

**FROM THE PERMANENT SECRETARY**

Mike Brennan



**From:** Mike Brennan  
DfE Permanent Secretary

**Date:** 13 August 2021

**To:** Colum Boyle  
DoF Permanent Secretary

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**ULSTER UNIVERSITY GRADUATE ENTRY MEDICAL SCHOOL**

I write in relation to the Graduate Entry Medical School at Ulster University's Magee Campus.

Following the Executive reaffirming the New Decade New Approach (NDNA) commitment, on 18 May 2020, to establish a Graduate Entry Medical School at Magee, the University stands ready to welcome its first intake of 71 (68 NI/ROI, 2 GB and 1 international) students for the 2021-22 Academic Year, due to enrol on 23 August 2021.

The University is looking at a phased approach to the Medical School with Phase I considering the launch of the school using existing premises on the Magee campus subject to minor capital enhancement works and equipment purchases projected to cost £3.01m in total, and Phase II including any potential further increase in student numbers beyond 70 NI/ROI students per year in line with its original ambitions, and any potential major new build Capital Expenditure projects should the need for that growth be determined. It is the University's firm ambition to further expand the Medical School which would be supported by a Phase II Business Case. Whilst this Phase II business case is expected to be presented for consideration by the end of 2022/23/early 2023/24, for the purposes of the Phase I Case the University is operating on the assumption that from 2022/23 the intake would increase the 68 NI/ROI, 2 GB and 1 international student to 70 NI/ROI, 4 GB, and 3 international students each year up to 2025/26 and beyond.

The University has advised DoH and DfE that it could take 18 to 24 months to develop a Phase II Business Case looking at potential growth of GEMS which would encapsulate the requirement for a standalone construction, which may also yield synergies with Derry City and Strabane City Deal health projects. The potential Capital requirements initially set aside under the IFF of £26m may now be an underestimate of the actual Capital requirements to move to Phase II given general inflation since its original business case was submitted to DoH in October 2019, and in particular the recent very significant inflation seen in the construction sector in general. I understand that your officials have been engaging with HMT to determine if there is scope for additional funding for any GEMS Phase II over and above the original £26m Capital because of these reasons.

The Finance Minister's letter to the First and deputy First Ministers of 13 July 2020 advised that while the funding agreed for GEMS has been ring fenced, any expenditure should be supported by an expenditure appraisal and approval process. As agreed with TEO, the Department for the Economy has led a Steering Group on the delivery by UU of a business case. This business case has now been delivered by UU to DoH, with a copy being sent to this Department for information. DFE has therefore fulfilled its remit in regard to facilitating UU's production of a "Phase I" business case in regard to the establishment of GEMS.

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and a profile of resource expenditure of training, in 2021/22, 68 NI/ROI students and 3 GB/international students, followed by 70 NI/ROI and up to 7 GB/International students per annum to qualification (four years degree and two years professional training). This profile is included in the table below, based on figures provided by DoH, based on the likely NI/ROI, and GB/international intake. The bulk of the Direct Health costs (including a totally immaterial amount relating to GB/international students) would always have been incurred under implementation of the Gardiner review proposals for graduate entrant medical students.

	Financial Year						
	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	Recurrent
Direct Health Costs	£894,298	£2,884,738	£5,666,769	£9,284,113	£13,277,053	£17,472,330	£17,472,330
Teaching Grant and Maintenance Support	£359,641	£1,415,727	£2,677,355	£3,944,434	£4,295,769	£4,305,037	£4,305,037
<b>Total</b>	<b>£1,253,938</b>	<b>£4,300,466</b>	<b>£8,344,124</b>	<b>£13,228,547</b>	<b>£17,572,821</b>	<b>£21,777,367</b>	<b>£21,777,367</b>

As you will note from the table above, the recurrent costs falling to DoH for places, are a multiple of the additional teaching grant that would flow through this Department in each year up to 2026-27 when the initial tranche of 68 NI/ROI, and 3 GB/international students would finally become qualified. Indeed, by the time the first cohort completes its final foundation year the annual funding that would flow through DfE represents just 19.77% of the overall £21.8m annual resource requirement.

As noted in the table, the initial intake of 68 NI/ROI students and 3 GB/international students would commence their first work placement in Foundation training in 2025-26. It is however anticipated that by the end of 2022/23, early 2023/24, a Phase II case looking at further sustainable growth including a new build proposal will have been presented in any event, superseding this information.

DoH charge universities an International Access Fee of £10k per international student per annum and advises that, in theory, the recruitment of international students should have a nil impact on SUMDE spend. This SUMDE spend is a mechanism to reimburse hospitals/GPs for the additional costs they incur when medical students are present in clinical settings

Note the table above does not recognise the income that DoH would receive from UU for the recruitment of International Students. The costs presented are derived from current known costs and not adjusted for inflation.

I believe that the IFF Revenue funding of £9m set aside for the GEMS is only available for three years. You would therefore need to clarify, that the Executive decision means that the projected Phase I Revenue requirements that would flow through DfE following the expiry of the IFF funding will be available to DoH in the years following the IFF Revenue funding running out, so that it can make the necessary transfer of the additional Revenue funding to DfE in relation to teaching grant and maintenance support for onward transmission to UU and students respectively, or confirm that it would be made available directly to DfE on a Ring-Fenced basis.

The University has confirmed that on foot of Simon Hamilton's announcement in March 2016 that it has proceeded with good intentions in the development of the Executive Commitment to establish the GEMS at the Magee Campus, and has start-up costs it believes should be covered by government. These costs, totalling £4.4 million, include curriculum development and purchase and staffing costs including the Dean of Medicine, some of which were incurred prior to the Executive decision in May 2020 in support of a Medical School at the Magee Campus. The University has advised that £2.8m of these costs were incurred in good faith pre Executive announcement, and £1.6m subsequent to May 2020. Indeed without the university having incurred these costs, the Executive would not have been in a position to announce the Medical School at the Magee Campus. Given DoH's lead role on Medical places, I would ask you to confirm your view to DoH on whether the Executive decision means that these pre Executive decision start-up costs are allowable. Should such costs be allowable and associated funding be made available from the £9m IFF Revenue costs available in 2021/22, DfE stands ready to act in its normal role as a conduit for the government funding to be transferred on to the University. These costs are over and above those noted in the table above.

As regards risks, I understand that UU has updated the risks associated with Phase I since they were reviewed by SIB on foot of the Executive decision, and other than risks around provision of government funding approvals, UU has confirmed the risks generally are lower than at the point in time the assessment was made by SIB.

However, one emergent risk to note is the availability of teaching and residential accommodation in the regional HSC Trusts due to increased placement requirements, driven by increase in additional undergraduate medical places, changing curriculum requirements. It is noted that a working group has been established, between UU and Queen's medical schools to harmonise approaches to student placements. The University has flagged as a dependency in its case, the availability of appropriate placements in both primary and secondary care settings within the HSC Trusts, with the necessary supporting accommodation in place. This risk however is in essence a DoH risk in relation to general medical provision.

The University has also advised that it has around £3.01m of minor capital refurbishment works in relation to its existing premises, and minor equipment purchases to facilitate the students commencing studies under Phase I. As noted above, on 13 July 2020 the Finance Minister indicated to the First and deputy First

Ministers that on foot of the Executive decision, a Full Business Case would be required to go through normal approval channels for the Capital costs associated with the GEMS project. Given that the initial 70 NI/ROI student option agreed by the Executive requires only “minor refurbishment works” to existing premises and minor equipment purchases which together are forecast to total £3.01m, I would ask you to confirm with your Minister whether his position is that the Executive decision covers these minor works and Revenue costs for Phase I, and that it would be the major Capital costs, and further Revenue costs associated with expansion beyond the 70 NI/ROI place and up to 7 GB/international student “Phase I” Business Case (i.e. the Phase II Business Case) that your Department and DoH would require to consider and approve. Therefore no further approvals would be required in advance of the opening of the initial maximum 70 NI/ROI plus up to 7 GB/International student School.

Should DoH determine that it wishes for Graduate Entry students to avail of tuition fee loan support, it would need to advise of its policy intention to enable legislative change to occur. However, at this point it would not be possible for the incoming cohort.

The Executive has committed to the location of the medical school at Magee, and an initial maximum intake of 70 NI/ROI students, as outlined in the then First and deputy First Ministers’ paper to the Executive of 18 May 2020, in which it was advised that DoH had an outline business case preferred option of 70 places awarded to graduate entry medical students.

The Department for the Economy has fulfilled its remit in regard to Phase I of the GEMS facility as agreed with TEO, and has no further role in any approval process. DfE officials have progressed Phase I as far as they can and can see no further role at this stage for this Department other than to receive any potential teaching grant funding secured by DoH/DoF to route to the University.

Given that the first students will enrol on 23 August, I would urge you to confirm your position around the matters raised in this note, in order that DoH is aware as to whether it needs to seek any further approvals around Phase I – i.e. a 70 NI/ROI, plus up to 7 GB/international place Medical School at the Magee Campus.

For your information, Richard Pengelly has recently written to me suggesting a meeting around the “Phase II” (see attached copy for information) further expansion of the Medical School, suggesting a meeting with his Capital Team. I intend to take him up on this offer so that we can again work in collaboration to ensure that DoH is in the best position to have complete information as and when it brings forward any Phase II Business Case to your Department, and possibly the Executive, for consideration.

**In summary I am asking:-**

- **That you confirm with your Minister whether his position is that the Executive decision covers the minor capital refurbishment works and equipment costs as well as the Revenue costs for Phase I noted above, and that it would be the major Capital costs, and further Revenue costs associated with expansion beyond the 70 NI/ROI place and up to 7 GB/international student “Phase I”**

Business Case (i.e. the Phase II Business Case) that your Department and DoH would require to consider and approve. Therefore, no further approvals would be required in advance of the opening of the initial maximum 70 NI/ROI plus up to 7 GB/International student School;

- That following the expiry of the IFF source of revenue funding, funding will be available to DoH in the years following the IFF Revenue funding running out, so that it can make the necessary transfer of the additional Revenue funding to DfE in relation to teaching grant and maintenance support for onward transmission to UU and students respectively, or confirm that it would be made available directly to DfE on a Ring-Fenced basis; and

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**MIKE BRENNAN**  
Permanent Secretary  
Department for the Economy

- Cc:** Richard Pengelly  
Denis McMahon  
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**Section 40(2)**  
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