Te Whatu Ora
Health New Zealand
Hauora a Toi Bay of Plenty

14 October 2022

[redacted]

Tēnā koe [redacted]

Your Official Information Act Request – Population Based Funding

Thank you for your email of 2 September 2022, asking for the following which has been considered under the Official Information Act 1982 (the Act):

Request

Under the Official Information Act, I request:

- **All correspondence, including letters, briefs, memos, emails and texts between Minister of Health Andrew Little's office and the Bay of Plenty District Health Board (BOPDHB) that discusses population-based funding applicability to BOPDHB since 1 January 2020.**

We have no record of correspondence directly with the Ministers Office on the issue of population-based funding for BOPDHB since 1 January 2020.

- **All correspondence, including letters, briefs, memos, emails and texts between the Ministry of Health and the Bay of Plenty District Health Board (BOPDHB) that discusses population-based funding applicability to Bay of Plenty District Health Board (BOPDHB) since 1 January 2020.**

There has been a range of correspondence – including verbal sessions - between BOPDHB and the Ministry of Health over the Population Based Funding Formula (PBFF) as applied to BOPDHB.
In providing copies of correspondence, we have focused on correspondence specific to the applicability of PBFF at BOPDHB and have excluded correspondence to the sector in general.

In addition to the written correspondence (predominantly email), there have been meetings and telephone calls discussing the issue of PBFF applicability to BOPDHB. Formal minutes of these meetings/discussions were not generally kept.

Included in the "correspondence" which we have included is an extract from our "Emerging Strongly" Plan – which was prepared for MoH, used in direct discussions and references population growth and associated revenue issues including the PBFF cap imposed on BOPDHB. This has been included as Attachment 2.

Te Whatu Ora
Health New Zealand
Hauora a Toi Bay of Plenty

ATTACHMENT 1: EMAIL (& ATTACHMENT) CORRESPONDENCE

1. Emailed 2020/21 Funding Advice

From: Paula.Steven@health.govt.nz <Paula.Steven@health.govt.nz> **On Behalf Of** Michelle.Arrowsmith@health.govt.nz
Sent: Friday, 22 May 2020 3:24 pm
To: Simon Everitt <Simon.Everitt@bopdhb.govt.nz>
Cc: Sharon Shea <sharon@sheapita.co.nz>; Andre Bester <Andre.Bester@bopdhb.govt.nz>; Mike Agnew <Mike.Agnew@bopdhb.govt.nz>
Subject: Bay of Plenty DHB 2020/21 Funding Advice

Kia ora Simon

This letter and attachments provide you with your DHB's detailed funding advice for the 2020/21 year, which incorporates Budget 2020 decisions.

Appendix 1 provides a summary of your 2020/21 funding.

Appendix 2 provides some technical details around specific elements of the funding advice.
The attached spreadsheet provides you with the detailed calculations behind the DHB funding advice.

Ngā mihi
Michelle

Michelle Arrowsmith
Deputy Director-General
DHB Performance Support & Infrastructure
Ministry of Health

Bay of Plenty DHB.pdf
Bay of Plenty Appendix 1.docx
Appendix Two All DHBs - Technical Deta
2021 FEBOOK Funding Advice V_Fin

Te Whatu Ora
Health New Zealand
Hauora a Toi Bay of Plenty

2. Email Exchange BOPDHB Planning & Funding Team and Ministry of Health Funding Team – May 2020

From: Mike Agnew <Mike.Agnew@bopdhb.govt.nz>
Sent: Tuesday, 26 May 2020 1:35 pm
To: Byron.Gill@health.govt.nz
Cc: Nat Fletcher <Natsuko.Fletcher@bopdhb.govt.nz>
Subject: Funding envelope

Hi Byron

I have a couple of queries about the funding envelope.

1. Max.Min adjustment. Because of the maximum/minimum rules, it appears that there was a $36M negative adjustment to BOP's PBFF share of funding. Is that correct?
2. IDF impacts. These look the same as if 100% of the technical price was applied. Is that correct. At 50% implementation, I would have thought the impact (forecast at around $4M for BOP at 100% of technical price) would have been halved. Ie: approx. $2M

Mike Agnew
Acting General Manager
Planning and Funding
BOPDHB

From: Byron.Gill@health.govt.nz <Byron.Gill@health.govt.nz>
Sent: Tuesday, 26 May 2020 4:00 pm
To: Mike Agnew <Mike.Agnew@bopdhb.govt.nz>
Cc: Nat Fletcher <Natsuko.Fletcher@bopdhb.govt.nz>
Subject: Re: Funding envelope

Hi Mike,

Tried to give you a call to discuss. Let me know when you are free and I can call back.

Kind Regards,

Byron Gill
Manager **I** DHB Funding **I** DHB Planning, Funding & Accountability **I** DHB Performance, Support & Infrastructure **I** Ministry of Health
DDI: 04 816 2969 **I** Mobile: 021 589 750 **I** mailto:Byron.Gill@health.govt.nz

Te Whatu Ora
Health New Zealand
Hauora a Toi Bay of Plenty

3. Emailed 2021/22 Funding Advice

From: Robyn Shearer <Robyn.Shearer@health.govt.nz>
Sent: Thursday, 20 May 2021 3:47 pm
To: Pete Chandler <Pete.Chandler@bopdhb.govt.nz>
Cc: Sharon Shea <sharon@sheapita.co.nz>; Owen Wallace <Owen.Wallace@bopdhb.govt.nz>; Mike Agnew <Mike.Agnew@bopdhb.govt.nz>
Subject: DHB funding advice for 2021/22

Kia ora Pete

This letter and attachments provide you with your DHB's detailed funding advice for the 2021/22 year, which incorporates Budget 2021 decisions.

Appendix 1 provides a summary of your 2021/22 funding.

Appendix 2 provides some technical details around specific elements of the funding advice.

The attached spreadsheet provides you with the detailed calculations behind the DHB funding advice.

Ngā mihi,

Robyn Shearer
Deputy Chief Executive – Sector Support and Infrastructure
Deputy Director General – DHB Performance and Support

Bay of Plenty DHB.pdf


Appendix 1 - Bay of Plenty DHB.docx


Appendix Two All DHBs - Technical Deta


2122 FEBOOK Funding Advice V_Fin

ATTACHMENT 2: DOCUMENT USED IN MEETINGS/DISCUSSIONS - Emerging Strongly Plan

EMERGING STRONGLY PLAN

Te Whatu Ora
Health New Zealand
Hauora a Toi Bay of Plenty

Contents

Te Whatu Ora
Health New Zealand
Hauora a Toi Bay of Plenty

Introduction
The theme of the DHB's plan for 2022, and this document specifically, is ***Emerging Strongly***. This reflects the Board's intention and aim to emerge from the challenges of 2021, and the disruption of the current pandemic phase, with a strongly honed and targeted focus on specific improvement and development imperatives.

The DHB is working in close partnership with the Ministry of Health around an agreed set of priorities, with strong support from the Ministry in key areas of colonoscopy, acute demand and planned care improvements.

The plan targets operational and financial performance in the short term. However, it also includes aligned steps towards the Bay of Plenty Health System's longer-term sustainability, building on current transformational work such as *Keeping Me Well*, *Community Orthopaedic Transformation,* and the positive landscape shift that has occurred during the pandemic.

Future sustainability
The COVID-19 pandemic, on top of an already pressured system, has given the DHB and its partners their biggest challenge in memory. However, this time of volatility has also led to the formation of new alliances and networks, new collective approaches to solving challenges and shone a light on the realities of deprivation and unmet need in the Bay of Plenty.

This extraordinary time has required health, social care, councils, police and other agencies to work across traditional service boundaries in strong support of iwi and community led responses. COVID has taught us the power of a network driven by shared cause, and in the Bay of Plenty neither the DHB nor any of its state sector, Iwi or provider network partners want to return to our modus operandi of pre 2020. Rather, there is a strong desire to build on the relationships, shared understanding of each other, and sense of collective strength that has developed to address other challenges in our communities.

The significant opportunity that lies ahead for the health system, and a key measure of success, will be to move forward into collective pursuit of societal wellbeing in conjunction with our wider state service sector partners. If we return to individual, output-based measurements of success then we consign ourselves to historic systems which are unaffordable, have limited effectiveness, frequently exacerbate inequity, and are exhausting the workforce with over-complexity and obstacles to meeting needs.

The essence of building different models to support health and wellbeing from the ground up, resonates strongly with the DHB's iwi partners and the Mātaatua Regional Leadership Group[1] and is a key driver of the Health Reforms.

2022 intentions
This plan takes into consideration not only Bay of Plenty Health services, but also wider state sector and Iwi partnership opportunities to advance preventative and community-based models of care and wellbeing. In considering areas such as acute demand, child immunisation, mental health, renal disease and uptake of bowel screening, the potential for a wider system collective response with far greater effectiveness, sustainability and affordability is a major opportunity at this stage in our history.

Building on COVID Care in the Community, a strong intention exists throughout this plan to expand the scope and quantum of care provided in the home or community. This will be an exploratory journey based on foundations already laid and this plan sets the scene and intent for direction of travel.

[1] The Mātaatua Regional Leadership Group connects Iwi, state sector services and council leaders across the Bay of Plenty and has become a strong, uniting framework for collective action. Further information is provided in Appendix 1.

Te Whatu Ora
Health New Zealand
Hauora a Toi Bay of Plenty

Expanding hospital-based services where there is potential for alternative community, Iwi or primary care shared models are the antithesis of progression towards system sustainability and equity. With Tauranga Hospital reaching its maximum capacity limit within a growing population and pressure increasing on Whakatane Hospital, alternative solutions to traditional models of care are pressing. Local audits of inpatients show that up to 40% of patients in hospital overnight don't need to be in a hospital but do need to be under some form of care supervision. Therefore, decompressing our hospitals and focusing on care in the home or community are key, and imperative elements enroute to longer term sustainability.

As part of the DHB's preparation to transition into the new shape of the Health Reforms, ensuring robust plans are in place, progressing at pace, for essential priorities is an organisational commitment. Similarly, it is important that the DHB's established relationships with Iwi, PHO's, Hauora and Providers remain strong and aligned to both maintain momentum for change and provide a sense of stability in the year ahead during the forming stage of the new health system.

Subject	Deliverable/ Imperative	Status
Financial	• Financial controls and turnaround actions to deliver annual plan budget	IN PROGRESS
Planned & Acute Care	• Address remaining constraints to bowel screening launch by March 2022 • Achieve Go-Live date for Bowel Screening by June 2022 • Deliver colonoscopy wait time targets by June 2022 • Identify additional local renal capacity solution by February 2022 • Stabilise Tauranga ED and commence next level step changes to manage acute demand • Scale up Care@Home to decompress hospitals with focus on frail & older people • Take first steps in plan to reduce planned care waiting times: Phase 1 Diagnostics compliance by April 2022 • Complete business case for additional theatres by June 2022	ACHIEVED ACHIEVED ON TRACK COMPLETE IN PROGRESS IN PROGRESS ACHIEVED ON TRACK
Workforce	• Maintain essential services during COVID surges (1. March-April, 2. expected June-August) • Optimal preparedness for winter pressures and non-COVID outbreak • Turn around increasing nursing vacancy trend • Establish strategy and capacity for essential recruitment • Commence whole of system workforce planning	ACHIEVED IN PROGRESS ACHIEVED COMPLETE IN PROGRESS
Mental Health	• Submit final inpatient unit business cases	ON TRACK
Child Immunisation	• Boost child immunisation rates through launch of whole of system strategic delivery plan by April 2022	ACHIEVED
Transition	• Ensure Sustainability Plan delivery and operating frameworks will provide continuity during 2022 transition to HNZ • Consolidated whole DHB development plan for transfer to HNZ	IN PROGRESS COMPLETE

Te Whatu Ora
Health New Zealand
Hauora a Toi Bay of Plenty

The approach to delivering this plan – which is being executed at the same time as drafting and testing with teams – will not be linear due to the current impact of Omicron, merging into winter surge and an additional COVID peak expected between July and September 2022. Having a robust oversight and delivery framework which can be adaptive to the volatility of the current context is very important to the Board, and CEO; hence current efforts to embed a strong delivery and progress monitoring approach prior to the disestablishment of the DHB. A first set of essential deliverables by 30th June 2022 is part of current Board governance oversight and for convenience is summarised below:

Further information to evidence, and where appropriate expand on, this main document content is provided in a separate document bundle.

The Board and Chief Executive would like to take this opportunity to acknowledge the tremendous work of our teams and leaders across the District Health Board, who work tirelessly to meet the needs of today, whilst evolving to meet the challenges of tomorrow. Our workforce are deeply invested in meeting our communities' needs, addressing inequity and adapting to a rapidly changing world and we celebrate the unique contribution of every member of our team of 4,000, along with our wider Bay Health Network partners.

Special thanks is also due to Ken Whelan for his wise counsel, challenge and support in helping to form our direction of travel for the year ahead and beyond.

Pete Chandler
Chief Executive Officer

Bev Edlin
Board Chair

Te Whatu Ora
Health New Zealand
Hauora a Toi Bay of Plenty

1. **Sustainability Plan Overview**

This plan sets a direction of travel for short term improvements in operational and financial performance, which pave the way for medium and longer term organisational and wider Bay of Plenty Health Network sustainability. The plan links to, and encompasses, the Intensive Support Agreement with the Ministry of Health (Appendix 2).

The plan builds on foundations laid which have developed from the DHB's Integrated Health Strategy, Strategic Health Services Plan and connects with Te Toi Ahorangi which serves as both our organisational philosophy of care and strategic system reset in terms of equity and Iwi aspirations towards Toi Ora.
This document includes contextual narrative which has formed part of the DHB's self-analysis in preparing this plan. We acknowledge that the balance between context and historical justification is a fine one, so we need to reassure the reader that this is about context given the changes in our population over time and the very real impact that has had on service planning and delivery. In assessing the contextual elements that have led to current state this has added robustness to identifying the correct diagnosis for some of our of challenges and from there the most appropriate direction of travel and solutions moving forward. It has equally been important to challenge and move on from our own narrative into the real opportunities that lie before us.

The plan recognises both:
The changing national context of the Health Reforms which will set direction and priorities under the Māori Health Authority and Health New Zealand, and, in the meantime the pressing nature of short-term imperatives in the Bay, and the need for clear focus and progress at pace.

The plan seeks to specifically address, or take steps towards addressing:
- Financial performance
- COVID response readiness: ensuring that essential services are maintained during outbreak surges
- Workforce vacancy levels
- Colonoscopy waiting time performance and readiness for bowel screening commencement
- First specialist assessment and planned care waiting time performance deterioration
- Management of acute demand and unplanned care performance
- Child immunisation performance
- Building stability, trust and confidence that the DHB is on the best track possible towards financial and operational sustainability as the sector moves into and through the Health Reforms

The focus of this plan is broadly in three key domains:
- Financial and operational performance improvement
- Strengthening essential workforce
- Changing models of care

All three areas blend across the plan as key threads towards operational and financial sustainability; key to this is ensuring local service teams in the Bay have a clear and visible plan which moves us forward during 2022 and resonates both with our health workforce and externally, with clear accountabilities for specific deliverables.

1.1. Financial and operational performance improvement

A fundamental element of financial improvement lies within how the DHB approaches dealing with demand growth along with recovery of planned care and other services. Simply scaling up models of service delivery have proved to be of limited effectiveness, contributed to inequity, and do not provide acceptable value for money and need to be challenged, redesigned or provided in a different context altogether. Similarly, prevention and early intervention are key to future sustainability. The DHB's 2020 direction towards development and sustainability was based around a life course concept of systematic service redesign, building models of care from the community, with whanau at the centre and with place-based collectives forming key localities. This approach considerably aligns with and will be absorbed by the Health Reforms, but the DHB still has a role in paving the way during its remaining time.

Our landscape shift as a result of COVID provides a perfect foundation for change, and creative collective redesign thinking to systematically address some of the current clinical service challenges the DHB is navigating (Appendix 3) in short to medium term shifts towards more finally sustainable and effective health improvement.

Financial Management during 2022
Significant ongoing vigilance and attention is being given to financial management for the 2021/2022 financial year, as well as out-year planning, at Executive and Board level.

To support a move towards improved financial sustainability this year the DHB is:

Managing staff cost growth from service demand levels whilst improving financial sustainability

- Nursing variable costs: increasing substantively employed nursing workforce within budgets to reduce the reliance on additional shift and overtime-based arrangements which result in higher cost structures
- Strengthening management control of use of outsourced personnel (locums/contractors)
- Post the COVID surge response, actively managing annual leave balances to reduce growing liability and enhance staff wellbeing
- Reviewing all current vacancies to determine whether a default replacement to an essential role provides the best value for money and aligns with strategic direction of travel
- Considering regional or subregional opportunities for specialist non-frontline roles where costs could be shared
- Seeking to expand the scope and training of HCAs to provide increased levels of care across allied, nursing, community health and maternity in a career pathway model, linking with Iwi to create local career pipelines
- Overall, focussing on blending current relevant secondary care workforce with community and primary care in support of mobile and Care@Home alternatives which reduce hospital level care

Establishing greater cost control in Health of Older People

- Introducing enhanced contract models to manage fee for service cost growth in Aged Residential Care and Home-Based Support Services
- Reviewing current costs and provision of service for complex clients with cognitive and behavioural issues to get greater control over the growth in packages of care service costs

Regional collaboration to ensure optimal patient care and value for money in care provision

- Enhancing referral management processes to give greater visibility of cases referred out for treatment and improve regional cost control
- Ensuring service developments that result in additional patient care being delivered locally are developed through the regional network of providers working together – e.g. Renal Services

Ongoing enhancement of Procurement

- Increasing the proportion of goods and services in regional and national procurement contracts from the national procurement catalogue
- Orthotics services have been brought in-house for this year as a cost reduction and service improvement initiative, with outsourced security currently being assessed for a similar change
- Target areas for other procurement cost saving changes are currently being worked up for the 2022/2023 financial year

Performance Management and Improvement during 2022

In relation to operational performance improvement, the DHB is currently strengthening Executive oversight of imperative development and improvement areas, acknowledging a large number of people movements over the last year into the COVID arena, Transition Unit or leaving healthcare which have left a range of gaps in BAU management.

The DHB's top 12 smart performance indicators (Appendix 4) were revised late in 2021 to become 16 indicators which align and encompass the Ministry of Health indicator framework released late 2021. These indicators provide a sound framework for Executive and operational teams for the year ahead, and all link to the sustainability priorities in this plan.

With changes made to how the Executive functions for this year, a *driving at pace* approach to improvement is in place, acknowledging the obstacles that will continue to need to be navigated around COVID disruption.

Progression of imperatives along with oversight of the BOP COVID response is now through an Executive led agile daily connection model, which includes stronger performance oversight of priority improvement areas and clearly set accountabilities for reporting, monitoring progress and delivery.

Progressing short term urgent physical capacity constraint fixes which are impacting on performance and resolvable quickly within available resources – primarily colonoscopy and renal dialysis – forming a part of the 2022 plan where Executives are focussed on systematic unlocking of constraints and obstacles to performance improvement.

Key areas of performance improvement imperative for this year, and components of achieving include:

Improving FSA outpatient waiting times

- Creating a current state stocktake assessment overview to use for improvement monitoring (Appendix 5) which identifies constraints to normal and recovery levels of service with advance plans to address these (this also applies to planned care surgery)
- Continuing to grow telehealth alternatives
- Re-starting more effective community FSA clinics in rural areas
- Growing the shift of clinically appropriate orthopaedic outpatient referrals into specialist allied health referrals under our *Orthopaedic Transformation Programme*
- Undertaking trans-disciplinary mega clinics at weekends

- Taking a systematic improvement approach by specialty to consider whether traditional models of provision are effective, equitable and provide good value for specialist time

Improving Planned Care (surgery) waiting times

- Note that in order to optimise surgical efficiency in theatres *surgical acute care* demand requires reduced waiting time to theatre – hence this is a key focus for improvement
- Moving all possible remaining procedures from operating theatres into alternative procedure environments to maximise available theatre capacity
- Ensuring that optimal theatre efficiency is restored after the disruptions of COVID
- Accessing all possible external operating theatre capacity to reduce the backlog of surgery
- Addressing inequity in planned care improvement approaches (approach and example of success to date is in Appendix 6)

Achieving Diagnostics waiting times

- A focus on improving CT, MRI and coronary angiography waiting times has been set as the first improvement focus in planned care commencing January 2022 with an aim of achieving compliance by April 2022. This will ensure that diagnostic services are in a good place for scaling up planned care treatment

Achieving Colonoscopy waiting times and going live with Bowel Screening

- This has been a top priority for the DHB over the last year and all efforts are being made to achieve waiting time compliance by June 2022
- A separate colonoscopy and bowel screening action plan (Appendix 7) sets out solutions for capacity and service requirements to achieve in this area and is subject to weekly monitoring by the Executive and fortnightly monitoring and reporting by the Ministry of Health
- Achieving *go-live* with bowel screening in the Bay this financial year through addressing remaining obstacles such as identifying theatre capacity for resulting bowel cancer surgery

In addition to the areas listed above, the following have been identified as imperatives for 2022:

Progressing a whole Bay of Plenty approach to improving child wellbeing, focusing initially on leveraging COVID vaccination learnings, networks and methodology to **improve child vaccination rates**, expanding into collective focus on avoidable hospital admissions (**ASH**) and more widely in relation to state sector and Iwi Collective Impact Group focus on childhood trauma, which is a significant driver of lifelong health need in the Bay. This domain links existing local developments in Toi Oranga Mokopuna**,** the COVID Directorate, Child Health Integration, the opening of the Bay's Child Wellbeing Centre and co-commissioning with the DHB Runanga.

Expanding renal dialysis capacity in the Bay which is both an historic equity issue (significant numbers of patients travel daily to Hamilton for dialysis treatment and for some this is simply not possible) and a Te Manawa Taki[2] Regional priority - the current arrangement of the extent of the Bay's dependence on tertiary level support presents a key capacity problem for Waikato DHB. The Renal Development Plan (Appendix 8) provides a short-term improvement solution in this area along with a medium to longer term plan.

[2] Te Manawa Taki is the name of the former Midland Regional DHBs comprising: Taranaki, Waikato, Lakes, Bay of Plenty and Tairawhiti.

1.2. Strengthening the essential workforce

The short-term aim of this focus area is to close essential funded workforce vacancy gaps which are adversely impacting performance, safe care and essential service sustainability both in relation to local COVID response and BAU delivery of acute and planned care.

In seeking to reduce vacancy levels as they were in December 2021 this reduces the current heavy reliance on excessive overtime and locum use and therefore this has a significant cost improvement, workforce wellbeing and efficiency benefit. Nursing vacancies alone grew from 50 FTE at the beginning of 2021 to 140 FTE by the end of last year, resulting in unacceptable levels of overtime and 12+ hour shifts to maintain essential services.

Based on a ***stabilise, plan, execute*** approach to workforce gaps, significant effort has been applied during 2021 and increasing this year to retain staff from wellbeing approaches (Appendix 9), increased frontline support, and assessing any team culture barriers to recruitment. Whilst the phrase *People don't leave organisations, they leave managers* is well known, this is not generally our issue in the DHB (Appendix 10) however improving the work experience, openly addressing the issue or moral injury, boosting morale, motivation and the sense of team belonging in all ways possible, is a priority within the plan.

Based on a newly developed talent acquisition strategy (Appendix 11), the DHB intends to recruit specialist clinical personnel - from overseas where possible - to avoid adverse impact on other health service providers and in addition to grow a workforce pipeline of registered and unregulated staff, which supports employment and career development for Māori specifically in the Bay. Current positive discussions are underway with PHO's and Hauora, in relation to developing a shared recruitment and workforce planning approach. This will serve all essential parts of the Bay Health Network and include focus on continuing to develop our Rural Health Immersion Programme, hospital generalist and flexible workforce particularly across Eastern Bay locality services.

During 2022 the DHB's operational service teams are challenging traditional resourcing of frontline care. Simply trying to increase SMOs, nurses, midwives and allied numbers to meet demand is neither affordable nor practical with current limited availability of workforce. Success in blending nursing and anaesthetic technician roles in theatres has been significant in 2021, allowing much greater sustainability of the peri-operative environment functions and something the provider teams are aiming to continue and leverage elsewhere, particularly in relation to growing unregistered staff skills through formal training to ease pressures in maternity and other services.

The recruitment function at BOPDHB has been limited in the past, with resource spread across various functions and service managers playing a lead in the recruitment process. This dissipated model is no longer effective for the scale, pace and competition for workforce in our 2022 context and addressing this is a core component of our plan.

Whilst a short-term recruitment drive is essential, specialist workforce planning is required to reconsider what roles and skills are actually required in our evolving context, maximising the use of unregulated allied, maternity and nursing staff and taking a whole of system view of optimal value for money resourcing. Current workforce shortages in Aged Residential Care, Home Based Support Services and Primary Care are equally as important to address for system flow and performance and therefore working with the wider BOP Health Network collaboratively, rather than in competition, is a more mature response to addressing DHB workforce gaps.

The role of hospital volunteers – disrupted during COVID – and how we best mobilise a fresh approach in this area, alongside *Kaitiaki – partners in care* is currently under consideration by the Executive to support our frontline teams. Our communities increasingly want to support healthcare services in the Bay and have reached out with numerous offers of support over the last six months. We want to harness this energy into an appropriate support response during 2022.

Finally, and importantly in the area, all specialist roles and functions are now being considered through the lens of the Health Reforms. It is neither appropriate nor affordable to duplicate functions or roles which could form part of a more sustainable, efficient and effective regional or subregional delivery model. A number of examples of service delivery partnerships working across Te Manawa Taki DHBs are set out in the Regional Equity Plan, and Te Manawa Taki DHB CEOs are currently exploring a range of opportunities in shared infrastructure, senior leadership and clinical care provision.

The role, focus and visibility of strong leadership across all the DHBs business units is more important than ever at this time of uncertainty for our health workforce. Therefore, strengthening leadership, accountability and having clear focus on specific deliverables underpins execution of our plan within a re-developing paradigm of working at pace, with agility and minimal bureaucracy.

In summary the DHB is intending to:

- **Plan for the future** by considering a whole system approach to identifying and redefining workforce needs, growing our workforce pipeline in innovative ways which meet service needs, are financially sustainable and provide new career pathways for our communities
- **Take the very best possible care of our workforce**, working with Unions and wellbeing leads on retention, boosting morale and staff motivation to reduce turnover and resulting operational and cost impact
- **Undertake an intensive, expert-designed recruitment programme** to address pressing staff group vacancies and high-cost current variance response with a focus on international recruitment to avoid depleting workforce in other areas
- **Create the capacity and capability for scale and pace recruitment** based on utilising a specialist talent acquisition strategy and optimisation of internal recruitment resource

1.3. Changing models of care

Good progress has been made over the last three years in the development of ambulatory acute care, community care co-ordination, and specialist services provision such as *Keeping Me Well* developing in the community, which provide a sustainable foundation for ongoing model of care evolution. This plan builds on those foundational developments which were themselves configured towards more sustainable servicing of our growing population.

Locality considerations
Growing prevention and earlier intervention with pre-referral and education initiatives is an agreed priority for the wider Bay of Plenty Health Network however due to the longer-term nature of this theme and the expectations of national direction the plan does not overall attempt to traverse this area in detail, but the essence carries through in numerous elements of the sustainability workstreams.

In 2020 the DHB embarked on a move towards place-based wellbeing (Appendix 12) in terms of:

- Identifying localities
- Agreeing with iwi a number of potential community wellbeing areas (locally described as Toi Ora Zones)
- Focusing on working with iwi and communities on prevention and early intervention
- Identifying and commissioning shared service offerings which better align with community health needs analyses and whānau aspirations

The DHB's Māori Health Team – Te Pare ō Toi – are currently progressing Iwi led Toi Ora Zone developments which form part of the recently submitted Bay of Plenty Eastern Bay locality proposal. These elements set the next level of foundations in working towards building a ground up model of healthcare provision design and will form a key part of reducing secondary level care demand over time.

Short to medium term intentions
Efforts to control demand for inpatient beds have been successful prior to 2021, enabling Tauranga and Whakatāne Hospitals to manage population and demand growth within fixed bed numbers which have not increased in over ten years – a specific intention of the Board.

However, from the middle of 2021 demand levels tipped over the DHB's ability to manage within current models of care. Over the last few years each year's projected population growth has been found to be above national projections (Appendix 13) and therefore the focus for 2022 is to rapidly progress a next level of changes which decompress our two hospitals, especially in relation to acute, older people and rehabilitation care, easing existing capacity for planned care recovery. Care@Home leverages COVID Care in the Community investments and learnings, builds on strengthened relationships with Iwi, Hauora, PHO's and other providers and seeks to reduce presentations and admissions to hospital with a strong and connected community care approach.

Linked to this plan, national COVID funding has been confirmed for the appointment of a number of health navigator/connector roles which will provide a significant benefit in progressing community-based care and long-term conditions support, in partnership with Iwi, Hauora and GP teams – i.e. a significant boost to this plan.

Within scope of this area are intentions to:

Progress alternative models of acute care which better serve Māori, rural communities and reduce the load on our Emergency Departments and inpatient facilities, including:

- Developing a kaupapa acute model of care with Ngāti Awa in Whakatane
- Front door senior decision making as the norm, rather than just at times of extreme surge
- Establishing the potential for expanded GP led, secondary supported acute after hours in Tauranga – with a specific focus on Papamoa
- Re-considering the role and service scope of our Emergency Departments and whether these need to move to 'referred in' services if sufficient alternative pathways are able to be provided
- Trialling additional front door acute specialist clinics which can be referred in from GPs
- The implementation of the necessary digital support systems to underpin safe and effective diversion from ED

Develop more appropriate care for frail and older people adopting international evidence-based changes to models of care with reduced reliance on hospital level services. This essential workstream is currently being worked up with support from colleagues in Australia, building on first stages of local work in 2017, and strongly empowered by the knowledge of the extent of decompensation that occurs for older people in hospital.

Expand the scope and volume of care provided in peoples own homes through digitally enabled shared care which supports earlier supported transfer of care out of hospital and reduced acute re-admissions.
It is not the DHB's intention to simply pass more work to primary and community care partners, rather to work together to jointly contribute to optimal, patient focussed models of care as we have done with COVID community care.

Ensure plans for essential medium/longer term physical capacity expansion requirements are in train linked into regional capacity planning and that expanded hospital accommodation is limited to services which absolutely have to be provided within a hospital level environment.

2. Contextual overview

The contextual landscape within the Bay of Plenty has changed very significantly over recent years, as has the DHB itself. Whilst the Bay is often externally considered to be a largely affluent part of Aotearoa, this is not the reality that we now see locally. Many communities in the large geographical area that BOPDHB covers are some of the most deprived in the country (Appendix 14) and the Bay ranks as one of the highest areas per capita for child abuse, domestic violence, gang presence and drug use, all impacting on the levels of demand for physical and mental health services.

Population growth in Tauranga and the Western Bay of Plenty has been unprecedented in recent years, increasing between the 2014 and 2018 censuses by 19.1% and continuing, resulting in significant pressure on local infrastructure and state sector services. Whilst the population has grown across all demographics it is particularly notable in the over 65 age groups (Appendix 15) with a consequent impact on acute demand needs. As Tauranga housing and business development spreads outwards in multiple directions from the CBD moving towards a projected increased population of 100,000 over the next 30 years, many areas are now unrecognisable from the quiet holiday hotspot of 20 years ago. This shift is now flowing through to the Eastern Bay with growth in Whakatane and an imminent surge in the Opotiki area due to major infrastructure development in progress.

Year at 30 June 2021	1996	2001	2006	2013	2018	2019	2020	2021
Western Bay of Plenty district	35600	38900	42900	45400	53300	54800	57000	58100
Tauranga city	79900	93600	107000	119900	142100	146400	152200	155200
Whakatane district	34200	34100	34500	34200	37100	37500	38100	38400
Kawerau district	8120	7290	7150	6650	7460	7550	7610	7670
Opotiki district	9620	9490	9200	8780	9670	9950	10150	10300
Total	167440	183380	200750	214930	249630	256200	265060	269670

Dataset: Subnational population estimates (TA, SA2), by age and sex, at 30 June 1996-2021 (2021 boundaries)

With considerable business expansion in the Bay and an associated inward movement of people from major centers, the demand on housing for both purchase and rental has surged, reducing availability and affordability. This became a notable barrier to health services recruitment during 2021 when for the first time the DHB struggled to attract normal volumes of replacement staff from outside the area in line with turnover because of the high cost of housing in the Bay. This constrained recruitment environment was compounded by national border closure and a wider local workforce availability issue in the Bay in what is now a highly competitive local employment market (Appendix 16). As the gap between available workforce and growth in health services demand has widened, less sustainable and less cost-effective variances response measures have been relied on to maintain services such as significantly increased reliance on overtime and locum staff, adversely impacting both the DHB's financial position and workforce wellbeing.

Against this backdrop it is important to acknowledge the DHB's journey over recent years with an increasing drive and momentum for change from the Board, Executive and senior management. With a track record of a number of sector leading developments over time and a large quantum of its 4,300 workforce being highly invested in the DHB's values and the pursuit of *Healthy, Thriving Communities,* the foundations which will adapt into the reformed health system are strong.

However, August 2020 to December 2021 saw the most significant volume and complexity demand surge in the DHB's history across multiple services. By May 2021 acute demand, exacerbated by a large and prolonged outbreak of RSV, reached a tipping point where normal service delivery became significantly impacted.
Establishing the root cause diagnosis for the various areas of challenge the DHB and wider health network in the Bay is navigating is imperative to ensure the correct issues and constraints are systematically identified, unlocked and addressed. In preparation of this plan, considerable time has been spent in exploring the current state to determine a systematic unlocking and improvement process.

2.1 Tauranga Hospital Campus

The issues with the Tauranga Hospital campus are well documented, embedded within asset management and long-term investment plans (LTIP). Therefore, it is not intended to set these out in detail in this document. However, this is an area which is important to highlight in brief because addressing the campus issues is imperative to the ongoing sustainability of secondary health services in the Bay, in partnership with regional colleagues. In short, this will be a key matter of importance for Health New Zealand.

Two key campus issues exist:

(a) Tauranga Hospital is now substantially unable to accommodate the volume and type of care required in key service areas
This primarily manifests in:

- The Emergency Department
- Endoscopy
- Operating theatres
- Intensive Care
- Renal dialysis
- Hospital bed capacity

All of the above except for ED and bed capacity are DHB submissions in the national Capital Intentions list, and funding has now been confirmed to expand the Intensive Care Unit/ Coronary Care Unit expansion. The DHB is working with the Infrastructure Unit to develop a tactical investment plan which will set out a realistic approach to expansion and upgrading over time, whilst simultaneously working on short term capacity solutions in the interim.

It should be noted that the provision of additional operating theatre capacity – by the DHB or by a third party – is absolutely critical to planned care recovery because of the increasing quantum of theatre space now occupied by acute surgery. Related to this, Tauranga Hospital bed capacity also needs addressing prior to an anticipated new clinical services block in or by 2034. Hospitals teams are committed to offsetting accommodation builds as much as possible by changing models of care but any solution – whether care at home, care in community facilities or additional beds on site will require either capital or revenue investment as a step change. Determining best value medium term direction will be subject to significant attention in the Tactical Investment Plan and Clinical Services plans referenced below. In principle, independent analysis by EY indicates that 190 additional beds will be required through to 2038 (Appendix 17) and we *estimate* that at least half of these could be accounted for by care at home or in the community if we invest to enable this.

In the medium term, 16 beds could be available during 2023 within Tauranga Hospital linked to the CCU/ICU expansion which would support additional operating theatre capacity.

(b) Part of Tauranga Hospital, and in addition its underlying geology, has a number of significant seismic issues

Further information is available separately however it is agreed in principle with the Infrastructure Unit that the costs and need to exit part of the hospital for very major upgrading over 2-3 years are not an appropriate or deliverable approach and that a new clinical services block which addresses both seismic and capacity needs is preferable. In this respect, regional capital planning and working together with neighbouring DHBs is essential and is occurring in parallel with business case development.

Appendix 18 sets out current campus capacity developments underway, with the following relevant developments progressing currently:

- A Master Clinical Services Plan (due December 2022)
- A Campus Development Plan (due December 2022)
- A Tactical Investment Proposal (Appendix 19)
- Business cases in progress including Mental Health rebuilds in Tauranga and Whakatane, additional operating theatres and Eastern and Western Bay renal dialysis units

3. **Financials over the last three years: how we've tracked and why**

The DHB's financial performance is a cause for concern - increasing from 0.8% ($9.8m deficit in 17/18) of its revenue to 2.7% ($20.9m deficit in 20/21[3]) over the last four financial years and contributing to the overall sector deficit which increased from approximately 1% to 4% over the same period.

With population growth at its most significant between 2014 and 2018, strong attempts were made by the Board during those years to restrict and contain related FTE growth to the absolute essentials pending PBFF funding eventually catching up. Between 2017/18 and 2020/21 $8m, $12m and $18m of growth related FTE business cases from frontline services were turned down over the three years respectively in an attempt to control costs as far as possible.

The Board was expecting to achieve close to break-even in the 2021/22 financial year after a positive partial recognition of growth in increased funding the prior year. Whilst a further significant uplift was received in 21/22 this was below the DHB's calculated expectations in business planning due to the funding cap being triggered, resulting in a $26m reduction in expected revenue, and in total amounting to $63m of capped funding across the last two years. It is unfortunate that this occurred in the year of significant COVID demand, with many of the DHB's senior managers having been deployed into the Bay's COVID response, resulting in little capacity to determine and execute the significant cost saving initiatives required to achieve a smaller deficit. However, the original annual plan deficit proposed for this year of $35m was reduced by agreement with the Ministry of Health in November 2021 to $30.6m, which the management team are doing everything possible to achieve through a range of controls, cost reductions and very close monitoring of financial tracking.

Despite controls, nursing resource in line with demand and under the DHB's longstanding commitment to CCDM has increased significantly and some other areas of workforce increase have been necessary to maintain essential service delivery.

3.1 FTE Growth

Staff costs represent the largest single area of expenditure for the DHB and as a DHB serving a fast-growing population, BOP typically increases its staff numbers by 3% to 3.5% annually. This growth generally reflects demographic driven service growth requirements and needs-based service development. In the last two years the COVID response has added another layer of staff growth.

In 20/21 the DHB experienced a 200 plus increase in staffing – largely due to a combination of the new COVID workforce, responding to Care Capacity Demand Management (CCDM) requirements, the DHB addressing community midwife shortages and the integration of an MoH-contracted service provider into the DHB. Even allowing for these factors, however, the increase in staff level has been proportionately higher in the last two years – driven predominantly by acute demand levels and case complexity.

A comprehensive analysis of FTE growth over the last three financial years has been undertaken by management to inform both any opportunities and short-term cost control and medium term workforce planning opportunities for increased efficiency.

---

[3] Operational deficits have been adjusted for historic Holidays Act and unreimbursed COVID costs.

It is important to note that the term 'FTE growth' is itself misleading and does not purely reflect numbers of employees but includes a range of workforce related costs which national accountancy models translate into FTE. This is more fully explained in [Appendix 20].

3.2 Vacancies

Against the backdrop of increasing staff levels, over the last year the DHB has wrestled with increasing staff vacancy levels. Managing workforce vacancies is a sector reality and BOP is not dissimilar to its colleague DHBs - shortages across the sector have been exacerbated by COVID and its demand for additional clinical staff coinciding with restricted supply due to border closures.

However, against a typical year where BOP would face managing around 40-50 FTE nursing vacancies, the last 12 months has seen vacancies of between 85 to 140 FTE nurses. Maintaining service delivery during this time has been challenging, but essential services have been maintained – albeit through the use of casual staff, part time staff working additional hours, overtime and outsourcing which has been costly.

The DHB recognises these short-term solutions generate higher costs and undermine operational capability so reducing vacancy numbers to "typical" levels is a point of focus for the DHB and it has adopted a longer-term talent acquisition plan whilst also embarking on more short-term recruitment campaigns. Some success has been achieved to date with current recruitment processes reducing nursing vacancies to around 80 as at March 2022.

In undertaking various areas of analysis for this plan, it has been difficult to establish exact DHB vacancy numbers based on substantive service budgets. This is primarily because such information is held within individual services, with the exception of nursing, and addressing this visibility issue is a priority action in progress.

3.3 Value for money relativity

MoH sourced data[4] indicates that compared to the sector and its peer group, BOP's provider arm is one of the better performing with staffing costs lower and growing at a slower rate compared to the sector average relative to population and volume data.

This conclusion was highlighted in the MoH Workforce Planning & Forecasting report of December 2020, released in January 2021, which noted:

- "In the past 10 years, BOPDHB's FTEs have grown at a slower rate than cost weighted population change."
- "BOPDHB's personnel expenditure accounted for 35% of total revenue in 2019/20 - lower than the peer average"
- "BOPDHB's clinical cost per bed day was below sector average. Bed days per clinical FTE were higher than sector average."

[4] DHB financial schedules put together by the Ministry together with Performance Reports also published by the Ministry

Measure & Timing of Source Data	BOPDHB	National	% Var	
Hospital Discharges / Clinical FTE (Sept 21)	6.3	4.7	+34.0%	High Productivity
Hospital CWD / Clinical FTE (Sept 21)	5.1	4.3	+18.6%	High Productivity
Clinical FTE / Total FTE (June 21)	77.3%	77.5%	-0.3%	In Line with Sector average
Clinical FTEs/1000 Popn	9.1	11.0	-17.3%	Lower Staffing
Average Salary – Total Staff (June 21)	$106	$111.4	-4.9%	Lower Avg Pay Rate
Staff FTE / $1000 Revenue (June 21)	6.4	7.1	-9.9%	Lower Staffing
Staff $ as % of Provider Revenue (June 21)	67.9%	78.8%	-13.8%	Lower Staff Cost

The available indicators suggest that the DHB's cost pressures and financial performance issues, while real, are not overall being driven by inefficient internal service provision.

Whilst some relativity perspective does not change the reality that the present DHB's services are not operating within their financial means, it is somewhat helpful to bring to light the need for more substantial change in how services are provided rather than simply *tinkering at the edges* or relying on service reductions on a year-by-year basis to meet annual budgets.

This plan takes the approach that whilst short term annual savings plans are important they generally provide short-lived benefit and have very limited impact on medium to longer term sustainability. The proposed focus for 2022 is to set the direction for more significant change which will align well with the Health Reforms direction of travel and achieving financially sustainable services in the Bay.

3.4 Annual Plan Budget

The 2021/2022 Annual Plan was signed off by the Minister in December 2021, and there is strong focus by the Executive Team and Board to do everything possible to land within the signed off budget, acknowledging the volatility of the current environment and the imperative to minimise any impact of elements that are beyond the DHB's control.

The strategies and focus areas referenced in this Sustainability Plan document are intended to assist ensuring that BOPDHB moves to financial balance in the shortest time possible. This is primarily by avoiding the impact of population growth flowing through into expanded versions of current high-cost models of care wherever possible.

If you have any questions, you can contact us at oia.request@bopdhb.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.

Te Whatu Ora
Health New Zealand
Hauora a Toi Bay of Plenty

As this information may be of interest to other members of the public, Hauora a Toi Bay of Plenty 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. The released response will be made available here Official Information Act | Te Whatu Ora | Health New Zealand | Hauora a Toi Bay of Plenty (bopdhb.health.nz)

Nāku iti noa, nā

Debbie Brown
Senior Advisor Governance and Quality
Bay of Plenty District