

AM-14



St Vincent's Healthcare Network Sydney

Capital Investment Proposal

Redevelopment St Joseph's Hospital in Auburn

2022

1. PROPOSAL OVERVIEW

1.1 Organisation Details

Organisation: St Vincent's Healthcare Network Sydney (SVHNS)

Contact Officer: Dominic Le Lievre

Position: Executive Director Integrated Care Services

Phone: 0459870559

Email: Dominic.lielievre@svha.org.au

1.2 Proposal Details

Proposal name: Redevelopment of St Joseph's Hospital Auburn

1.3 Relevant Documents and Current Planning Status

Document	Status
<i>SVHNS Clinical Service Plan</i>	<i>Complete awaiting endorsement by MoH [2022]. Currently with MoH for final review.</i>
<i>Darlinghurst Integrated Healthcare Campus Masterplan</i>	<i>2017, Updated 2021</i>
<i>SJH Business Case</i>	<i>Completed and submitted to MOH March 2019</i>
<i>SJH Options Paper v4.2</i>	<i>Completed and submitted to MOH 2018</i>
<i>The SJH Abridged Preliminary Business Case</i>	<i>Completed and submitted to MOH 2016</i>

1.4 Consultation

Stakeholders consulted as part of this proposal include St Vincent's Health Network Sydney Executive & staff, Ministry of Health.

1.5 Board Endorsement

Has the Organisation's governing board endorsed this proposal? Yes [] No []

1.6 Chief Executive Approval

Name: A/Prof Anthony Schembri for SJH 27/6/22

Position: Chief Executive Officer

Signature: Anthony M. Schembri

2. PROPOSAL DESCRIPTION

2.1 Proposal Description

This proposal is to redevelop St Joseph's Hospital (SJH) on its existing site with expanded services at a preliminary capital cost estimate (2019 dollars) of \$100 million.

Importantly, St Vincent's Health Network Sydney is working with the Ministry of Health to explore non-capital solutions to ensure the sustainability of St Joseph's Hospital services however these discussions are ongoing and the capital facility issues and risks associated with SJH continue to escalate. This proposal outlines the minimum investment required should agreement regarding the non-capital solutions not be reached. This proposal is based on work undertaken in 2019 and, if progressed, will require review and updating to reflect the current financial, planning and operating environment.

St Joseph's Hospital (SJH) is a sub-acute public hospital of St Vincent's Health Australia (SVHA), providing inpatient, outpatient and community based services, with a focus on rehabilitation, mental health for older people, Huntington's disease and palliative care. St Joseph's Hospital is guided by the same governance structure and strategic endeavours as St Vincent's Health Australia.

The mission of St Joseph's Hospital is to work with unity of purpose, respect for the human dignity of all, and to treat all with compassion and justice. St Joseph's Hospital has been providing quality health care in a compassionate and highly personalised atmosphere for over 100 years.

There are currently several factors impacting the ability of SJH to deliver an optimal service that is aligned with the SVH, Local, State and Federal health strategies. These issues resulted in the development of a Business Case in 2019 to outline the case for change. This Business Case contemplated the following options:

Option 1 – Base Case / Minimum capital spend

Option 2 – Redevelopment of the SJH Auburn site / Refresh of the 2016 PBC

Option 3 – Redevelop on existing site with expanded services

Option 4 – Relocate to a SWSLHD Greenfield site with expanded services

Option 5 – Temporary closure and full redevelopment on existing site.

Option 6 - Close St Joseph's Hospital permanently and redevelop into an Aged Care Facility

Option 7 - Close down facility permanently and sell land

The outcome from the analysis completed and submitted to the Ministry of Health (MoH) in 2019 was a recommendation to pursue **Option 3 - Redevelop on existing site with expanded services**.

The new services considered as part of the extended service mix were:

- Transforming SJH to an Advanced Centre of Excellence for Brain & Behaviour
- Uplifting to a Supportive Palliative Care Unit "SPCU"
- Introduces a 30 Chair Renal facility opportunity for expanded telehealth for outpatient services.
- Introduces a Drug & Alcohol Unit for women.
- Introduces the Tierney House service model.
- Uplifting the Rehabilitation unit to a General Rehabilitation Unit – expand patient type

The current services provided have also been modelled to ensure an optimal mix could be achieved:

- Aged Care Assessment Rehab Unit (ACARU)
- Aged Care Psychiatry and Neurosciences Unit (ACPNU)
- Huntington's Disease Unit (HDU)
- Medical Rehabilitation Unit (MRU)
- Palliative Care Unit (PCU)
- Allied Health and Outpatient services

The quantitative (financial modelling) and qualitative analysis completed in 2019 recommends a target to deliver the equivalent of a 90 bed facility, using modern prefabricated building techniques, to present a scalable Hospital with the renovation and new build of the SJH facility within the capital cost envelope of \$100million (in 2019 dollar values) with an indicative payback period of 20 years.

Since 2019, St Vincent's Health Network Sydney (SVHNS) has entered into discussions with MoH to explore other, non-capital solutions for SJH, including Option 7 as articulated above. These discussions are ongoing. Should an agreed outcome on these discussions not be reached, it will be critical to invest in the SJH facility to enable safe, sustainable and patient-centred care to be delivered.

2.2 Investment Drivers

SJH currently has several headwinds impacting its overall ability to deliver an optimal service that is aligned with the SVHNS, Local, State and Federal health landscape. Considering this, there has been a concerted effort to build a case for change.

The current challenges were highlighted in a 2019 review of demand patterns, future activity projections, operational reviews and financials of SJH, and they present a core case for change. A building assessment undertaken as part of the 2019 planning process highlighted that urgent refurbishment is required owing to the age and condition of the buildings and the current state of poor infrastructure and accommodation.

The current Hospital facilities pre-date 1943 and its buildings are well past their functional and economic useful life, and are not fit-for-purpose. Many of the buildings are non-compliant with BCA regulations. Services are gradually being decommissioned due to safety concerns which are limiting service capacity. The buildings are often linked by with many changes of levels, are difficult to navigate, have mixed back-of-house, staff and patient movement and have poor functional relationships. The resultant built form lacks any relationship with the surrounding spaces, creating a site that is spatially disconnected, inefficient for staff, and disorientating to visitors.

Further facility issues exist related to poor site access, suboptimal spatial layout and linkages and connectivity.

Issues related to inefficiency in service models and lack of capacity for growth also impede a sustainable future for the facility.

2.3 Options Considered

In 2019 a Cost Benefit Analysis and Finance Analysis was undertaken as a part of the Business Case.

Seven directional options were considered:

- Option 1 – Base Case / Minimum capital spend
- Option 2 – Redevelopment of the SJH Auburn site / Refresh of the 2016 PBC

- **Option 3 – Redevelop on existing site with expanded services**
- Option 4 – Relocate to a SWSLHD Greenfield site with expanded services
- Option 5 – Temporary closure and full redevelopment on existing site.
- Option 6 - Close St Joseph's Hospital permanently and redevelop into an Aged Care Facility
- Option 7 - Close down facility permanently and sell land

3. STRATEGIC ALIGNMENT OF PREFERRED OPTION

The following sections should address how the preferred option meets the test criteria for the three strategic alignment tests in the **State-wide Investment and Prioritisation Framework**, including alignment with the Investment Principles included at **Appendix A** of the Framework.

Note: Please include a page reference (including version) to your organisation's Strategic Asset Management Plan/Asset Management Plan for any commentary relating to assets at end-of-life, in poor condition or other relevant information.

Strategic need and benefit

Ensuring a sustainable future for the St Vincent's community and providing safe, effective and patient centred care is a key strategic priority for St Vincent's Health Network Sydney and SVHA.

This proposal aligns to relevant Government policies and strategies as below:

Criteria	Comment
Alignment with NSW Government priorities	<p>The proposal aligns with the three highest-order priorities of NSW Health 20 Year Health Infrastructure Strategy and State-wide Investment and Prioritisation Framework (Appendix C) as it proposes to minimise overall costs to the health sector by offering a combination of initiatives that:</p> <ol style="list-style-type: none"> 1. maintain existing assets, 2. better use existing assets, 3. innovate to reduce demand upon the health sector <p>The proposal aligns with the NSW State Health Strategy and Plan 2021.</p>
Alignment to NSW Treasury's outcomes budgeting framework	<p>The proposed service model aligns to the NSW Treasury's outcomes budgeting framework with goals as per the Service Agreement:</p> <ol style="list-style-type: none"> 1. Keeping people healthy through prevention and health promotion 2. People can access care in out of hospital settings to manage their health and wellbeing 3. People receive timely emergency care 4. People receive high-quality, safe care in our hospitals 5. Our people and systems are continuously improving to deliver the best health outcomes and experiences <p>The expanded clinical services will fill service needs within the area, and specifically address key performance indicators and</p>

Criteria	Comment
	outcome measures across the areas of drug and alcohol consultation liaison, mental health access, digital and telehealth expansion, enabling harm free care, improve the patient experience through greater access to the care that is needed and an improvement in facilities, as well as improving staff wellbeing and workplace culture.
Demonstrate a clear service need backed with evidence	<p>The proposed services align with NSW Health priorities and work toward filling service gaps in the NSW Health system, specifically:</p> <ol style="list-style-type: none"> 1. Transforming SJH to an Advanced Centre of Excellence for Brain & Behaviour 2. Uplifting to an Supportive Palliative Care Unit “EPCU” 3. Introduces a 30 Chair Renal facility with opportunity for expanded telehealth. 4. Introduces a Drug & Alcohol Unit for women. 5. Introduces the Tierney House service model. 6. Uplifting the Rehabilitation unit to a General Rehabilitation Unit – expand patient type. 7. Expanded telehealth for outpatient services.

3.2 System and Service Transformation

Criteria	Comment
<i>How will the investment facilitate out-of-hospital care</i>	Through expanded community, non-admitted and telehealth services.
<i>Impact on outpatient care, same day surgery and community health</i>	Expansion in non-admitted care and community health services, through telehealth enabled services and uplifted and enhanced services such as Renal and Supportive Palliative Care. Nil impact on same day surgery, given a subacute facility.
<i>Decreasing avoidable ED presentations</i>	Introduction of a supported residential model and a drug and alcohol service for women will assist in taking pressure of emergency departments at other local hospitals by providing alternative hospital avoidance services.
<i>Adoption of virtual or telehealth models</i>	Expansion in telehealth in non-admitted, community care and introduction of renal telehealth to SJH.
<i>Optimising service delivery</i>	Redevelopment of the site will ensure that all services will run as efficiently and effectively as possible, with a service mix that optimises patient care and experience.
<i>Networked services, collaboration and sharing across the entire health system</i>	The redeveloped SJH will have improved links with immediate LHDs in WSLHD and SWSLHD, and also improve relationships and collaboration with St Vincent’s Hospital Darlinghurst – a networked facility, especially through the Brain and Behaviour centre for excellence.

<i>Non-capital solutions</i>	Non-capital solutions are being explored in conjunction with MoH.
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3.3 Sustainability and Efficiency

Life-cycle considerations and recurrent impacts have not yet been modelled and would need to be reviewed as part of any future planning in conjunction with MoH.

4. ESTIMATED CAPITAL COST

4.1 Capital Cost Estimate

The 2022 Costing template (Attachment 1) has been provided by Health Infrastructure to assist in the development of a well-considered estimate.

For further assistance with the Costing template, please contact:

Asset & Project Advisory Services
Health Infrastructure
Lachlan.Lavery@health.nsw.gov.au

A preliminary capital cost estimate was developed in 2019 as part of the Stage 1 Business Case which estimated a capital cost (in 2019 dollars) of \$100 million. This requires further testing and escalation as part of further planning.

5. PRELIMINARY COST BENEFIT ANALYSIS

5.1 Preliminary Cost Benefit Analysis (PCBA) Excel Template

The 2022 Preliminary Cost Benefit Analysis (PCBA) template (Attachment 2) must be completed for each investment proposal submitted. This will ensure that all proposals provide net benefits to the NSW community.

In order to calculate the benefits, the following may be required:

- *Information on the changes in anticipated activity with the Proposal (e.g.- Total Separations by Service Related Group (SRG) compared with a base year)*
- *Proposal Capital cost information – Best Estimated Total Costs (ETCs) distributed over time based on Health Infrastructure cost planning advice*
- *Estimates of base case and project case operating costs*
- *Information on the number of staff impacted by the proposal or workforce requirements*
- *Anticipated/estimated travel time savings for patients due to facilities being placed in local communities*

The PCBA User Guide, Framework and FAQs (Attachment 3) provides instructions to assist Health entities in completing the PCBA input template.

For further assistance with the PCBA template, please contact:

Strategic Analysis and Investment Unit
Strategic Reform and Planning Branch, NSW Ministry of Health
MOH-CaSPA@health.nsw.gov.au