 65. The wider catchment population is currently estimated to be 1400 people. Reefton is approximately 80km (1 hour drive) northwest of Westport and a similar distance to Greymouth.

3. Ziman House, a 12-bed Aged Residential Care (ARC) facility, is owned by Health NZ and was temporarily closed in April 2022. It is co-located with Reefton Health, which is an integrated family health centre.
4. The facility offered hospital level care and was closed due to severe workforce shortages, the impact of COVID-19, and a resultant concern for patient safety. Residents were moved to other facilities on the West Coast and in Canterbury; many of whom have now passed away.
5. An independent review carried out by Rhonda Sherriff was commissioned shortly after the temporary closure and found that the decision to close Ziman House was supported by the review. Key issues found included that the facility is not financially sustainable and there were quality of care issues. The independent review is attached in full as Appendix one.
6. However, at the time of closure, assurances were made to the community by the former West Coast District Health Board that the facility would be reopened when more registered nurses could be recruited.
7. Extensive recruitment efforts have been made but the recruitment of registered nurses with ARC experience continues to be very difficult on the West Coast.
8. For those requiring residential level care, the nearest ARC facility is O'Connor Home (The Home) in Westport. It is a 68-bed facility with 15 dementia beds and 53 hospital/rest home level care (swing beds) 9(2)(b)(ii)
9. A private company is temporarily using the Ziman House facility to offer a day programme for three or four elderly Reefton residents weekly. This helps people to remain living in their own homes.
10. There is strong local support to re-open, led by the Reefton Health Action Group (RHAG). This support includes a petition, presented to the Buller District Mayor in March 2024, which attracted 2000 signatures advocating for the reopening.
11. Recent media coverage has also featured calls by some members of the community to reopen the facility.
12. With the decision made not to reopen Ziman House, Health NZ will begin engagement with the local community and partners to advise them of the decision and reassure them on the local services that will be available in Reefton.
13. To date the facility has remained closed and staff have been redeployed.
14. An Aide-Memoire, Stabilising the Aged Care Sector (HNZ00039806), was provided to you on 20 March 2024 in response to your request for advice on measures to stabilise the aged care sector.

Discussion

15. The decision not to reopen Ziman House carefully balances workforce, quality of care and financial implications with the ability to receive care close to home.
16. When Ziman House was closed, the impact on the residents and their families was acknowledged. However, it was reinforced to the community that it was important to ensure residents were living somewhere that had the staff resources to provide the required level of care.

Quality and Workforce risks

17. The independent review of the decision to close Ziman House highlighted the difficulty in both meeting community expectations, while providing safe patient care and a safe workplace.
18. Workforce sustainability requires success not only in recruitment but in retention over the longer term. Ziman House was short-staffed for several months leading up to its closure and, despite significant recruitment drives, has not been able to attract experienced staff.
19. Experienced ARC nurses are still in very short supply. The ability to recruit new RNs into the ARC sector is improving, largely due to international recruitment, however these RNs are often a relatively inexperienced workforce who need the support and guidance of a more experienced RN workforce around them.
20. The independent review showed that lack of compliance with contractual and sector standards is also a significant risk for quality of care and patient experience. There were significant gaps identified in resident assessments, care plan documentation standards, clinical care standards and ARC specific education.
21. While the building was lightly refurbished during its closure in anticipation that it would reopen, the building is also not fit for purpose as a modern ARC facility. The layout does not support the nursing model of care usually delivered in an ARC facility.

Financial Implications

22. All levels of aged residential care (rest home, hospital level, dementia) at Ziman House are neither feasible nor sustainable from a financial perspective. Investing in long term efforts to try to reopen Ziman House in its current state would take significant resources that could be used to better effect in supporting the health and wellbeing of the local community.
23. The privately-owned facilities on the West Coast with greater bed capacity are significantly more cost effective in terms of service delivery. The bed day cost at

Ziman House was \$448 (\$646 incl overheads). All other facilities were operating at \$139.48 (rest home level) and \$226.42 (hospital care level).

24. The same number of RNs are required to run an ARC facility, whether it has 12 beds or 60 beds, which is why the cost of operating and managing this facility if it reopens, in comparison to other larger more economic units, is so significant per resident.
25. If the facility is permanently closed, the future of the building and alternate use would be a key area for community engagement re options for non-residential care.

Vision for the future

26. An option to deliver safe and sustainable older persons' services in Reefton is via a community activity programme run out of the Ziman Health facility, combined with enhanced home-based support services for older people in Reefton that will support people to remain living independently in their own home. There is capacity and interest from private providers to offer these services.
27. Further investment in the development of facilities in Greymouth and Westport will benefit a far greater population and provide an inherently more sustainable and higher quality of care.
28. Funded transport provision for family to visit residents placed in ARC facilities away from home will be important to minimise separation impact.
29. Significant engagement will be needed to refocus the community to look at other options to provide care for the older population in Reefton.
30. Working in partnership with Takiwā Poutini (West Coast localities prototype), RHAG and local community leaders will create the structure and opportunity for this to be led by the Reefton community, driving a strong, whole-of-system, local response to supporting community wellbeing with a particular focus on the ageing population.

Next steps

31. An announcement to the local community on the permanent closure of Ziman House will be made by the end of April. A communications plan is being developed to support messaging to the community once this decision is made public and will be provided to your office prior to any public announcements.
32. Health NZ will look to engage and partner with the community around a variety of alternative, community led services to support the older population in Reefton.
33. A funded transport programme to Westport will be developed to support families, similar to what is in place for Greymouth.

Choose an item.

Lead Author: Julia Goode, Principal Advisor – Commissioning Business Services, Office of the Regional Wayfinder.

RELEASED UNDER THE OFFICIAL INFORMATION ACT (1982)

APPENDIX 1

Ziman House Report

Reefton

June 2022



Written By
Rhonda Sherriff

Ziman House Report

Reefton

June 2022

Purpose: The West Coast District Health Board Members and the West Coast District Health Board Senior Management team have commissioned an independent report to analyse the process that has resulted in the temporary closure of the Reefton Aged Residential Care hospital and rest home facility, and the transfer of residents from the home to other aged care facilities on the West Coast.

The West Coast DHB has contracted Rhonda Sherriff (NZ Aged Care Association National Clinical Advisor and Independent Consultant to the Aged Residential Care sector - ARC) to provide this review.

In Scope:

1. The circumstances leading up to the temporary closure of Ziman House
2. The decision-making process to temporarily close the facility
3. The operational management of the temporary closure
4. Communication with residents, staff and the community
5. The governance framework and the policies it has in place to support in the decision-making process
6. Findings – lessons learned
7. Recommendation/s on the sustainability of providing Aged Residential Care at Reefton Health

Out of scope:

1. Recommendations around other WCDHB Aged Care Facilities
2. Recommendations around the wider Reefton health services

Actions Undertaken:

- Visit:
 - to Ziman House on the 23rd May 2022
- Interview:
 - previous CNM of Ziman House
 - Chairman of the Board and other board members
 - Temporarily appointed Manager of Ziman House
 - DHB Senior Management staff who were involved in the decision making process
- Consideration of:
 - National/global context

Executive Summary:

Several key factors have been identified which have contributed to and impacted on the temporary closure of Ziman House. These can be summarised as:

- Resident safety
- Workforce resources
- Communication
- Decision making
- Contractual obligations

The decision to temporarily close the Reefton ARC facility was correct, as there was significant risk to residents receiving the correct level of care with such crucial RN staff shortages and the impending Omicron outbreak on the West Coast.

This report includes a great deal of background local and national context which is provided in Appendix 1.

Background:

1. Circumstances leading up to temporary closure

Timeline

5th November 2021

WCDHB General Manager reports to the WCDHB Board – and highlights concern about reported staffing issues at Ziman House. He states in his written report submitted on the 5th November: *The Nurse Director Operations has started working with Reefton staff to improve culture and work on sustainable ways to provide services and allow staff breaks.*

- The site has lost Registered Nurses and is struggling to recruit new staff for the facility.

December 2021

- Clinical Nurse Manager resigns and leaves her role at Ziman House to take up a community nurse position in Reefton.
- A full time RN is on extended leave from Ziman, creating further roster gaps (64%).
- Clinical Nurse Manager filled roster gaps herself, and the roster gaps become more evident following her resignation.
- Omicron pandemic concerns are raised by the WCDHB management to inform the board of the likely impact additional staff sickness will have on the West Coast regions Health system, including the West Coast ARC facilities.

January 2022

- Clinical and staffing issues were detected by the Clinical Nurse Manager of Community (now Director of Nursing) in late January when she visited the site.

February 2022

- The WCDHB appoints a temporary ARC Manager for two weeks from Ryman Healthcare to assist with the management of Ziman House in the absence of any suitably qualified ARC managers being found to appoint permanently to the vacant management role.
- The Temporary Manager reports to the DHB senior management team after identifying significant clinical risk factors on the site, observed during her two-week tenure. She confirms the residents at Ziman House are considered at high clinical risk. There are significant gaps identified in resident assessments, care plan documentation standards, compliance against health and disability service standards, and clinical care delivery.
- Significant increase in Omicron numbers/cases are being witnessed on the West Coast, leading to grave concerns that the DHB will not be able to provide sufficient registered nursing staff to fill roster gaps, support ARC sites, and provide care for the Ziman house residents.
- The WCDHB senior management team ask for an urgent board meeting on the 11th February to inform the board members of their findings, outline the inability to provide ongoing support to the site with externally employed RNs, outline the risk of Omicron in the community, and identify the risks to board members.
- Proposal is put forward to the WCDHB Board members to move the 10 existing Ziman House residents to ARC facilities in Greymouth, and Christchurch, to ensure continuity of care, as the DHB is unable to maintain support to the site with additional Registered Nurses.
- Concerns are raised by some the Board members who do not agree with the move of the Ziman House residents to Greymouth and the wider regions.
- A board meeting is scheduled and occurs on the 24th February where reaffirmation occurs about the clinical risk to residents. The board members vote on the proposed move of residents after further information is tabled, resulting in Six members voting in favour of the proposal, and Four against the proposal.
- A breach occurs with the leak of the confidential Board information from the meeting, which is shared with residents, their families, and the local community, ahead of the planned DHB sharing of the information with the affected residents, their families, and the wider community in a timely and comprehensive manner.
- Following the leak, a community meeting is organized in Reefton with DHB representatives to allow the community to voice their concerns and objections to

the move of the ten residents. The clinical risk to residents is not been well understood by those in attendance, and the DHB management team endeavour to inform the attendees.

- Formal communication is undertaken with residents and their families to ensure they understand the rationale of the transfer, and the temporary nature of the move.

March 2022

- Relocation of Ziman House residents to Greymouth is completed on 2nd March following assessments from the Complex Clinical Care Network team to ensure appropriate placement in other ARC facilities.
- Ziman House facility is closed to ARC admissions and refurbishment of the site begins to update flooring, paint work and new curtains. Recruitment and purchase of new equipment also begins

2. Decision making process

- The speed with which the critical staffing situation occurred at Ziman House created challenges for WCDHB management of the site in Reefton. This situation rapidly led to increased risk for residents. A DHB decision was made to temporarily move the residents to Greymouth to access correct levels of care.
- There were two major factors taken into consideration by the DHB when proposing to move the incumbent residents. The Registered nurse staffing of the site was severely compromised and at critical risk levels alongside the threat of the Omicron outbreak on the West Coast, that would result in an inability to support and staff the site safely to maintain care delivery.
- The leak of confidential Board information resulted in community threats being made to the DHB to impede the transfer out of the residents to other West Coast Aged Residential care homes. The entire process was hastened as a result of this breach.
- This type of organisational decision would be made in any similar situation where the residents were perceived to be at significant clinical risk, i.e. such as the Canterbury Earthquakes in 2011 that impacted on ARC service facilities and resulted in their immediate closure, with resulting transfer of residents to other regions.

- During the meeting the board members agreed that this was a clinically based decision recommended by the Canterbury and West Coast DHB to temporarily close Ziman House, rather than a board governance decision.
-

3. Operational management of the closure

- The operational management of the temporary closure followed the normal transfer process with residents being fully assessed prior to moving to Greymouth and Christchurch. Residents and their families were fully informed of the rationale and identified risks. Whilst acknowledged as not ideal for residents, the process was undertaken quickly, due to the inability of the site and existing staff to provide safe levels of care.

4. Communication

- Communication between WCDHB management and the Board members could have been more comprehensive and explicit but the lack of reporting, and detail from the site impeded and obscured this process. Systems that were in place failed to detect and provide the necessary information to senior DHB management. The speed with which the staffing crisis and clinical compliance deteriorated on the site was a mitigating factor and required a quick response by the DHB to maintain safety for those residents living at Ziman House.
- Reporting processes from onsite Clinical Management through to regional operational management, and upwards to senior WCDHB management were severely compromised by external factors (Omicron management and the northern regional managers workload managing the floods in Westport), which led to late identification of onsite care delivery concerns. The outgoing Clinical Manager had been covering vacant shifts herself, which, whilst commendable, was obscuring the RN staffing shortages and roster gaps.
- There was evident system failure (reporting) that led to this lapse, with the Northern Regional Manager rightly focusing on other West Coast disasters/issues (Floods x2, and the Pandemic outbreak) resulting in the senior DHB team not being fully informed of the staffing situation at Ziman house.

5. Governance

- The role and duties of the DHB boards are set out in Section 25 of the Crown Entities Act 2004. The WCDHB Board consists of 11 members – 7 elected and 4 appointed. The board is tasked with the governance of the health system on the West Coast, including Ziman House. The ability of board members to remain strategic and business focused rather than operationally responsible, is primary to the role. In some situations this can be challenging for individual members.

- Board members received induction training when appointed in late 2019. This included understanding the difference between management and governance as part of the role.
- Board discussions and resolutions are regarded as confidential unless specifically identified and agreed as able to be shared.
- The West Coast DHB General Manager attends meetings in person and reports to the board members on operational matters including relating to Ziman House.

Board members were interviewed via phone and below is a summary of their feedback:

- Some board members articulated that the operational reports presented prior to the meeting on the 11th of February did not highlight any significant concerns on staffing or clinical care delivery at Ziman House.
- Some board members voiced concerns about the lack of communication regarding the staffing situation at Ziman House, as there were obvious staffing challenges well prior to the report being tabled in February 2022. Directors felt this should have been raised well before the February meeting.
- Some board members voiced strong opposition to the temporary closure of the facility, and perceived poor DHB management of the site (particularly on recruiting and employing suitable staff to work at Ziman House), as this has serviced the local community for many decades. They are strongly of the belief that the facility should remain operational to provide care for local elderly residents and believe that the DHB has a responsibility to ensure the continuity of this service.
- The action taken by the DHB's has generated a significant "backlash" of feeling from members of the board and the local community, at the prospect of closure of their small rural hospital and residents being moved out of their local community to receive aged residential care services at facilities that are a distance away.

6. Findings and lessons learned

- The decision to temporarily close the Reefton ARC facility was correct, as there was significant risk to residents receiving the correct level of care with such crucial RN staff shortages and the impending Omicron outbreak on the West Coast.
- Ziman House would have benefited from an urgent HealthCert Issues based audit once initial findings disclosed significant clinical concerns, similarly, as would occur in private providers of aged residential care when there are clinical concerns raised. This should have been considered as a worthwhile exercise, to obtain critical information to inform the board of directors and local community.
- The long-term financial viability and sustainability of Ziman House in Reefton would be in question, as it would not be regarded as an economically viable ARC unit with space for only 12 ARC residents. There may be opportunity for the Reefton community to form a trust and work in conjunction with the DHB to provide continuity of ARC services in their district.

- DHB ownership of an aged care facility is uncommon, as most of these facilities are owned and operated by private or corporate owners, nationwide. The facility being owned, funded, managed, and audited by the DHB raises issues of impartiality.
- The practice of clinical managers covering RN shifts does occur in aged care, but is not sustainable, nor safe from a health and safety perspective, for any prolonged period of time. The Clinical Managers actions to cover vacant shifts whilst commendable, covered up to some extent, the RN shortage on the site.
- Board members alleged that there was a significant “bullying” culture on the site, that they felt was responsible for the loss of a number of staff (including RNs) from Ziman House. One board member stated that she had raised the bullying concern with the WCDHB Human Resources personnel but was disappointed that this information was not dealt with.
- The loss of the Clinical Nurse Manager in late 2021 to an alternative role meant that the facility has struggled with the ongoing recruitment, employment, orientation, ongoing education, direction and delegation of the staff, and resident care delivery.
- There is also an identified and reported strained culture issue inside the facility with the existing employed staff.
- ARC specific education was not being provided to staff at Ziman House in accordance with the requirements of the ARC Contract and the Health and Disability service standards. Staff working in ARC should receive at least 8-12 hours of appropriate ARC related education annually.
- Ultimately, the DHB had made the correct decision to transfer ARC residents to Greymouth to receive the safe level of care required, that was being compromised by inadequate RN availability at Ziman House.
- The hospital level care residents at Ziman House required 24 hours Registered Nurse coverage and overview, and would have been clinically put at risk, if shifts were not covered by experienced Aged Residential Care Registered Nurses.
- The breach of confidential board information was likely to have inflamed the community’s response to the temporary closure without understanding the significant clinical risks identified for the residents at Ziman House.
- The documentation standards on the site were not run under the auspices of the ARC contract and staff were not aware of their contractual obligations
- The Clinical Risk to residents was high given that there was inadequate RN cover and the resident’s documentation was not being kept current and correct as per individual resident care requirements.
- Specific ARC education had not been available to the staff working on the site.
- There is tension between the desired time to communicate effectively with all concerned parties and the ability to provide residents with a safe and well-staffed environment.
- Auditing has not been undertaken specifically on site at Ziman House against the Nga Paewera 2021 Health and Disability Service standards, nor the previous 2008 Health and Disability Service standards. Aspects of system failure and staff shortages would have been identifiable under audit.

- A HealthCERT issues-based audit was not undertaken when the WCDHB identified significant clinical concerns within the care facility.

7. Recommendations

- Learnings from this system failure require other reporting options to be explored, adopted, and implemented, such as implementing a weekly written management report that includes staffing and rostering issues. This would be submitted to the Northern Regional Manager and WCDHB Director of Nursing. Larger ARC corporates favour this type of weekly written reporting as it highlights immediately any concerns to the operations managers who then escalate to the organisation's senior management team.
- DHB owned and managed aged residential care facilities to separately undergo certification and surveillance audits against the Nga Paewera 2021 Health and Disability Service Standards and comply with the requirements of the Aged Residential Care Contract, including HealthCERT issues-based audits.
- Transitioning to centralised roster management will ensure that staffing is compliant and roster gaps are identified.
- Appropriate ARC related education to be undertaken
- Financial viability and sustainability of Ziman House
 - The cost of operating and managing Ziman House in comparison to other larger more economic units would be significant per resident. The larger the facility the more economic they become.
 - There may be opportunity for the local Reefton community to establish a community trust and work in conjunction with the WCDHB to provide rest home level care for local residents, which requires less RN input and hours, than an aged care hospital. This would need to meet all the contractual and compliance requirements of an aged care provider.

End of Report

Advisors Profile:

Rhonda Sherriff is a Registered General and Obstetric Nurse with 44 years' experience as a practicing and current Registered Nurse, including 30 years of aged residential care experience in a variety of roles including Quality Coordination, Aged Residential Care Facility Management and Operational Management. She currently co-owns a retirement village in Christchurch which includes the delivery of rest home and hospital level care.

R Sherriff is a regional (Mid and Upper South Island) representative and board member of the New Zealand Aged Care Association and is currently contracted as the New Zealand Aged Care Association National Clinical Nursing Advisor.

R Sherriff has a strong interest in Nursing Education and is a current Careerforce Board member.

R Sherriff is a member of the New Zealand Aged Care Association Nursing Leadership Group.

R Sherriff undertakes work as a consultant to the aged care industry, assists in temporary management roles, assisting facilities with Audit and Compliance issues, completing management and clinical reviews along with advising sites on Operational requirements.

Appendix 1

Background

Local context

- Reefton is a small rural township some 80 kilometres (approximately an hour's drive) northwest of Greymouth, in the Inangahua River Valley. The population of Reefton is 927 according to the 2018 census. This is an historic town and identified as a Tohu Whenua heritage site (places that have shaped Aoteroa New Zealand).
- The Reefton health facility (see image 1 below) is regarded as an integral part of the local community and generates strong "ownership" and interest amongst the local and regional population.
- Because of its location and small population, there is a small, limited pool of Registered Nurses and dedicated health professionals that reside in the area.
- The immediate regional area has several open and closed cast mines that may attract more people to live and work in Reefton, but the population has been relatively static over many years.
- Ziman House is owned and operated by the West Coast District Health Board to provide both acute primary GP care (3 observation beds) and aged residential care services (12 beds) to the population of Reefton. It is within the wider Reefton Health campus. It also houses the base for community services and a meals-on-wheels service to the local community.
- Provision of quality Hospital level care to residents at Ziman House was being severely compromised by the lack of RN availability, particularly highly trained and skilled Aged Residential Care staff, along with poor levels of compliance and documentation, putting them at grave clinical risk. There is evidence that staff were unaware of their responsibilities to comply with the Aged-Related Residential Care (ARRC) contract and Health and Disability Service standards. Staff education is required to ensure they are aware of their contractual obligations under these two overarching documents. Completed InterRai Assessments and Care Plans must comply with the timeframes outlined in them. Education is essential for staff to understand their legal obligations under both the standards and the ARRC contract.
- The WCDHB had already identified the rostering problems invisibility as a quality improvement initiative and were centralising the rostering for Ziman House in Greymouth to ensure they were fully aware of the staffing gaps immediately. This was being implemented as early as December, but the roster was also being managed dually by Ziman House staff, again creating some confusion and invisibility of roster gaps.
- Media interest in the DHB's management of Aged Residential Care on the West Coast has been highlighted recently, initially by the temporary closure of the Reefton Hospital, and the transition of residents between two aged care facilities in Greymouth to provide optimal access to Hospital level care with Registered Nursing overview. RN shortages were also critical in other Aged Residential Care facilities in Greymouth and Hokitika.

- The media focus has maligned the intent of the West Coast DHB to provide safe and equitable access for older people to receive the correct level of care, and the required staffing. Hospital level care requires the facility to roster Registered Nurses across 24 hours per day and the clinical risk to residents is high if this cannot be achieved.

Resident safety

- The temporary manager, whilst on site at Ziman House, identified that residents care was being compromised by inadequate documentation and staffing. Poor assessment processes (InterRai assessments were not completed within the expected timeframes of six monthly or when resident acuity changed), and inadequate documentation detailing care delivery (Care Plans were inadequately informative) was not at the expected documentation standard.
- The temporary manager stated that RN Staff on the site appeared to be unaware of the Aged Residential Care contractual obligations and requirements.

Wider context

- RN staff were being asked to come across from Canterbury to work in West Coast aged care facilities and backfill ARC vacancies, but this is unsustainable for any length of time, due to the shortages of RNs being experienced in the Canterbury Region.
- Senior experienced and competent Aged Care Facility and Clinical Nurse Managers are also sparse throughout the country and rural/more isolated areas are finding difficulty in attracting, recruiting, and retaining them, as attested by the West Coast ARC facilities. Facilities owned by the two larger corporate groups on the West Coast can attest to difficulties recruiting senior experienced staff for management roles.
- The lack of Registered Nurses on the West Coast is comparable (if not worse) to the rest of the country (due to its more isolated position in the South Island) and is causing significant impact on the delivery of Aged Residential services both regionally and nationally. Recent reports of facilities closing hospital beds in Northland, Wellington, South Canterbury, and Otago is due to the difficulty in recruiting and retaining RNs in the sector.
- Other aged care sites on the West Coast were also demonstrating significant RN staff shortages and the DHBs limited RN resources could not stretch to covering all of the gaps being experienced throughout the West Coast, thereby requiring rationalisation of available HR resources.
- The ability to attract, recruit and employ Registered Nurses in either DHBs or Aged Residential Care on the West Coast is hampered by the current Covid outbreak, the finite pool of Registered Nurses within the whole country and the current immigration settings that are not conducive to attracting overseas RNs to work in New Zealand.
- Covid outbreaks throughout the country were affecting individual ARC site's capability to provide adequate numbers of staff to care for residents.

- Lack of Government funding and recognition is leading to the collapse of the aged residential care sector, as Registered Nurses leave for better pay and conditions elsewhere in the New Zealand health sector and overseas.
- As at May 2022) there are approximately 1100 Registered Nursing Vacancies (22% of the entire Aged Residential Care RN nursing workforce) within the Aged residential Care sector throughout New Zealand. This number is growing literally day by day, as both the DHB's, Primary Care and Aged Residential Care "fight" for the same pool of existing Registered Nurses that remain within the country.
- This situation has been compounded over the last two and a half years by the Pandemic (Delta) outbreak in New Zealand, as the ARC sector has been heavily reliant on Immigrant Nurses filling ARC Registered Nurse gaps in the sector for many years. The border closure has resulted in Immigrant nurses being unable to enter and work in New Zealand. The DHB's are also experiencing significant problems with recruiting Registered Nurses and have over 2000+ national vacancies throughout New Zealand.
- Aged residential care Registered Nurses provide a ready source of trained and competent RNs for the vacancies that exist and are increasing within the countries DHBs, and they are attracted to the higher rates of pay and penal rates available.
- New Zealand has been unable to train adequate numbers of Registered Nurses to meet the growing demand within the health sector due to funding constraints and lack of forward planning from successive governments.
- As international borders reopen this year there is a heightened risk that New Zealand will lose more trained Registered Nurses overseas for better wages and working conditions, thereby worsening the nursing shortage that currently exists.



Setting

- The building is an older wooden structure, clearly having been run as an acute hospital in a bygone era (Reefton health was originally established originally in 1872) and requires modernisation and renovation to meet todays Aged Residential Care standards. These renovations are being undertaken by the WCDHB at present, whilst the facility is temporarily closed and include new flooring and paintwork.
- The rest home wing is made up of a number of smaller rooms that have been utilised by residents until recently.
- The hospital wing, including the palliative care suite, has larger more clinical rooms.
- The site can accommodate up to 12 aged care residents and has one dedicated room to provide palliative care for the community. There are three acute primary GP observation beds for local use as well. Ten ARC residents were in occupation prior to the temporary closure.

Workforce

Clinical Nurse Manager:

- The Reefton ARC service was managed by a Clinical Registered Nurse Manager (employed by the WCDHB) who was responsible for the management of the ARC and Primary care (GP) bed service provision at Ziman House. She resigned prior to Christmas 2021 to take on a role as a local Community Nurse.

- The Clinical Nurse Manager role reported to the WCDHB Northern Regional Manager who had oversight of a larger area of the West Coast region.
- With the departure of the Clinical Manager last December, the WCDHB became concerned about the lack of clinical management and Registered Nurse ARC skill set of Ziman House following a report compiled by the Director of Nursing – Operations identifying staffing and clinical issues.
- A temporary manager (experienced Aged Residential Care Manager from Ryman Healthcare) was contracted to manage Ziman House for a short period (two weeks) in February 2022. She raised significant clinical concerns regarding resident care during her tenure, and site failure to comply with expected ARRC contractual obligations during her time on site.

Staffing:

- The site requires a minimum of 5.6 Full Time Equivalent Registered Nurses to be able to provide full 24-hour rostered coverage (as per the Aged Residential Care Contract requirements for hospital level care), for the number of residents living on the site.
- Registered Nursing Staff are employed by, and paid at DHB MECA rates, well above most private providers rates in aged residential care.
- The Registered Nurse numbers have depleted at Ziman House over many preceding months (according the OIA response on the 19th April 2022) with one RN taking on a vaccinator's role during the pandemic and another who does contract work in Australia, so was frequently unavailable to work at Ziman House. Other RNs had left to pursue work in other regions in recent months, or were on protracted leave.
- Some board members alleged that there was a significant "bullying" culture on the site, that they felt was responsible for the loss of a number of staff (including RNs) from Ziman House. One board member stated that she had raised the bullying concern with the WCDHB Human Resources personnel but was disappointed that this information was not dealt with.
- There are several Health Care assistants also employed to care for the rest home and hospital level care residents.
- Regardless of the site only housing 10 aged residential care residents, and only some of these residents requiring hospital level care, it was necessary to provide full 24-hour RN roster cover to meet contractual obligations.

- The graph below, whilst now outdated/retired, and superseded by the Nga Paewera Health and Disability Service Standards regarding safe staffing levels, is a Ministry of Health guideline previously used to assess the staffing requirements for aged residential care sites.
- These hours were recommended across a week (as a guideline) and the differing levels of Hospital level care (D-F) evidence the complexity of the hospital residents needs

Ministry of Health Safe Staffing Guidelines (2005):

Category	Caregivers	Registered Nurse	Total Care Hours
Resthome Level B	12 HOURS	2 HOURS	14 HOURS
Dementia Units Level C	14 HOURS	3.5 HOURS	17.5 HOURS
Hospital Level D	16.5 HOURS	8 HOURS A R/N must be on duty at all times	24.5 HOURS
Hospital Level E	16.5 HOURS	9 HOURS A R/N must be on duty at all times	25.5 HOURS
Hospital Level F	16.5 HOURS	14 HOURS A R/N must be on duty at all times	30.5 HOURS

The Nga Paewera Health and Disability service standards are focused on resident outcomes and are not as predictive as the old 2005 MOH SSI guidelines, hence individual sites are expected to evidence their own tools for assessing resident acuity. The newly revised 2021 Health and Disability service standards are outcome focused and auditors are required to evidence that aged care sites are sufficiently staffed with skilled and experienced staff to deliver a good standard of care. This includes roster reviews, education provision and staff attendance, interviews with residents, and families regarding care delivery, and a review of clinical indicators.

- The numbers of Registered Nurses available to work across the whole of the West Coast has decreased significantly (due to a number of compounding factors), and the site is unable to be fully staffed, from the RN resources available in the local community.
- Ziman House has required additional support from the West Coast and Canterbury DHB to maintain adequate RN staffing at Ziman House and sustain healthcare services, but this was unsustainable with the increasing shortage of Registered Nurses on the West Coast and impending Omicron outbreak. This situation has been exacerbated with the increasing Registered Nurses shortage being experienced throughout New Zealand.
- The WCDHB and CDHB have been supporting all of the ARC West Coast facilities to maintain safe staffing levels and services throughout the staffing crisis and Omicron outbreak but are struggling to maintain this support with depleted numbers of RN staff.

Media

- Numerous articles have been written identifying the dire RN shortage in New Zealand and the impact this is having on health delivery of services

*New Zealand Aged Care Association president Simon Wallace said **the workforce was short about 1000 registered nurses** and demand for aged residential care was forecast to increase by an estimated 15,000 beds by 2030.2/05/2022*

<https://www.rnz.co.nz/news/national/466281/staffing-crisis-causing-aged-care-sector-to-collapse-provider->

<https://www.stuff.co.nz/national/128511756/aged-care-sector-in-crisis-with-more-than-1000-registered-nurses-needed-across-the-country>

In Confidence

Briefing

West Coast mental health project request for budget uplift from baseline depreciation cash

Date due:	22 April 2024	Priority:	Urgent
Security classification:	In Confidence	Reference:	HNZ00041863
To:	Hon Dr Shane Reti, Minister of Health Hon Nicola Willis, Minister of Finance		
From:	Jeremy Holman, Chief Infrastructure and Investment Officer, Infrastructure and Investment Group		
Copy to:	Hon Matt Doocey, Minister for Mental Health		

Minister:	Actions sought:	Action required by:
Hon Dr Shane Reti, Minister of Health	Agree to increase the total project budget by [REDACTED] for the West Coast Mental Health project from Health New Zealand's baseline depreciation.	26 April 2024
Hon Nicola Willis, Minister of Finance	Agree to increase the total project budget by [REDACTED] for the West Coast Mental Health project from Health New Zealand's baseline depreciation.	26 April 2024

Contact for discussion			
Name	Position	Phone	1 st contact
Henry Curtis	Acting Head of Infrastructure Planning and Investment	9(2)(a)	X
Jeremy Holman	Chief Infrastructure and Investment Officer	9(2)(a)	

The following departments/agencies have been consulted:

The Ministry of Health

Minister's office to complete

☐ Approved
 ☐ Declined

☐ Noted
 ☐ Needs change

☐ Seen
 ☐ Overtaken by Events

☐ See Minister's Comments
 ☐ Withdrawn

Comments:

Briefing: HNZ00041863: West Coast mental health project request for budget uplift from baseline depreciation cash

1

Purpose

1. This briefing seeks your approval to increase the West Coast Mental Health project's total budget by §(2)(b)(i) §(2)(i) §(2)(i), funded from Health New Zealand | Te Whatu Ora (Health NZ) baseline depreciation.

Recommendations

Health NZ recommends that you:

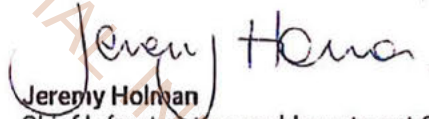
	Minister of Health	Minister of Finance
Note that , in March 2024, the Health NZ Board approved the budget uplift of §(2)(b)(i) §(2)(i) §(2)(i) (funded from baseline depreciation cash) for the West Coast Mental Health project to progress to Joint Ministers for approval.		
Note if the budget uplift is not approved before the end of April 2024, there may be a delay in the programme's schedule and potentially increasing costs.		
Agree to increase the West Coast Mental Health project's total budget by §(2)(b)(i) §(2)(i) §(2)(i) from Health NZ baseline depreciation cash.	<input type="radio"/> Yes <input type="radio"/> No	<input checked="" type="radio"/> Yes <input type="radio"/> No



Hon Dr Shane Reti,
Minister of Health

Date:

28/4/2024



Jeremy Holman
Chief Infrastructure and Investment Officer
Infrastructure and Investment Group
Health New Zealand | Te Whatu Ora

Date: 19 April 2024



Hon Nicola Willis,
Minister of Finance

Date

29/4/2024

Background

2. Health NZ infrastructure investments are funded from the Health Capital Envelope (HCE) multi-year appropriation and Health NZ internal baseline depreciation funds.
3. The current capital settings require all projects with HCE funding to obtain Ministerial approval for increases to budget, irrespective of where the increase will be funded from.
4. The Board has approved the West Coast Mental Health project's request for a [9(2)(b)(ii) 9(2)(i) 9(2)(j)] budget uplift. The request will be funded through baseline depreciation, which is the cash generated from the depreciation expense.
5. No additional HCE funding is being sought for this project.

Discussion

6. In December 2021, Joint Ministers approved the Single Stage Business Case for [9(2)(b)(ii) 9(2)(i) 9(2)(j)] in HCE funding for the replacement of the Acute Mental Health Facility at the Grey Base Hospital.
7. The project will house a six-bed inpatient ward and associated outdoor courtyard, workspace, assessment rooms, tribunal rooms and whānau spaces. It also includes associated site infrastructure.
8. The current facility's fabric and building services are at the end of their useful life (40+ years old). The building is in a state of general disrepair and the configuration does not support the delivery of a contemporary model of care, is culturally inappropriate, poses significant consumer and staff safety risks characterised by assaults, threats, missing persons and limited safe access to the unit.
9. The need for additional funding on the West Coast Mental Health project was first signaled in HCE reporting for the period ending 30 June 2023. The project has had an overall red status due to the size of the budget uplift needed since September 2023.
10. The project is on track to release the Request for Proposal (RFP) to shortlisted respondents at the end of April 2024. The response from the Registration of Interest (ROI) from contractors was encouraging, so there is confidence that the programme is realistic and a target Practical Completion date of July 2026 is achievable. However, programme and cost will be confirmed once a main contractor is appointed.
11. If the budget uplift is approved before the end of April 2024, there will be no material delay to the programme. Delay beyond April may impact the site mobilisation date, extending the programme's schedule and potentially increasing costs.

Budget uplift

12. At the completion of developed design, the quantity surveyor estimated the project's cost overrun at [9(2)(b)(ii) 9(2)(i) 9(2)(j)] with an additional [9(2)(b)(ii) 9(2)(i) 9(2)(j)] for contingency.
13. The need for additional funding has resulted from environmental and safety design requirements that were not factored into the initial business case, along with general market inflation realised at procurement.

14. A benchmarking exercise has shown that the pre-tender cost estimate sits just north of the average cost for a project of this size [REDACTED] Given the response from the ROI and general market conditions in the South Island, the budget uplift required is now in the region of [REDACTED].
15. We have found no other possible mitigations to the cost increase identified without impacting on the benefits or timing of delivery of the project.
16. The budget uplift of [REDACTED] from Health NZ baseline depreciation funding was endorsed by the Board, for seeking approval from Ministers, in March 2024. No additional Crown funding will be sought, and there is no additional operating expenditure forecast associated with the budget uplift.
17. Further detail on the assurances for value management can be found at Appendix 1.

Financial implications

18. No new capital funding is required to fund this proposal. There will be no impact on the 2024 Budget Moratorium.
19. We have consulted with the Ministry of Health on this paper and our position is that the funding request is a priority, and once complete it can be appropriately staffed.
20. Funding for the budget increase has been prioritised for funding from the 2024/25 Capital Plan. The new total project budget will be [REDACTED], with the HCE commitment remaining at [REDACTED].
21. The cost increases across the portfolio have been known for some time and the risk remains that additional costs emerge. Careful management and allocation of funds is required. We are managing the budget uplift from a total portfolio perspective and this is taken into account prior to seeking additional funding for individual projects.
22. In general, projects entering tenders or in construction are prioritised for additional funds to avoid further penalties, cost escalations or regrettable spend.

Ministry of Health comment

23. The Ministry supports the use of Health NZ's internal baseline depreciation funds to fund the increased costs for this project.
24. The Ministry has noted that it assumes that, by submitting this request, Health NZ has assured itself that the investment is a priority for use of constrained funding and that it represents value for money (noting that the costs and gross floor area per bed appear higher than similar projects). As this is a replacement facility, the Ministry also anticipates that Health NZ is confident that the investment can be appropriately and efficiently staffed.

Next steps

25. Subject to Ministers approving the increase in the West Coast Mental Health project's total budget, we will release the RFP to the shortlisted respondents with programme and costs being confirmed once a main contractor is appointed.

In Confidence

Ministers' Comments

RELEASED UNDER THE OFFICIAL INFORMATION ACT (1982)

Briefing: HNZ00041863: West Coast mental health project request for budget uplift from baseline depreciation cash

5

Health New Zealand
Te Whatu Ora

Appendix 1: Detailed information on value management assurance

1. Cost increases are assessed for value management or other mitigations, and confidence on cost estimates. The approach employed for managing cost pressures includes:
 - a. **Assessing any changes proposed to ensure ongoing alignment to business case scope and investment objectives.** The case for investment remains unchanged since business case approval when tested with Hospital and Specialist Services, and iwi. The existing facility will be replaced and a new facility constructed. The planned number of beds (6), and both the Clinical Services Plan and Model of Care are fit for purpose. This has been confirmed as appropriate by Hospital and Specialist Services.
 - b. **Using contingency in the first instance.** A design and construction contingency of 9(2)(b)(ii) 9(2)(i) 9(2)(i) and a project contingency of 9(2)(b)(ii) 9(2)(i) 9(2)(i) were allocated at Business Case approval. No contingency has been used to date. However, this is not sufficient to cover the cost escalations. All project contingencies have been re-estimated and updated to 9(2)(b)(ii) 9(2)(i) 9(2)(i) to cover potential contamination, Greenstar, locality allowance, or other unforeseen items.
 - c. **Value management activities** to ensure no scope creep, provision of a minimum viable product if significant overruns, and replacement of subtrades and/or suppliers for more competitive pricing. Three rounds of value management have been undertaken through the design process. The following efficiencies have been gained for savings of:
 - i. 9(2)(b)(ii) 9(2)(i) 9(2)(i) from using shallow foundations in lieu of piles, reducing excavation, reducing retaining wall, changing framing from glulam to steel, changing fire walls, cladding material and the heating/cooling system;
 - ii. 9(2)(b)(ii) 9(2)(i) 9(2)(i) from reducing privacy screen battens along footpath, feature ceilings, extent of soffits, further rationalisation of heating/cooling, changing floor level reducing excavations required, reduction of uninterrupted power supply, specific bedheads removed;
 - iii. 9(2)(b)(ii) 9(2)(i) 9(2)(i) from 60% design drop to 100% design drop. This includes substructure design, changes to guttering and external fire doors, reduction of timber cladding, rationalisation of interior glazed screens and entry/reception area desk finishes, minimising services running through fire cells and reducing landscaping.
 - d. **Testing for phasing and scaling of investments at various levels of commitment.** The option to reduce project scope by removing the associated office workspace and bed numbers was investigated. However, this would detrimentally impact clinical service delivery and functionality as:
 - i. Office workspace would need to be found elsewhere on campus and there is no additional space available;

- ii. It would remove the required support function from the building which would create workforce inefficiencies;
 - iii. Any reduction in points of care/bed numbers would result in a facility that is unable to meet population growth capacity demands.
- e. **Deferring the commitment and exploring alternative options.** Alternative options investigated were found not to be viable, posing significant risk to local community and iwi relationships if progressed. They included:
- i. **The refurbishment of the current facility** (estimated cost circa 9(2)(b)(ii) 9(2)(i) 9(2)(j), similar to that of a new build). The level of cost certainty in a refurbishment is diminished with the full extent of scope for remediation unknown until construction begins, resulting in a high chance of additional funding required in future. There is also the issue of remediating an existing building in a live hospital environment with no appropriate decanting of existing patients and staff. This would also result in delays to the practical completion date to allow for re-design of existing plans.
 - ii. **Implementing an alternative model of care.** Viable options within the West Coast are severely constrained given geographical distances and lack of workforce. Long distance travel to other hospitals involves inherent risks, as well as capacity constraints existing on other campuses. There was also found to be a lack of viable community providers.
 - iii. **Stopping the project** would maintain the existing risks of the facility that has poor configuration, negatively impacting on patients and care outcomes, including: risk of assault, threats, missing persons and limited safe access to the unit. It would see clinical services delivered in a building past its useful life, in a state of general disrepair with leaking windows, difficult temperature control and a roof that needs replacing.

