

Annual Report to Ministers on Enhancement of Infrastructure Management

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Purpose

1. This report outlines the assessment made by Te Whatu Ora on the progress to enhance infrastructure management and establish a structure to lift the standard of practice and clarify roles and responsibilities at the local, regional, and national level.

Executive Summary

2. Improved health infrastructure is a key enabler of clinical services and improved health outcomes. Clinical services need specialist facilities in their design and their fit-out, which includes clinical and digital equipment. These facilities are among the most challenging to plan, design, and build. Getting health infrastructure right is crucial to enabling our clinical workforce to deliver care safely and effectively, and for people to receive high-quality care.

3. Under the previous health system, the management of Health infrastructure was fragmented across 20 District Health Boards (DHBs) with highly uneven capability and capacity across the system. This resulted in uneven performance and outcomes and a growing deficit in health infrastructure.

4. The health reforms and the bringing together of health infrastructure management by establishing Te Whatu Ora provides the opportunity to develop a unified model for health infrastructure management with clarity on the roles and functions at the national, regional, and local level. Enhanced management of health infrastructure will be one of enablers for the delivery of the five system shifts set out by Te Pae Tata – New Zealand Health Plan (Te Pae Tata), providing better facilities for our health workers, patients, and their whanau to deliver improved health outcomes.




5. In April 2022, Cabinet directed that Te Whatu Ora and Manatū Hauora provide annual reports on the “enhancement of infrastructure management, including the structure to support asset and investment management and investment delivery, standardise practice, and clarify roles and responsibilities at the local, regional and national level”. The first report is required to go to Cabinet and include The Treasury and Te Waihanga (the Infrastructure Commission) as signatories.





6. Since the establishment of Te Whatu Ora, significant progress has been made in enhancing the management of health infrastructure, including putting in place many of the essential foundations for future lift in capability. An immediate focus for the Infrastructure and Investment Group (IIG) in Te Whatu Ora has been developing an integrated operating model for the infrastructure function. Developed by a working group of external experts with input from wide stakeholder engagement, the development of the operating model aims to improve efficiency, performance, and capability of infrastructure delivery as well as positioning infrastructure as a key enabler of the health outcomes set out in Te Pae Tata.

7. The operating model has established the basis for developing an integrated structure with strengthened national functions and consolidated regional delivery capability, which has now gone out for consultation with the intent to have the leadership positions in place by September and the structure fully embedded by the end of the year.
8. The new operating model and structure provides the opportunity for a fundamental shift in the behaviours and performance across health infrastructure. The integrated model and structure will enhance the level of collaboration across the system in terms of planning and delivery, as well as strengthening the level of internal specialist support and leadership to drive improvements in performance and cost-effectiveness in delivery.
9. The work to date has already delivered tangible gains in the performance of the system. The IIG has worked simultaneously to lift the management of infrastructure investment and delivery. Governance across the portfolio has been improved with the operation of the Capital and Infrastructure Committee (Committee) and the setting up of new governance and delivery structure arrangements for New Dunedin Hospital, Whangārei Hospital redevelopment, and the Nelson Hospital redevelopment.
10. Procurement practices are being strengthened by engaging with the market and developing collaborative approaches to working with suppliers. Greater oversight and leadership have been applied to the delivery of mental health infrastructure projects. Across the portfolio, there is an ongoing effort to lift the quality and timeliness of the reporting for Ministers.
11. The IIG has developed the national capability for infrastructure investment decisions, managing cost escalation across the portfolio, lifting the standard of business case investment proposals, and ensuring compliance with the requirements of the Investment Management System.
12. The IIG has started work on two foundational pieces of work to enhance infrastructure management across Te Whatu Ora:
 - a. the Infrastructure Investment Plan (IIP) will establish the first national health infrastructure investment plan and will cover a ten-year period
 - b. the National Asset Management Strategy (NAMS) will provide a roadmap for the lift of asset management practice across the motu.
13. These documents are the first iteration of national planning documents in these areas. Both are scheduled to be presented to Cabinet in December 2023.
14. The IIG is undertaking a range of initiatives to drive a lift in the quality of infrastructure management through improved national frameworks and guidance. This includes strengthened practice in business case development, commercial practice and market engagement, cost estimation, service planning, asset management, and lessons learnt.
15. Once the new structure is in place, the improvement programme (Appendix 2) will be updated with a prioritisation of identified work initiatives.

16. The IIG has done a self-assessment of performance against seven focus areas. These are summarised in the table below.

Table One: summary of the assessment findings for each of the focus areas

Area	Assessment	Rating
Te Whatu Ora development of an Operating Model for infrastructure	<p>Following development of an operating model for a national infrastructure function, the IIG undertook consultation on a proposed structure in June 2023. The structure will be finalised by 1 September with the appointment of leadership positions to commence that month. Embedding of the structure is expected to be complete by the end of the year.</p> <p>Once the IIG structure is in place, it will provide the basis to enable the required ongoing lift in capacity and capability.</p>	
Enhanced management of Infrastructure Delivery	<p>Good progress has been made in strengthening the management of projects for infrastructure delivery. New governance arrangements and strengthened support have been put in place for priority projects, including the Mental Health Infrastructure Programme projects.</p> <p>Developing new frameworks such as ‘the Collaborative Delivery Framework and Tool’ and the Delivery strategy will provide a base for continued progression in this area.</p> <p>A new Business Case Framework will improve delivery and lift the quality and timeliness of investment decisions. The framework will support necessary planning, standardisation of practice, and fit-for-purpose processes to accelerate low risk investments.</p>	
Delivery of National Asset Management Strategy and Infrastructure Investment Plan	<p>We are on track to deliver the National Asset Management Strategy (NAMS) by December 2023. The NAMS will outline how Te Whatu Ora will lift asset management practice across Health Infrastructure. An update on the progress to date and initial findings will be presented to the Board in August. An initial roadmap for the lift in asset management practice has been developed and a series of deep dives will be conducted on each of the proposed areas of focus for developing asset management capability.</p> <p>Developing the Infrastructure and Investment Plan (IIP) is being done through close coordination with Hospital and Specialist Services planning. The IIP will prioritise investments in health infrastructure and signal the lift in planning required to support robust investment decisions and their contribution to strong health outcomes.</p> <p>These pieces of work are assessed at amber status due to the tight timeframes for delivery.</p>	

Area	Assessment	Rating
Asset Management	<p>Asset management practice is being strengthened through the developing of national standards and tools. This includes:</p> <ul style="list-style-type: none"> • The drafting of a standardised asset hierarchy and condition assessment methodology for baselining the health estate. • An Asset Management Information System strategy, requirements, roadmap, and business case is expected to go to Board early 2024. • A Seismic work programme, including a Seismic Policy that has just completed consultation and Priority Response Agreements with seismic engineers to provide immediate building assessments post-earthquake. • the development of risk targets for the campus site-wide infrastructure to inform investment in campus site-wide infrastructure. • support Te Whatu Ora meeting the expectations of the Carbon Neutral Government Programme. 	
Improved Investment Management and reporting	<p>Strengthening of national functions and processes has enhanced the quality and practice of investment advice and investment monitoring.</p> <p>Te Whatu Ora has strengthened its compliance with the Treasury expectations and requirements for investment management and is managing pressures through a portfolio management approach.</p> <p>Between 1 July 2022 and the time of this report:</p> <ul style="list-style-type: none"> • 10 business cases have been approved • The total number of monitored projects has increased from 104 to 110. • The number of at-risk projects has decreased significantly from 21% in July 2022 to 9% in May 2023. • 14 projects have been completed totalling over \$288.4m. 	
Ongoing work programme for lifting performance	<p>A work programme has been established and prioritised to put in place the guidance to enhance infrastructure management practice across Te Whatu Ora.</p> <p>The development of guidance and practice for business case development, service planning, commercial and procurement practice, and lessons learnt have all advanced over the last year. These lifts in systems and processes and ongoing planned enhancements will strengthen the quality of planning for investment proposals presented in business cases and therefore the effectiveness of delivery.</p>	
Risks and Challenges	<p>There are several risks and challenges facing the IIG. These include:</p> <ul style="list-style-type: none"> • embedding the new operating structure • retaining staff and building capability • the integration and linkage with other functions • the management of the impact of market conditions on successful delivery. <p>Deploying the new operating model and the Stakeholder Engagement Strategy will provide a key focus on achieving the necessary shift in behaviours to lift performance.</p> <p>We are collecting and assessing the risks faced by the IIG and the national health estate.</p>	

Background

17. Prior to July 2022, the 20 DHBs had responsibility for planning, procuring, and delivering health infrastructure and facilities. The DHBs had various levels of capability for long-term planning and effective delivery of infrastructure. This uneven capability and inconsistent maturity across different elements resulted in variable outcomes for infrastructure and facilities.
18. The DHBs often prioritised funding towards the immediate needs of service delivery against longer-term infrastructure requirements. The lack of centralised capability did not support a consistent national approach to infrastructure investment. Expertise and capability were not always available where it was needed.
19. In response to the challenges facing health infrastructure, in November 2019 Cabinet agreed to the establishment of a Health Infrastructure Unit (HIU)¹ within the Ministry of Health (now Manatū Hauora).
20. The HIU's roles were:
- a. to deliver a limited number of high-profile projects
 - b. to develop and implement strategy and policy (asset management policy and strategy, investment strategy and management)
 - c. to provide guidance to DHBs
 - d. monitoring and reporting
 - e. risk assessment
 - f. to support decision-making on funding through business case review and advice
 - g. to provide planning functions, particularly service planning.
21. In 2020, the Health and Disability System Review recommended a national approach to the identification and prioritisation for capital investments in health infrastructure that was supported by a sound knowledge of the state of health infrastructure assets (taken from a national asset management plan). The review also recommended that programme and project governance be streamlined and standardised to ensure expertise was used strategically and project and programme governance was strengthened.
22. The health reform process has included the consolidation and lift in health infrastructure management capability. The majority of the HIU was transferred over to interim Health NZ and then to Te Whatu Ora. Consolidating the DHBs into Te Whatu Ora brings together health infrastructure management capability into a single organisation and

¹ The HIU is now the Infrastructure and Investment Group in Te Whatu Ora.

provides the basis for the development of an integrated function for infrastructure as a key enabler for health services and outcomes.

23. The consolidation of health infrastructure management is an essential enabler for the delivery of the system shifts set out by Te Pae Tata. Enhanced management of infrastructure will support each of the following shifts:

- a. The health system will reinforce Te Tiriti principles and obligations – through a partnership model in the planning and delivery of health infrastructure.
- b. All people will be able to access a comprehensive range of support in their local communities to help them stay well – through enhanced management and delivery of health infrastructure across the regions from an equity perspective.
- c. Everyone will have access to high-quality emergency or specialist care when they need it – through national leadership to ensure delivery of critical infrastructure.
- d. Digital services will provide more New Zealanders with the care they need in their homes and local communities – through an integrated approach to health physical and data and digital infrastructure.
- e. Health and care workers will be valued and well-trained for the future health system – through the provision of fit-for-purpose facilities.

Te Whatu Ora Operating Model for infrastructure

24. The development of the infrastructure management capability within Te Whatu Ora is taking place as part of the wider system-level transformation now underway. Te Whatu Ora is undertaking a major organisational transformation where the enabling functions are being consolidated in line with the approach of *unify to simplify*.

25. Te Whatu Ora will operate to achieve the system shifts through:

- a. a unified system that will provide simplification through consistency and standardisation
- b. a smarter system that uses data-driven and evidence-based decision making across Te Whatu Ora
- c. a sustainable system that uses system resources to address inequity
- d. equity-led design to deliver for Māori and other population groups.

Process for developing the Infrastructure Operating Model

26. The Infrastructure Operating Model was developed by an independent working group appointed by the Chief Executive of Te Whatu Ora. The working group was comprised of senior executives from the private sector, a nominee from Te Aka Whai Ora, and a representative from Te Whatu Ora. Together, the group brought significant expertise in infrastructure delivery across the health sector and the wider New Zealand market.

27. The working group developed the recommended Infrastructure Operating Model over the course of a 12-week sprint with support from the team at Te Whatu Ora and a team from EY.
28. A range of customer and stakeholder groups from across the system provided feedback on current and future health infrastructure delivery. This was complemented by input from sector domain leaders and subject matter experts.
29. Te Whatu Ora also used the health sector and commercial experience of the independent working group to develop a recommended operating model design for infrastructure. This included:
- a. identifying how Te Whatu Ora infrastructure functions will be organised across the system
 - b. improving the efficiency and performance of health infrastructure delivery through greater capability and nationally led decision-making.

Approval of the Infrastructure Operating Model

30. In late 2022, Te Whatu Ora Board endorsed, and the Chief Executive approved, the new Infrastructure Operating Model as a guiding document for the planning, delivery, and management of infrastructure in Te Whatu Ora to improve the efficiency, performance and capability of infrastructure delivery and to position infrastructure as a key enabler of the health outcomes set out in Te Pae Tata.
31. The adoption of the Infrastructure Operating Model will empower Te Whatu Ora to take a nationally led view of infrastructure investment while allowing for an appropriate level of input at the regional and local level. To support equity across the system, the Infrastructure Operating Model is based on genuine partnership with Māori and promotes infrastructure decision making that is consistent with the principles of Te Tiriti o Waitangi.

Principles of the Infrastructure Operating Model

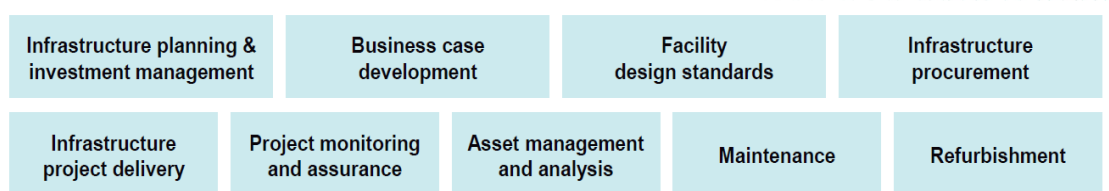
32. The principles of the Infrastructure Operating Model are:
- a. Make health infrastructure delivery faster and more efficient by standardising Te Whatu Ora infrastructure planning, design, decision making, and delivery processes.
 - b. Position infrastructure as an enabling function that is guided by and works to deliver the requirements of Te Pae Tata.
 - c. Enable genuine partnership with Māori so that infrastructure investment is guided by the principles of Te Tiriti o Waitangi and aims to promote equity of access, outcomes, and experience for Māori.
 - d. Empower Te Whatu Ora to take a nationally led view of investment and asset management across infrastructure.

- e. Lift the performance of the infrastructure function of Te Whatu Ora by creating a centre of expertise that provides leadership and guidance to the system.
- f. Signal the funding and capital settings that allow Te Whatu Ora the flexibility to make effective and transparent trade-offs in its infrastructure investment decisions.
- g. Build momentum in Te Whatu Ora infrastructure pipeline by implementing a clear transition plan to the new operating model.

Capabilities and Functions

33. The infrastructure functions will be delivered with a nationally led view while allowing for an appropriate level of input and delivery ownership at the regional and local level based on the scale of the investment and task. Capabilities to support these functions will be split nationally, regionally, and locally to ensure, across the functions, that the IIG is able to plan nationally, coordinate regionally, and deliver locally.

34. The key functions of the IIG are:



35. Property and Land management and the associated capabilities are now included in the IIG portfolio due to synergies with infrastructure and facilities management.

36. Infrastructure procurement has been incorporated into a broader Commercial function which is seeking to improve the level of capability across the IIG.

Structural Change

37. Implementing the endorsed Infrastructure Operating Model requires significant structural change to unify and lift capability through the consolidation of legacy DHB and Manatū Hauora capability into an integrated nationally led function – the Infrastructure and Investment Group.

38. Feedback received on the Infrastructure Operating Model informed the proposed IIG structure of one consolidated infrastructure group within Te Whatu Ora.

39. Any structural changes must be mindful of the ongoing ‘business as usual’ tasks of keeping hospital buildings operational and facilities maintained. Structural changes must not disrupt the planning and delivery of hundreds of live projects across the country. Bringing all infrastructure elements into one group is a huge task and will require careful management.

The New Structure

40. The IIG Tier 3 leadership team will have a mix of functional and regional leaders. This will be replicated at the Tier 4 level. The mix of functionally and regionally focused teams will collaborate through a matrix model where:

- a. the national functional teams support the operation of regional teams through the provision of guidance and national level direction
- b. the regional teams inform the national teams of regional priorities and delivery challenges.

41. This mix of functionally and regionally focused teams will enable the IIG to plan nationally, coordinate regionally, and deliver locally.

42. Table Two below outlines the roles and responsibilities of the functional leaders and the local and regional teams:

Table Two: Roles and responsibilities

<p>The functional leaders will ensure that our work is undertaken in agreed national frameworks so that:</p>	<ul style="list-style-type: none"> • Oversight of the delivery of the large scale and complex projects, including the major hospital redevelopments • The IIG has a centre of excellence for the delivery of major projects ensuring teams consistently deliver the outcomes required within agreed time limits and budget. • The IIG grow and invest in in-house teams of project and programme management professionals and share knowledge and troubleshoot projects. • The IIG plans and prioritises infrastructure investments where they are needed most. This will come through national and regional level engagement with the Hospital and Specialist Services (HSS) and Te Aka Whai Ora. • Business cases are consistent in their approach and content. • There is consistent use of agreed design guidelines to streamline the design process, reduce costs and capture input from mana whenua. • The IIG can create a national Infrastructure and Investment Plan (IIP) and consistently use design guidelines to enable industry partners to better plan for and resource health infrastructure projects. • There is a National Asset Management Strategy (NAMS) that outlines the planned lift in asset management practice. • There is a consistent approach to the procurement of infrastructure projects, driving both value for money and strong commercial partnerships with stakeholders.
<p>The regional and local infrastructure teams will:</p>	<ul style="list-style-type: none"> • Be responsible for planning and delivering any renewal, maintenance, and engineering works to ensure the hospitals keep functioning. • Engage with the regional and local leadership in HSS teams to understand their needs and investment priorities that feed into the national IIP. • Provide inputs into the national-level asset management and investment planning • Enable the consolidation of operational delivery and deliver the smaller/medium capital projects with the knowledge they can call on national resources to support any commercial and technical issues they may encounter. • Work closely with Te Aka Whai Ora to ensure good engagement and a collaborative relationship with mana whenua.

43. The IIG will also have a integrated local, regional, and national Properties and Land management team that will be responsible for the current property portfolio, managing land and property matters nationally and regionally, and planning the needs of Te Whatu Ora.

How the Structure Will Operate

44. The mix of functional and regional leadership will ensure robust communication and collaboration while enabling the IIG to be consistent across processes and investment decisions. It will ensure the IIG has strong, delivery focused teams at regional and local levels.

45. The proposed matrix structure will need to:

- a. ensure maintenance tasks and construction projects continue uninterrupted;
- b. meet the demands of the transition;
- c. maintain infrastructure support to hospitals; and
- d. deliver national initiatives such as the IIP and NAMS.

Timeframe

46. Consultation on the new structure started in June 2023. The intention is that the IIG Tier 3 leadership team is appointed before the end of September and the main functional and regional leaders are in place before the end of 2023.

Enhanced management of Infrastructure Delivery

47. The new structure and focus on enhanced investment and asset management planning looks to lift the long-term capability and capacity of the IIG. The IIG is also working to lift the oversight and management of projects already in delivery.

Governance

48. Te Whatu Ora is establishing a new governance model for health infrastructure. The governance model for Te Whatu Ora is comprised of the Capital and Infrastructure Committee (Committee) and an Infrastructure Programme and Project Governance Framework (Governance Framework).

49. The Governance Framework will provide confidence that the necessary structures and expertise are in place at the right levels to successfully deliver major projects and to ensure project roles and structures are established consistently and appropriately depending on the value, risk, and complexity of the project.

50. The Governance Framework will enable a scalable and right-sized approach for projects of differing size, value, and complexity. The Governance Framework will follow the

Treasury's best practice guidance for portfolio, programme and project governance and guidance from Te Waihanga for major projects.

51. Under the Governance Framework, major projects will each have a Senior Responsible Officer (SRO) who will lead a project steering group. The project steering group will have an appropriate mix of skills and experience to provide governance over all workstreams (infrastructure, service change, and data and digital), and support the realisation of all benefits.

52. This structure has a single point of accountability through the Chief Executive Officer and Board. This aligns with governance guidance issued by Te Waihanga for major projects.

Collaborative Delivery Framework and Tool

53. 'Collaborative approaches' is a broad term that encompasses collaborative delivery models, forms of contract, behaviours, and ways of working. Te Whatu Ora sees value in considering collaborative approaches, alongside more traditional approaches, for new build, refurbishment, and maintenance projects. These approaches, especially when used collectively, support closer working relationships between the public and private sectors and throughout the supply chain. They enable the market to meaningfully influence the design, build and delivery of projects from the outset, driving efficiencies and best-for-project outcomes.

54. The Collaborative Delivery Framework and Tool (delivery framework and tool) explores the use of collaborative approaches to deliver health infrastructure investment in New Zealand. It enables projects to adopt a consistent approach to employing collaborative approaches to work with providers to support successful delivery and financial and non-financial outcomes, and to manage risk.

55. The delivery framework and tool have been used for Whangārei – Pihi Kaha and Nelson – Whakatapuranga projects.

Delivery Strategy

56. The IIG has developed a Delivery Strategy to address the problems identified by various health reviews. The Delivery Strategy includes several actions and recommendations across the IIG to address the five outcomes below:

- making health infrastructure procurement and delivery more efficient;
- smarter, more efficient planning and design;
- being a better client;
- growing industry capacity and capability; and
- taking a programme approach to delivery.

New Dunedin Hospital (NDH)

57. Governance arrangements have been transferred from Manatū Hauora to Te Whatu Ora, retaining many of the Manatū Hauora Executive Steering Group (the previous governance body for the project) members to provide continuity.

58. Project governance has been strengthened and extended to provide oversight of the workforce transition and data and digital elements of the project, as recommended by the Treasury Gateway review.

59. This will ensure that all three key enablers of facility, data and digital, and the work force transition are delivered to enable the realisation of the benefits of the investment.

Regional Hospital Redevelopment Programme (RHRP)

60. The RHRP was initiated by the previous HIU within the Ministry of Health in June 2021 and initially included two major projects: Project Pihi Kaha – Whangārei Hospital Redevelopment and Project Whakatapuranga – Nelson Hospital Redevelopment, making up Tranche 1.

61. Seed funding (\$15.1m) was approved by Joint Ministers to support the fast-track development of detailed business cases for Whangārei Hospital and Nelson Hospital.

Project Pihi Kaha – Whangārei Hospital Redevelopment (Te Tai Tokerau Northland)

62. In partnership with Northland DHB, the RHRP started a detailed business case in June 2021 and continued through the establishment and transition of the IIG and the new 2022/23 financial year.

63. The Project Pihi Kaha Detailed Business Case was completed and submitted to the Capital and Infrastructure Committee in April 2022. It was subsequently approved by Cabinet for \$759 million for Stage 1 in December 2022.

64. Between December 2022 and now the Project Pihi Kaha project team and the IIG have continued to establish the requirements for successful project delivery, including the creation of a governance structure, appointment of an SRO, development of a procurement plan outlining the procurement of design and project consultants, and the delivery model.

Project Whakatapuranga – Nelson Hospital Redevelopment (Nelson Marlborough)

65. Project Whakatapuranga – Nelson Hospital redevelopment presented a Detailed Business for a Gateway Review in October 2022.

66. The Review Team gave a Delivery Confidence Assessment rating of Red/Amber. They noted that the strategic case for the project was well founded but there were key issues with regards to governance, integration with other benefits, dependent initiatives, total project cost, and project delivery methodology that need to be addressed to meet Ministerial and community expectations for this project.

67. The review recommended a Programme Business Case and integrated approach be developed to address the recommendations and action points.
68. A Programme Business Case has since been developed bringing together the three subprogrammes of construction, data and digital, and Hospital and Specialist Services/ workforce transformation into a single programme with shared governance.
69. Governance has been established with an SRO appointed. A Programme Steering Group is being stood up in accordance with the IIG Major Projects Governance guidance and terms of reference.
70. A follow up Gateway assessment in May 2023 reviewed the actions points and recommendations from the previous review. The review noted they were impressed by the team's response to the recommendations, particularly the work done within the tight timeline to develop the programme business case.
71. The Programme Business case has now been completed and is on track to be submitted to Cabinet in July 2023.

Tranche 2

72. In November 2021, Joint Ministers approved \$8.2 million of additional funding to support the initiation of Tranche 2 into the RHRP portfolio, including:
- a. Tauranga Hospital Redevelopment
 - b. Hawke's Bay Hospital Redevelopment.
 - c. Palmerston North Hospital Redevelopment.
73. In 2021/2022, the HIU and subsequently the IIG, continued to develop the Investment Management Framework that outlined the pathway and requirements for major capital investment planning. The Tranche 2 project has been designated to undertake the required initial planning activity to gather the necessary information and insights to inform the decision to commence, and pathway to develop, the business case.
74. Following a restructure of national and regional Hospital and Specialist Services, the Regional Clinical Services Plan work for these projects was put on hold to allow the development of a national strategy. The work has recently restarted and is due for completion before April 2024.
75. The Project team, in partnership with the IIG, is preparing an Approval to Initiate paper for the Capital and Infrastructure Committee seeking approval and funding to proceed to Phase 1 Identify and the development of a Programme Business Case.

Mental Health Infrastructure Programme (MHIP)

76. Since Te Whatu Ora was established, the MHIP has increased its involvement and appointed project directors to deliver four of the mental health infrastructure projects. There are now five projects (Tairāwhiti, Lakes, Tauranga, Whakatāne, and West Coast) being

directly delivered by the IIG. An MHIP appointed project director is also assigned the Hutt Valley project where Te Whatu Ora is partnering with a private benefactor to replace the existing mental health facility.

77. The Manawai Individualised Service Units at the Rātonga-Rua-O-Porirua campus were opened in July 2022 and two new buildings at Hillmorton Hospital opened in May 2023. The new buildings at Hillmorton Hospital enable Specialist Mental Health Services, formerly housed at Princess Margaret Hospital, to co-locate on the main campus.

78. Main works construction started at MidCentral and Waitematā in 2023 and enabling works are well underway at Lakes, Tairāwhiti, Taranaki, Waikato, and Hutt Valley.

79. A business case for a new facility at Hillmorton Hospital was approved in October 2022. In May 2023, a business case was approved for the refurbishment and capacity expansion of the mental health intensive care component at Tauranga Hospital.

80. Timelines were reset for projects at Tairāwhiti, MidCentral and Lakes so they reflect market conditions and realistic deliverability. Additional funding was approved to cover cost pressures on Tairāwhiti, MidCentral, Taranaki and Lakes MHIP projects.

Deep dive findings

81. Five MHIP projects received funding through the Budget 2019 Mental Health and Addiction Package. These projects were included in the Implementation Unit's Budget 2019 Mid-term Review and Year Three Stocktake. The latter recommended a 'deep dive' review, this time into each of the 16 mental health infrastructure projects. The Implementation Unit with expertise from Te Waihanga conducted the review between July and October 2022.

82. Reviewers found no opportunities to accelerate the MHIP projects and acknowledged the value the MHIP brought to the projects it has been involved with.

83. Recommended actions to reduce risk and increase certainty on the projects were implemented prior to the completion of the review or have been closed since.

84. The programme-level themes and actions identified in the review were consistent with what the IIG had independently identified. The establishment of Te Whatu Ora and Te Aka Whai Ora and the adoption of a new Operating Model present significant opportunities to improve the way in which future projects are planned, procured, and delivered.

Rapid Hospital Improvement Programme (RHIP)

85. The RHIP was established in late 2021 to support New Zealand's hospital services to manage impacts associated with COVID-19. The programme focussed on the creation of additional treatment spaces for COVID-19 patients whilst maintaining business as usual services.

86. The programme was scheduled to run over two years and be complete by June 2023. Complications in completing works whilst maintaining business as usual has meant the programme will be extended to December 2023.

87. Additional funding to complete the programme was approved due to construction cost escalation.
88. The programme team works with hospital-based teams to deliver the projects as funded. Where capacity or capability are insufficient the programme team has taken on delivery directly.
89. Financial control systems and reporting have been developed for this bespoke programme.

Delivery of the National Asset Management Strategy (NAMS) and Infrastructure Investment Plan (IIP)

90. The development of NAMS and the IIP are due to be delivered to Cabinet by December 2023 [SWC-22-MIN-0063]. These two documents will be the first national level direction on both asset management and infrastructure investment priorities. They will establish the foundation for the ongoing enhancement of infrastructure management.
91. The NAMS and the IIP are being developed in partnership with Te Aka Whai Ora. They are each being led jointly by SROs from both organisations.
92. The NAMS and the IIP are being developed in parallel. The NAMS is focussed on the lifting of long-term asset management practice that is critical to inform future investment decisions and the maximising of the value of assets in supporting services. The IIP is focused on the identification of the area of investments required in infrastructure and the planning required to inform future investment decisions.

National Asset Management Strategy

Scope

93. The NAMS will be the first iteration of the planning for the development of asset management practice across Te Whatu Ora. The focus of the first version will be on asset management practice for buildings and infrastructure as the largest asset classes in Te Whatu Ora.
94. The NAMS is a strategic document that needs to focus on how Te Whatu Ora will lift its asset management maturity from the current level, which is relatively immature, to an agreed future state. The primary focus is on the road map to lift our asset management maturity through the development of the frameworks, capability, and planning that is necessary to lift performance.

Approach

95. The IIG is partnering with Te Aka Whai Ora to deliver the NAMS. A Steering Group has been established to direct the NAMS Project to ensure its success, and to support the SROs (from the IIG and Te Aka Whai Ora) and project team.

96. In terms of our stakeholder approach, we are engaging with a wider group of Te Whatu Ora stakeholders involved in asset and facility management, including across Hospital and Specialist Services, Data and Digital, and Finance. External stakeholders include the Manatū Hauora, Te Waihanga, Hīkina Whakatutuki – Ministry of Business, Innovation and Employment (MBIE) and Te Tai Ōhanga – the Treasury.

97. Beca, via a tender process, has been contracted to assist delivery of the NAMS by December 2023.

Workstreams

98. To date we have confirmed the context, scope, and approach for the delivery of the NAMS. The table below shows the workstreams being progressed to inform the content.

Table Five: NAMS workstreams

Workstream	Purpose/Outcomes sought
Asset Management Leadership and Team	<ul style="list-style-type: none"> • Ascertain the commitment, roles, and responsibilities for Asset Management within Te Whatu Ora • Define what Te Whatu Ora can achieve now and future goals to increase maturity • Output above will form part of the improvement plan
AMIS and Digital Enablers	<ul style="list-style-type: none"> • Daylight the systems that are currently being used within the AM system and what the future digital AM system strategy and enablers could like
People Capability Lift	<ul style="list-style-type: none"> • Gaining knowledge of the people and capability required within Te Whatu Ora to achieve increased asset management maturity • Output: support improvement plan for NAMS
Service Delivery Mechanisms	<ul style="list-style-type: none"> • Understanding the impact of NAMS on service delivery regarding procurement, delivery of services and supply chain • This understanding is important to inform NAMS to ensure that the portfolio and the services are optimised rather than detracted from
Audit and Improvement	<ul style="list-style-type: none"> • Understand how the NAMS will be audited and improved on • How will the performance of the strategy be communicated stakeholders?
Link to Infrastructure Investment Plan	<ul style="list-style-type: none"> • Ensuring that the NAMS and Infrastructure Investment Plan are linked is critical to the success of both • Output: Create suitable links and connections within the appropriate workstreams
Work Programme Development	<ul style="list-style-type: none"> • Development of the NAMS development and implementation programme - that is robust, easy to follow and measurable

99. The workstreams are being attended by representatives from the internal stakeholders noted above, and representatives from the Steering Group. This will ensure a collaborative and considered output is produced.

Infrastructure Investment Plan

Scope

100. The IIP is to support the development of the NZ Health Plan 2024 and the submission of funding request for Budget 24. The development of the IIP will establish a national position on the capital investments required to support the goals of the health system. It will enable the development of a long-term perspective on the relative priorities and sequencing of investment in facilities to support future service delivery.

101. The scope of the plan is that:
- a. it will include all planned infrastructure investments for Te Whatu Ora from 2024-2034
 - b. it will generate budget quality information for investments over the period from 2024-2027 with indicative costs for the subsequent years
 - c. it will include investments already in delivery or business case phases and those that have been identified for future delivery but not yet initiated
 - d. the decisions around the timeline to progress investments will require a balancing of the goal of more robust planning information and the management of the risks to services of delaying investment.

Approach

102. The following approach is being adopted for the development of the IIP in the timeframe required.

Building the foundations

103. The IIP should be seen as an iterative document that evolves over time. Although constrained by current limitations in our planning systems, the plan will be enhanced in later versions as our approach matures. This proposal therefore is aimed at getting strong foundations in place to support the strengthening of infrastructure investment planning over time. This requires careful management of scope of the activity undertaken, with clear signalling of work that will be deferred or followed through in the implementation of the IIP.

Planning before funding commitment

104. Prior to the health reforms, the fragmented nature of the New Zealand health system and uncertainty around funding led to an emphasis on securing funding ahead of detailed planning work (and associated operating cost). This approach frequently resulted in overly optimistic assumptions around the feasibility and robustness of investment cases.

105. The IIP seeks to reverse that logic. Planning will be required before a funding commitment can be sought by projects. For many areas, this will mean there will be a need for further planning work, including embedding in addressing equity, before infrastructure

investment can progress. The IIP will need to signal both the planning required, and the necessary resources to reach commitments.

106. For some proposed investments, the following activities will be signalled in the plan:
- a. identification of the service and site planning required to support equity-based investment decision making.
 - b. clarification of infrastructure requirements and cost assumptions in early pre-project phases.
 - c. Provisioning of resources to support the delivery of the required planning and design work.
 - d. setting out the timeline for the validation and updating of the proposed investments in the updates of the IIP.

Integrating with other functions

107. The IIP will align with other areas of planned capital investment, including digital investments and clinical equipment. The process for developing the Infrastructure and Investment Plan will not inform the investment plans for those areas (unless they relate to infrastructure investments).

108. Work has focussed on confirming the scope of the plan and working with other functional areas of Te Whatu Ora to align infrastructure planning with other functional areas. Through this the IIG has moved to a model where the plan will be developed and delivered in partnership with Hospital and Specialist Services. Alongside confirmation of scope, a governance structure has been established which is co-sponsored by Te Whatu Ora and Te Aka Whai Ora. Building resources and networks to develop the plan has also been a priority at both national and regional levels.

Development of tools and approach

109. To support the development of a viable IIP, the focus will be on developing essential tools and frameworks. This will provide guidance for the input and assessment of investment priorities while accepting there will be a need for ongoing development of the tools for future iterations of the plan. These frameworks and guidance will be developed to not only support the development of the IIP but also its implementation. This provides the basis for ongoing evaluation and assessment of the alignment of investments to the IIP post approval.

Enhanced Asset Management

110. The NAMS is part of the process to develop a mature asset management capability for Te Whatu Ora. Other elements include the Asset Management Policy and local, regional and national Asset Management Plans. The work programmes outlined below, plus data regarding demand and fitness-for-purpose will inform the development of the Asset

Management Plans. Developing a mature Asset Management Framework is likely to take a number of years.

Seismic work programme

111. The seismic programme of work is implementing recommendations that came out of the 2020 Kestrel report on the seismic status of public hospital buildings in NZ. The objectives of the seismic work programme are to:

- a. put in place a seismic policy and risk management strategy
- b. develop an approach for the prioritisation of mitigation work
- c. develop technical guidance for new and existing buildings
- d. put in place procedures and arrangements for post-earthquake response.

112. The Seismic Policy will outline the seismic expectations of Te Whatu Ora and the requirements for hospital buildings. The Seismic policy was released for a three-week consultation on 6 June 2023. The final version of the Seismic Policy is expected to go to the Board for approval and adoption by December 2023.

113. A Seismic Risk Management Strategy will outline how the requirements of the Seismic Policy are to be achieved. The Seismic Risk Management Strategy is being drafted and expected to be completed by Quarter 2 of 2023/24.

114. The Seismic Work Programme will help Te Whatu Ora understand and progressively address seismic risk across hospital buildings in New Zealand, including development of a national pipeline of seismic assessments to address the information gaps identified in the Kestrel Group report.

115. The Data collection phase is complete and the IIG are developing the list of unassessed IL4 buildings and obtaining further information on these buildings to inform the assessment required and organise the work (seismic assessments) in the most cost-effective way.

116. To support these assessments, Te Whatu Ora Seismic Assessment and Advisory Panel has been established to support smarter procurement of seismic assessments/peer reviews and specialist engineers for the Health Seismic Engineering Group. All seismic assessments for Te Whatu Ora will be commissioned through this panel.

117. Seismic Technical Guidelines for New and Existing Hospital Design are being developed to strengthen the objectives, expectations, and requirements for hospital buildings design. The National Seismic Health Engineering Advisory Group has been established to advise on this work.

118. The IIG is also working to strengthen procedures and arrangements for post-earthquake response to ensure that, following a significant earthquake, hospitals will have timely access/response from qualified seismic engineers to assess critical facilities.

- a. Stage 1 involves putting in place an agreement with each district and their local seismic engineers that defines the expectations and responsibilities of both parties following a major earthquake.
- b. Stage 2, which will occur during 2023/24, involves the preparation of a Rapid Assessment Plan.

Risk and Assurance Campus-Wide Infrastructure

119. In June 2020, Report 1: The current-state assessment of District Health Board (DHB) assets was published in response to a request from the Minister of Health. The report provided a picture of the condition and use of critical assets, including buildings and infrastructure. One of the main findings was that site-wide horizontal infrastructure was in a relatively poorer condition than the main campus buildings. Many campuses had significant issues with reticulated infrastructure, including electrical systems and pipes that are at, or near, end-of-life and not designed to support increasing operational loads.

120. In response, the IIG initiated the Risk and Assurance Campus-Wide Infrastructure Project (the Project) to further investigate the scale of the problem and identify mitigation priorities. The Project assessed horizontal infrastructure risks across 34 campuses providing medical and surgical services. The report focuses on the campus-wide horizontal infrastructure risk and identifies ways to manage the most critical (Very high) risks downwards.

121. Risk assessments performed during the Project identified risks that require urgent attention. Projects to address three of those risks are already in progress. The cost of mitigating the 82 risks identified as Very high priority is estimated between \$140.4 million to \$372.5 million. Mitigating the 399 High priority and 118 Medium priority risks will require substantial investment.

122. The risk assessments provide Te Whatu Ora with a national view of its horizontal infrastructure risk profile.

- a. Infrastructure risk is evenly spread across the motu.
- b. The campuses with the highest numbers of Very High, High, and medium risks are Gisborne, Hawke's Bay, Palmerston North and Kenepuru hospitals.
- c. The infrastructure asset sub-elements having the largest number of Very High, High, and medium risks are potable water, medical gases, electrical and mechanical.

123. The Project developed a horizontal infrastructure-specific risk matrix to assess risks to enable prioritisation of mitigation initiatives and expenditure. It was based on the Manatū Hauora matrix used last year, but the consequence and likelihood levels were customised to be health infrastructure-specific and use language that the onsite subject matter experts could relate to.

124. The Project also developed “risk targets” for horizontal infrastructure assets to assist with risk assessment. These risk targets were developed by a project working group consisting of senior representatives from the IIG, Clinical Engineering, Clinical (for medical gases), Regional Facility Management and Emergency Management Teams. The risk targets were widely socialised during the Project, to general acceptance, with the onsite campus teams.

125. In June 2023, the Board agreed to the risk targets for the campus site-wide infrastructure. These risk targets will form the basis upon which investment will be prioritised in campus site-wide infrastructure.

Condition assessment

126. The purpose of this project is to develop a standard approach/methodology for asset condition assessments and process for tracking degradation.

127. WSP was contracted to develop a methodology and associated procedures to produce consistent asset condition assessment information suitable for informing the prioritisation of investment on Building and Infrastructure (B&I) assets between hospitals. This will then allow Te Whatu Ora to baseline the condition of its estate. The project is near completion. The final deliverables have been received. The IIG are in the process of reviewing and accepting the deliverables.

128. The key benefits of this are:

- a. having a consistent and standard approach to assessing the condition of our building assets
- b. having the ability to model and track condition degradation
- c. reducing the costs of conducting condition assessments by using condition forecasting
- d. accurate prediction of future expenditure requirements.

129. The project also developed asset categories (data standards) for consistent recording of asset level details. This is a key component/input into a parallel project – Assessment Management Information System (AMIS).

130. The IIG has recently extended the scope of this project to develop a procedure for assessing non-structural elements. The need to assess non-structural elements was identified in the 3 June 2022 Kestrel Group Report on Understanding and Improving the Seismic Resilience of Hospital Buildings. Assessing non-structural elements is part of our Seismic Work Programme deliverables – specifically as part of preparing technical guidelines for designing new and assessing existing hospital buildings. This is expected to be completed by 30 June 2023.

131. The next steps will be to plan the baselining of the estate via a programme of condition assessments. The exact timing and sequencing of this work will be subject to budget availability.

Improved investment management and reporting

Enhanced investment management and decision making

132. The IIG established a national investment planning capability. The investment planning team is now putting in place national oversight, assurance of investment planning, and business case quality to lift the standard of advice on health infrastructure investments across Te Whatu Ora.

133. This includes developing a national approach towards the management of cost pressure across the infrastructure portfolio, which had been experiencing inflationary pressures across the market. A stocktake of all projects determined the total cost pressure being encountered across the infrastructure portfolio.

134. A prioritisation process was undertaken, involving clinical and delivery leadership, to develop advice on the allocation of Health Capital Envelope funds and any trade-offs required across the portfolio. This national-level approach addressed cost escalation risks for priority projects and enabled those projects to progress into delivery. The IIG is continuing to provide regular updates to Ministers on cost pressures and the proposed allocation of funds.

135. The six investments that were prioritised through Budget 22 are now progressing through the approval processes. Four of the business cases have been approved by the Board and/or Ministers. Each of these business cases was tested for options on the phasing and scaling of investments to see if that funding was able to be used to manage cost pressure across the portfolio.

The lift in assurance and business case standard

136. The IIG has implemented a standard to undertake quality assurance reviews on the planning and proposed delivery in business cases. The standard focuses on the completion of all relevant early planning artefacts of the Project Delivery Framework to a high standard with the aim to future-proof long-term planning (e.g., Māori Health equity, models of care, Asset Management, Site Master Plans, Digital and Data, and Clinical Service Plans).

137. Respective IIG teams test the feasibility and robustness of investments prior to the commitment of funding. This is to ensure opportunities of efficiency and rationalisation are maximised through engagement with Regional Hospitals. These processes have resulted in an uplift in the quality of business cases being presented and given investments the highest chance for success upon implementation and alignment to the IIP, which is in development.

Alignment with investment management system

138. The IIG has worked to ensure enhanced compliance with the expectations for investment management practice across Health infrastructure. The IIG has done an audit of infrastructure investments in planning or delivery. This is to ensure that they have completed the Treasury Risk Profile Assessment and undertaken Gateway Reviews as appropriate. Since June 2022, 32 Risk Profile Assessments have been submitted to Treasury and 47 health infrastructure projects have had Gateway reviews.

139. Te Whatu Ora has also lifted the number of investments and quality of the data submitted to the Treasury Quarterly Investment Reporting. At present, the focus has been on the capture of investments in flight and approved by the Board or Ministers within the quarterly reporting. With the development and approval of the IIP, Te Whatu Ora will be providing an enhanced view of the forward pipeline of investments.

140. The IIG has also developed the guidance and tools to ensure that all investments going forward employ a whole of life costing in accordance with the Treasury guidance. Whole of life costing informs the appropriate level of approval for investments. The adoption of a whole of life costing approach will increasingly support the evaluation of investment options from a total cost to health perspective.

Deliver robust, timely portfolio reporting

141. Investment Monitoring has expanded its team, allowing dedicated coverage for overseeing each region's infrastructure project performance and progress. It enables a closer relationship with the project teams for better collaboration in managing risks and issues, supporting projects to address identified challenges and progress from design to construction and completion.

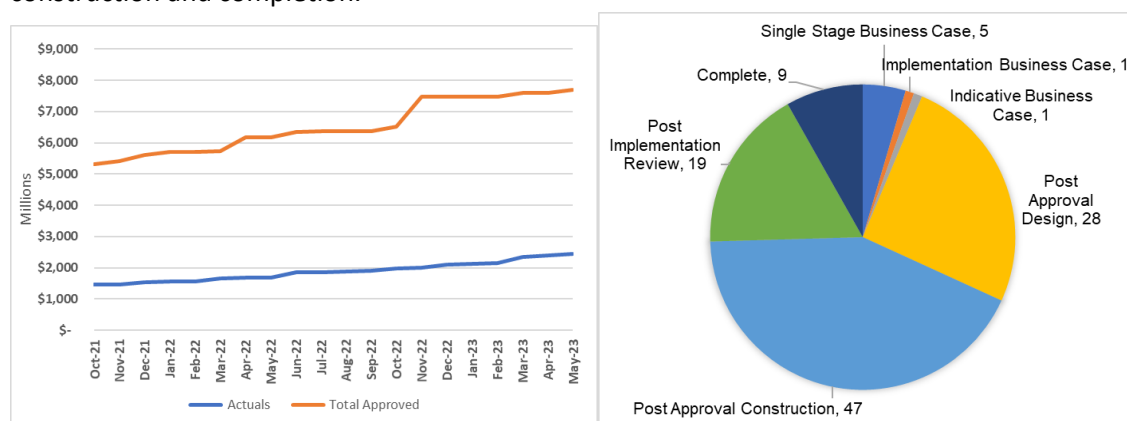


Figure 1: Examples of reporting graphics (as at 30 April 2023)

142. The project teams have seen a clear uplift in the reporting capability through standardisation. This reporting feeds into the monthly capital project update to Ministers. This reporting now has a clearer sense of progress, focusing on risk mitigation and key milestones; there has been greater alignment on the business cases, change requests and project delivery.

143. At the same time, enhanced planning has created greater efficiency in managing the investment planning pipeline and lifecycle. As the process evolves, the IIG expect to see more positive outcomes.

144. Table Three below shows the business cases that have been approved since July 2022 and Table four below shows the projects that have been completed since July 2022.

Table Three: Business cases that have been approved since July 2022

Locality	ID#	Project name	Date
Canterbury	10246	Christchurch Hospital Endoscopy Expansion	Jul-22
Canterbury	10232	Hillmorton Acute Adult Facility	Oct-22
Northland	10230	Whangārei Hospital Redevelopment Project – Pihi Kaha	Nov-22
Tairāwhiti	10258	Critical Facilities and Upgrades	Feb-23
Northland	300-26	Kaitaia Hospital	Mar-23
Bay of Plenty	10252	Bay of Plenty Seismic Strengthening (Building 20 and Kitchen refurb)	Mar-23
Capital & Coast	10256	Front of Whare – ED Refurbishment	May-23
Bay of Plenty	300-03	Mental Health Facility at Tauranga Hospital	May-23
Waitematā	10247	Waitematā Infrastructure services programme tranche 1b	Jun-23
Palmerston North	10257	Critical Interim works – electrical programme phase 2	Jun-23

Table Four: Projects that have been completed since July 2022

Locality	ID#	Project Name	Total Project Cost	Construction End
Canterbury	10005	Energy Centre and Services Tunnel	\$65.6 m	May-23
Capital & Coast	10012	Individualised Service Units (ISU) for High Risk Mental Health and Intellectual Disability Clients	\$13.3 m	Feb-22
Hawke's Bay	300-10	Mobile Dental Clinics x 4	\$1.6 m	Mar-23
Hawke's Bay	300-12	Angiography Suite Replacement	\$3.0 m	May-23
South Canterbury	300-28	Refurbishment of Child & Maternity Facilities	\$4.6 m	Jun-23
Wairarapa	300-36	Mobile Dental Clinics x 2	\$0.8 m	Jun-23
Waitematā	10049	Infrastructure Programme - Tranche 1	\$37.6 m	Jun-23
West Coast	10112	Te Rau Kawakawa Buller Integrated Family Health Centre (IFHC)	\$21.0 m	Apr-23
Capital & Coast	10011	Te Wao Nui - Children's Hospital	\$110.8 m	Oct-22

Counties Manukau	<u>10203</u>	Scott Cath Lab and Renal Extension	\$19 m	Oct-22
Lakes	300-18	Mobile Dental Clinic x 2	\$0.8 m	Dec-22
Nelson Marlborough	300-23	Child Respite Service Wairau	\$1 m	Oct-22
Tairāwhiti	10206	Demo and Removal of Morris Adair Building and Deferred Capital	\$8.8 m	Dec-22
Whanganui	300-42	Te Kopae Mental Health Facility Refurbishment	\$0.5 m	Sep-22

145. The Investment Monitoring team has been working to improve the Capital Project Reporting and Assurance Updates. This includes:

- a. reconciliation of the Health Capital Envelope allocation
- b. enhancing the capital assurance reporting process by recalibrating monthly reports, and continuous improvements of the reporting template and risk assessment methodology
- c. reworking and standardising the capital project database, data definitions, project risks and issues matrix
- d. work to resolve historical anomalies in performance data that remained following the transition to Te Whatu Ora
- e. consolidating capital project reporting across the IIG
- f. working on a digital reporting solution.

Supporting roles and responsibilities

146. The IIG has worked to enhance coordination across the national, regional, and local level of the infrastructure sector prior to the establishment of an integrated structure. This includes:

- a. establishing an Infrastructure Lead forum to coordinate national and regional work
- b. a Delivery Improvement Group to provide advice on the standardisation of practice
- c. a joint working group and forums to support the NAMS and IIP as well as other lifts in practice and planning.

147. The IIG has worked to put in place close coordination and collaboration with the monitoring and partnering agencies. Over the last year this included:

- a. Establishing and refining working relationships with Te Aka Whai Ora as both entities grow capacity and capability. Key workstreams have collaborative relationships with Te Aka Whai Ora representatives present in discussions, working groups and/or steering groups.

- b. Provision of draft material to Manatū Hauora to support the development of their advice in a timely manner.
- c. Regular meetings between the IIG, Manatū Hauora, Te Waihanga, the Treasury and the Minister's Office to track workflow and ensure collaboration opportunities are maximised.
- d. A collaboration workshop was held between Manatū Hauora, the IIG and the Minister's Office in April 2023 with the aim to discuss clear roles and responsibilities and agree on a way forward.

148. In addition, developing and supporting good relationships with our industry bodies and other government agencies is essential, and engagement through the Sector Accord forums is well underway.

149. Presentations to key construction industry bodies have started. These presentations provide an overview of the roles and responsibilities of Te Whatu Ora (in particular, the IIG) and acknowledge the feedback received by the sector through various external health infrastructure consultations.

Ongoing work programme for lifting performance

150. A project delivery 'centre of excellence' is being developed to provide leadership and project management of large complex construction projects. This includes providing technical and commercial support to the smaller projects being delivered by regional and local teams. This will enable Te Whatu Ora to meet the expectation that national frameworks, systems and reporting mechanisms will be developed and implemented consistently across all regions.

151. The integration of all infrastructure teams from across the motu into a national Infrastructure and Investment Group will help ensure adherence to national standards and guidelines and support the incorporation of best practice principles.

Demonstrate planning and prioritisation for future workstreams

152. The IIG has identified workstreams to lift the maturity of infrastructure management.

153. These have been categorised into 4 priority levels:

- a. Priority 1: Those programmes/projects that deliver on the interim health plan, and/or the Minister's letter of expectation.
- b. Priority 2: Those projects that enable/support the delivery of Priority 1 projects.
- c. Priority 3: Those projects that deliver on key IIG strategies/objectives.
- d. Priority 4: Projects we will progress if we have spare capacity/resources.

154. While work has been done to identify the required workstreams, the majority of these have been put on hold in anticipation of the Infrastructure Operating Structure change. Once the new structure is in place the work programme will be reviewed and workstreams prioritised for resourcing.

Design guidance and assurance

155. The Design Guidance and Assurance Framework was developed and approved by Te Whatu Ora Executive Leadership (ELT) in March 2023.

156. The Framework outlines principles of how New Zealand-specific design guidance is developed by contributing to and building on the AusHFG (Australasian Health Facility Guidelines) resources.

157. The design guidance will be used for all significant maintenance, refurbishments, and new-build facilities to ensure that the design outcomes important to Te Whatu Ora are understood.

158. Guidance development processes put key stakeholders and partners at the centre of development ensuring the voices of Māori, whānau/lived experience, clinical staff, disabled persons, and design industry are heard.

159. Assurance processes to support consistent application of the guidance are set out within the Framework; the processes drive standardisation, while providing approval pathways for local and innovative solutions where required.

160. Te Whatu Ora is a member and working to strengthen the relationship with the Australasian Health Infrastructure Alliance (AHIA) and increasing New Zealand's participation in the review and development of design guidance. New Zealand's membership in the AHIA allows Te Whatu Ora to fully benefit from millions of dollars of trans-Tasman hospital investment in design practice.

Improve the quality of business cases

161. The Business Case Framework is being developed to improve the health system's ability to plan and manage successful capital investment outcomes.

162. The purpose of the Handbook is to provide a consistent understanding of the following:

- a. guidance on the point of entry process and how to identify the correct business case type based on risk, scale, and overall complexity
- b. guidance on the business case types and their purposes
- c. direction on key points to emphasise in different types of business case and the respective chapters
- d. a further deep dive on how to complete specific chapters within the business case

- e. guidance for how assurance may be conducted on the business case prior to Governance submission.

163. The handbook reflects the move from a devolved DHB investor approach to one better suited to the IIG's role as a single strategic portfolio capital investor within Te Whatu Ora, and

- a. complies with the Better Business Case™ Framework and requirements of the Investment Management System while incorporating health-specific content and requirements
- b. harmonises with other IIG investment, prioritisation, and delivery frameworks to provide a robust and consistent methodology.

164. The Business Case Framework is heavily focused on the Define & Design Phase of the Investment Management Framework.

Commercial practice and market engagement

Procurement and Contract guidelines and templates

165. The procurement toolkit provides an opportunity to create consistent good practice documents and practice and, to create a 'healthcare' approach to construction procurement across Te Whatu Ora.

166. The MBIE NZ Government Procurement templates were used as a base. This was tailored to suit a construction environment and incorporated the nuances of the health sector. The suite of construction contracts was developed in consultation with the Districts and the Construction Sector Accord.

167. The procurement documents currently include planning and sourcing (tendering) documents. This will be expanded further to include evaluation guidance, templates, and tender recommendation approval documents.

168. We expect the toolkit to expand and improve as the Commercial and Procurement function develops and matures.

Broader Outcomes

169. The Infrastructure Broader Outcomes Strategy was approved in March 2023. It supports a consistent 'health approach' to the delivery of broader outcomes through the design and construction of new builds, refurbishments, and facility maintenance. It was developed in conjunction with Te Aka Whai Ora and other key internal and external stakeholders such as the Construction Sector Accord, MBIE and Te Waihangā

170. The Strategy will help to:

- a. consider the focus areas and actions outlined in Te Pae Tata – this includes the need for effective engagement with Māori as part of Te Whatu Ora obligations under Te Tiriti O Waitangi

- b. ensure compliance with Government priority broader outcomes and Te Kupenga Hao Pāuaua (progressive procurement policy)
- c. align with the Construction Sector Accord and the broader outcomes related recommendations outlined in the Market Delivery Strategy
- d. consider Te Whatu Ora obligations under the Carbon Neutral Government Programme
- e. support and align with the overarching New Zealand Health Facility Design Guidance Note, particularly around engagement and sustainability content
- f. ensure broader outcomes are considered throughout the planning and delivery of projects, including any requirement for funding, or partnering arrangements
- g. provide consistency and transparency in definitions and approaches.

171. The Strategy outlines the ‘why’ of broader outcomes for Te Whatu Ora and the next stage will be to develop guidance material for project and procurement teams and suppliers about ‘how.’ This will explain how broader outcomes can be applied through health infrastructure projects, business cases, through to a question bank of Request for (X) (RfX) questions. The Strategy also includes support for evaluation teams and considerations around potential contract measures and benefits.

172. Draft user material is currently being piloted on the IIG-led Mental Health projects as well as Pihī Kaha (the Whangārei Regional Hospital project). The material will then be refined, and training will be rolled out to teams across the motu.

Market engagement

173. An IIG Stakeholder Engagement Strategy has been developed to help establish new relationships and reset existing ones with stakeholder people and organisations.

174. The strategy recommends how to be more efficient with engagement given the volume of stakeholders that the IIG engages with. The engagement uses multiple channels to engage identified stakeholders at the appropriate times. It supports the IIG Delivery and Investment strategies, including through improved engagement with partners and stakeholders — external and internal — to develop more transparent, cohesive, and collaborative relationships.

175. This strategy outlines the expectations for best practice and strategic stakeholder engagement.

176. It will develop and support good relationships with our industry bodies and other government agencies, including:

- a. The Treasury, Te Waihangā, Kāinga Ora, and Ministry of Education
- b. MBIE Sector Accord forums

- c. Construction industry bodies via presentations to a combined audience of over 500 practitioners. Presentations included an overview of the roles and responsibilities of Te Whatu Ora and the IIG.

177. The IIG acknowledges the feedback that was received by the sector through the various external health infrastructure consultations.

178. Work is also under way to establish better relationships with regional teams to provide trust and confidence. This includes providing clarity on the current state of health infrastructure, investment planning and delivery of infrastructure programmes. In addition, the proposed Infrastructure Operating Model will assist in strengthening relationships once implemented.

Service planning

179. The main functions of the Service Planning team are to lead service design, project future service demand and provide evidence to support IIG decision making. Key activities in the last 12 months include:

- a. leading project design and project management for the Northern Region Clinical Service plan
- b. integrating the clinical service plan into the business process of IIG
- c. disseminating the results of the National Service Plan on Critical Care
- d. supporting the Regional Hospital Redevelopment Program with specialised service planning and analytical advice
- e. supporting the Mental Health Infrastructure Program with service plan advice and project management
- f. investigating the long-term population trends and potential impact on the health needs of the population in the future
- g. progressing on some service planning projects and tools such as neonatal intensive care, renal care, and guidance for service planning
- h. supporting HSS on some national service plans including ambulant care centres, rural hospital and integrated care centres, maternity and paediatrics, older persons services (including AT&R).

180. In addition, the capacity and capability of the team have been improved by recruitment and enhanced connection with clinical and health experts, professional bodies, research, and analytical communities.

Strengthened benefits management and lessons learned

Lesson Learned Framework

181. The Lessons Learned Framework (framework) provides a standardised approach to identify, capture and actively 'learn' lessons generated initially from all major health infrastructure projects. It includes lessons across national, regional, or local project teams. It defines and establishes the required activities and responsibilities for Lessons Learned and seeks to catalyse action so that positive lessons become embedded in the IIG's way of working. This will help the IIG and the wider health district network to avoid negative experiences on future health infrastructure programmes/projects.

182. The key outcomes from implementing this framework will be to:

- a. foster a culture of continuous improvement by sharing and reusing knowledge gained through experience (lessons learned) of the IIG's wider health infrastructure programme/project community to improve future delivery performance
- b. build maturity and capability within Project Management Office functions to support business improvement and risk management practices, including practices across the IIG's wider health infrastructure programme/project community
- c. save money and time by continually improving practices, processes, tools, and approaches to project delivery.

183. The Lessons Learned Framework was piloted on the New Dunedin Hospital project lessons learned assessment.

Health Scale and Risk Assessment Tool

184. The IIG is developing a Health Scale and Risk Assessment Tool to help inform investment point of entry (PoE), business case type, key supporting artefacts and other P3M, governance and assurance expectations prior to initiation. The key objectives are to:

- a. establish a project scale and risk profile for health specific infrastructure projects;
- b. set out decision-making flows based on profile; and
- c. set out process for classifying infrastructure projects.

Cost estimation Guidelines

185. The IIG is developing a national cost estimating guideline comprising of standards, principles and proforma templates for both Te Whatu Ora and cost consultants. This will apply to the planning of new and refurbished health care facilities across the health infrastructure portfolio. The objectives of this guideline are to:

- a. increase understanding of the cost estimating process in Te Whatu Ora investment decisions;

- b. achieve better communication of project costs through consistent, clear, and concise project data;
- c. ensure that all project costs are captured and consolidated;
- d. minimise the risk of errors, omissions, and ambiguities;
- e. provide a robust process to align project risk and uncertainty with contingencies;
- f. define the roles and responsibilities of those involved in the cost estimating process; and
- g. support future development of Te Whatu Ora project financial management system (e.g., project benchmarking).

Construction Insurance Guideline

186. The IIG is developing a Construction Insurance Guideline to set out standard principles and processes to assist Te Whatu Ora. This will determine appropriate insurance requirements for all projects delivering new and refurbished health care facilities across the health infrastructure portfolio. The objectives of this guideline are to:

- a. improve the consistency, appropriateness, and completeness of insurance practices across the health infrastructure portfolio by clearly identifying and managing risks appropriate to the scale and complexity of the project.
- b. educate people involved in health infrastructure projects about the basics of insurance types, factors to be considered and the:
 - i. types of policies relevant to construction projects;
 - ii. who is best placed to secure them;
 - iii. what is covered by the insurance policies; and
 - iv. whether the amounts to be insured are appropriate for a project.
- c. provide risk assessment profile guidance to enable users to identify, understand and assess risks — this will help to determine specific insurance requirements and when it might be appropriate to seek independent advice from an insurance advisor
- d. provide guidance on setting limits of liability such as professional indemnity insurance and public liability insurance (including contractors who may have design involvement) and relevance if any, to the project value
- e. clarify the process for notifications at certain phases of a project depending on the size and scale of the project including in a ‘live’ environment.

Post Occupancy Evaluation

187. Post occupancy evaluations (POE) on new construction are a rich source of valuable information and an indicator of benefits realisation.

188. Work has commenced on a centralised POE database that holds information from all POE completed. The information will be centrally reviewed for trends and themes as part of continuous improvement of the design of health facilities.

189. The IIG have been working with industry bodies, such as the New Zealand Health Design Council to develop a Post Occupancy Evaluation standard methodology in 2021. This methodology will ensure consistency in how POE are completed and ensure that the data collected can be analysed to maximise the expected benefit.

Risk and Challenges

Maintaining the pace of project delivery

190. The delivery of projects to the initial timeline can be challenged by the complexity of delivery of hospital facilities, which mostly occur on hospital sites that are always operational and require careful management of the impact on delivery of clinical services, patients, and staff. The complexity of some infrastructure projects and the uncertainties involved in the refurbishment of current facilities requires careful management. IIG is strengthening project governance and oversight to support effective delivery management. Enhanced planning and market engagement also enables early identification and management of risks to delivery timelines.

Management of market pressures

191. The infrastructure sector is experiencing unprecedented inflationary pressures and capacity constraints. Several factors contributed to the rise of construction costs, scope increase, and delays, including:

- a. Economic conditions in a hyper-inflationary environment – In recent years, construction costs have reached an all-time high due to a combination of factors, including disruptions in the global supply chain, economic downturn, and travel restrictions resulting in a labour shortage. It is estimated to be approximately 12% higher than the Consumer Price Index (CPI). These factors and the current financial climate further exacerbate the issue.
- b. Shortage of material and labour – The pandemic and conflicts in Europe have caused major disruptions to the global supply chain and shipping, resulting in a shortage of materials and labour, and increasing prices.
- c. Increased demand – Additionally, demand has increased due to significant rebuilding and new construction projects in New Zealand.
- d. Other factors that may contribute to this trend include regulatory and policy requirements and foreign exchange rates.

192. The IIG is working to change the approach towards procurement and market engagement to respond to these conditions and ensure that the attractiveness of health as

a customer is lifted. At the same time, enhanced management of project planning and delivery is essential to address cost pressures and risks.

Change management process and staff retention

193. The yet to be completed change process has meant a continued heavy reliance on contractors and/or consultants as well as uncertainty over the allocation of permanent appointments. In addition, the potential of change has created uncertainty for staff and the risk of loss of staff. The IIG has undertaken communication to the wider infrastructure workforce across Te Whatu Ora on the planned process and worked to reassure staff of the ongoing priority of infrastructure for the organisation.

Integration with other functions during transition

194. The establishment of the IIG and the integration of the infrastructure capability across Te Whatu Ora is occurring within the context of the broader and wider organisational change underway. Consequently, there is a need to actively manage the relationship and collaboration with the new established functions across the deliver and enabling space.

195. Close partnership with Hospital and Specialist Services is critical for the understanding of future infrastructure need and support on the management of current facilities. The IIG is also working closely with the other enablers, particularly data and digital and finance to support the efficient investment of funds to maximise health outcomes.

Appendix: Non-Capital work programmes

Below is a table showing all the work being scoped to increase the IIG level of maturity in the system. With the establishment of the new structure, a review will be conducted of the forward work programme to determine which activities progress.

These have been categorised into 4 priority levels:

- Priority 1: Those programmes/projects that deliver on the interim health plan, letter of expectation
- Priority 2: Those projects that enable/support the delivery of Priority 1 projects and/or in Letter of expectation
- Priority 3: Those projects that deliver on the IIG strategies/objectives
- Priority 4: Projects we only progress if we have spare capacity/resources

Priority	Programme	Deliverable	Status	Milestone	Short Description
Priority 1	Programme E: Commercial and Market Delivery Capability Programme	Portfolio Level Infrastructure Broader Outcomes Strategy and Framework	Approved	Completed	Stage 1: Develop Strategy and Framework
					Stage 2: Implementation of the Strategy
					Stage 3: BAU
					Letter of Expectation – Health Infrastructure Appendix One: Project Delivery – Development of delivery capacity, capability, and structures at national and regional level.
					Also supports Te Pae Tata Implementation Framework action 3.7.4g "For all Te Whatu Ora procurement contracts to develop, include and enforce policies for social and environmental outcomes and sustainability principles".
					Market Delivery Strategy: Recommendation 2.6, 2.7, 5.3
Priority 2	Programme D: Design Standards for Aotearoa Health Facilities	Design Guidance and Assurance Framework	Approved	Completed	The Design Guidance and Assurance Framework outlines how Te Whatu Ora will develop and review NZ-specific design guidance, contributing to and developing on the Australasian Health Facility Guidelines (AusHFG).
					The Framework also outlines how Te Whatu Ora are achieving the outcomes of the design guidance by completing design assurance reviews on applicable projects.
					Based on a risk-based approach, we are proposing that design assurance reviews are completed on projects that meet an initiation matrix.
Priority 2	Programme E: Commercial and Market Delivery Capability Programme	The IIG Strategic Stakeholder Engagement Strategy	Approved	Completed	Stage 1: Develop Strategy
					Stage 2: Implementation of the Strategy, including market engagement and supplier briefings with the Construction Sector, subcontractors, and supply chain.
					Stage 3: BAU
					Letter of Expectation – Health Infrastructure, Appendix One: Project Delivery – Development of delivery capacity, capability and structures at national and regional level and, Market strategy to enhance delivery support from construction sector
					Supports Te Pae Tata Implementation Framework action #3.7.2d "Develop partnerships with other government sectors to align with and leverage off large capital delivery programmes in other sectors"
					Market Delivery Strategy: Recommendation 1.3, 1.4, 3.2, 3.4, and 3.1
Priority 3	Programme F: Project Investment and Delivery Framework	Health and Safety Delivery Framework	Approved	N/A	Update existing framework to be consistent with Investment and Delivery Framework – right sized for different sized projects

Priority	Programme	Deliverable	Status	Milestone	Short Description
Priority 1	Programme B: Asset Management System	Condition assessment methodology	Work in progress	Project output drafted; approval expected – 1st quarter of 23/34	A methodology and procedures to produce consistent asset condition assessments which inform the prioritisation of investment on infrastructure assets between hospitals. Will allow the estate to be baselined.
Priority 1	Programme B: Asset Management System	Risk and assurance campus-wide infrastructure project	Work in progress	Approved expected – 1st quarter of 23/24	A standardised risk assessment of campus infrastructure for sites which provide medical or surgical services – to understand our risk and inform investment planning
Priority 2	Programme E: Commercial and Market Delivery Capability Programme	Collaborative Delivery Strategy for Health Infrastructure	Work in progress	Approved expected – 1st quarter of 23/24	Stage 1: Creation of the Strategy and Framework
					Stage 2: Approval from Capital and infrastructure Committee
					Stage 3: Implementation
					Letter of Expectation – Health Infrastructure Appendix One: Project Delivery – Development of delivery capacity, capability, and structures at national and regional level
					Market Delivery Strategy: Recommendation 4.5
Priority 3	Programme E: Commercial and Market Delivery Capability Programme	Lessons Learned and Post Completion Assessment Frameworks	Work in progress	Approval expected – 1st quarter of 23/24	The key outcomes from implementing this framework will be to:
					<ul style="list-style-type: none"> • foster a culture of continuous improvement by sharing, and reusing knowledge gained through experience (lessons) of the IIG’s wider health infrastructure programme/project community to improve future delivery performance
					<ul style="list-style-type: none"> • build maturity and capability within Project Management Office functions to support business improvement and risk management practices, including such practices across the IIG’s wider health infrastructure programme/project community
					<ul style="list-style-type: none"> • save money and time by continually improving practices, processes, tools, and approaches to project delivery.
					The Lessons Learned Framework has been piloted on a small number of projects and is yet to be implemented more broadly into a system.
Priority 2	Programme C: Investment Framework & Planning	Business Case Framework and Handbook	Work in progress	Approved expected - 1st quarter of 23/24	A standardised approach to the development of business cases, which tailors the requirements to the scale and complexity of the investment. The standardised approach will not only support the timeliness and quality of business case development but also support the development of internal capability to deliver business cases, rather than rely on external resources
Priority 3	Programme E: Commercial and Market Delivery Capability Programme	A suite of Contractual & Procurement documents and guidelines	Completed	Step 1 completed	Step 1: Provide consistent contractual and procurement documentation for use by Te Whatu Ora to reduce the resources required to respond to tenders and deliver projects both within Te Whatu Ora and from suppliers, and enable fairer risk transfer
			Work in progress	Approval expected – 1st quarter of 23/24	Step 2: BAU - transfer to PMO (Project Management Office) Team, continuous improvement via Commercial Team

Priority	Programme	Deliverable	Status	Short Description
Priority 1	Programme A: Capital Infrastructure Delivery	Project Governance	Work underway	Various roles held across projects' governance structures (SRO for Tairāwhiti and West Coast, Waikato steering group member, other projects' governance structures yet to be determined)
Priority 1	Programme B: Asset Management System	Asset management framework		Developing an evidence base, a policy, strategy, and guidance for the sector (such as Importance Levels)
Priority 1	Programme B: Asset Management System	Fire design guidance (Facilities Design)		To develop guidance on a collaborative basis specific to hospital building fire engineering design
Priority 1	Programme B: Asset Management System	National Asset Management Strategy		These will set out our commitment and direction for asset management across all assets and define the key principles that underpin our asset management practices, including the objectives, targets, and processes for the management, planning and innovation of these portfolios.
Priority 1	Programme B: Asset Management System	Seismic work programme		A programme of work to understand our seismic risks and develop an approach to the prioritisation of mitigation work, put in place a seismic policy and strategy, develop technical guidance for new and existing buildings, and to put in place procedures and arrangements for post-earthquake response. In addition to this, our Seismic Trusted advisor provides ad-hoc support and advice to Districts on Seismic matters.
Priority 1	Programme C: Investment Framework & Planning	Infrastructure Investment Plan		The proposed schedule for health infrastructure projects over the next 10+ years, considering the state of the asset, service planning data available, the prioritisation model and the proposed investments. This will support the submission for funding in Budget 24 as well as the internal allocation for resources to support enhanced planning and delivery.
Priority 1	Programme C: Investment Framework & Planning	Publication of Forensic Bed Capacity Plan		Document complete, requires appropriate sign out and publication. Likely this will not be published and remain as an internal item.
Priority 1	Programme D: Design Standards for Aotearoa Health Facilities	Accessibility standards development		Develop standards for universal design and accessibility to improve access to buildings for persons with disabilities and/or impairments
Priority 1	Programme E: Commercial and Market Delivery Capability Programme	Engage with the Construction Sector Accord (MBIE)		Stage 1: Join the MBIE Construction Sector Accord and entrench the Accord Principles into standard IIG documentation
				Stage 2: Engage via representation at the various Sector Forums (including the Chief Executive Forum)
				Stage 3: BAU
				Supports Te Pae Tata Implementation Framework Action #3.7.2d Develop partnerships with other government sectors to align with and leverage off large capital delivery programmes in other sectors
Priority 1	Programme F: Project Investment and Delivery Framework	Governance Framework and artefacts		Delivery Strategy: Recommendation 1.4, 3.4
Priority 2	Delivery	Cost Estimating Guideline for Public Sector Health Capital Projects (contingency management policy)	Governance elements relating to the Investment and Delivery Framework, include governance committee guidance and terms of reference	
			The IIG is developing a national cost estimating guideline comprising of standards, principles and proforma templates for both Te Whatu Ora and cost consultants to apply in the planning of new and refurbished health care facilities across the health infrastructure portfolio. The objectives of this guideline are to:	
			• increase understanding of the cost estimating process in Te Whatu Ora investment decisions	
			• achieve better communication of project costs through consistent, clear, and concise project data	
			• ensure that all project costs are captured and consolidated	
			• minimise the risk of errors, omissions, and ambiguities	
			• provide a robust process to align project risk and uncertainty with contingencies	
• define the roles and responsibilities of those involved in the cost estimating process				
• support future development of the Te Whatu Ora project financial management system (eg, project benchmarking)				

Priority	Programme	Deliverable	Status	Short Description
Priority 2	Delivery	Project Delegation Framework	Initial work undertaken – resources to complete the work to be prioritised with new leadership structure in place for the IIG	
Priority 2	Programme A: Capital Infrastructure Delivery	Implement standardised contingencies		Develop and implement standardised contingency practices across new projects to minimise need for additional funding.
Priority 2	Programme A: Capital Infrastructure Delivery	Project variation process		Develop guidance and seek ministerial approval to delegate project variation approvals to Board/Committee/CE (TBD).
Priority 2	Programme C: Investment Framework & Planning	Alternative financing		
Priority 2	Programme C: Investment Framework & Planning	Capital settings		
Priority 2	Programme C: Investment Framework & Planning	Clinical service planning guidance		Set principles and processes for clinical service planning. Now more people involved due to changes in Te Whatu Ora and need to involve multiple groups/people to broaden the engagement and seek advice and agreement.
Priority 2	Programme C: Investment Framework & Planning	Contingency Management		Development of a policy and framework that determines appropriate usage and application of contingency to health infrastructure projects.
Priority 2	Programme C: Investment Framework & Planning	Critical Care National Service Plan		The national service plan for critical care up to 2035–2036 (Awaiting publication)
Priority 2	Programme C: Investment Framework & Planning	Interventional cardiology national service plan		National service planning relating to interventional cardiology (e.g., forecasting demands, where services should be located, service improvement)
Priority 2	Programme C: Investment Framework & Planning	MHIP investment roadmap		Roadmap for MH (Mental Health) infrastructure that addresses short-, medium- and long-term priorities. Part of wider investment plan.
Priority 2	Programme C: Investment Framework & Planning	Northern Regional Capital Roadmap		Deliver a regionally focused long-term indicative capital investment plan with the Northern Region. Currently put on hold for the last 8 weeks due to involvement by Strategy, Planning & Reporting
Priority 2	Programme D: Design Standards for Aotearoa Health Facilities	Benchmarking		Create (and maintain) a benchmarking tool of AusHFG spaces, NZ project data to provide visibility over expected costs and spatial requirements
Priority 2	Programme D: Design Standards for Aotearoa Health Facilities	Cultural Sensitivities in Design Review		Complete a review of all design guidance to identify any insensitivities / aspirational gaps and considerations
Priority 2	Programme D: Design Standards for Aotearoa Health Facilities	Improving safety through fixtures and fittings		Standardisation and repository of safety fixtures and fittings across facilities. Will inform prioritisation of funding and enable lessons to be shared across projects.
Priority 2	Programme D: Design Standards for Aotearoa Health Facilities	Modularisation / Standardisation		Project to look at the modularisation (OSM (Offsite Manufacturing) etc) and standardisation (designs) to increase efficiencies
Priority 2	Programme D: Design Standards for Aotearoa Health Facilities	Product And Materials Considerations		Determine how Te Whatu Ora achieve assurance and consistency over the product and/or materials that are used in health infrastructure
Priority 2	Programme E: Commercial and Market Delivery Capability Programme	Procurement and Commercial Strategy for Health Infrastructure		<p>Stage 1: Review the IIG procurement function and strategy, its vision and purpose for the future of health infrastructure delivery and management</p> <p>Stage 2: Create a fit-for-purpose infrastructure procurement and commercial strategy in consultation with key internal and external stakeholders</p> <p>Stage 3: Endorsement/approval via Capital and Infrastructure Committee</p> <p>Stage 4: Implementation</p> <p>Letter of Expectation – Health Infrastructure Appendix One: Project Delivery – Development of delivery capacity, capability, and structures at national and regional level</p> <p>Market Delivery Strategy: Recommendation 4.6</p>
Priority 2	Programme E: Commercial and Market Delivery Capability Programme	Procurement Tool Kit		Standardised procurement products for use across all health projects
Priority 3	Programme B: Asset Management System	Asset risk tracker		A tracker to capture, monitor and escalate known asset risks across hospitals
Priority 3	Programme B: Asset Management System	Resilience policy		

Priority	Programme	Deliverable	Status	Short Description
Priority 3	Programme B: Asset Management System	Regional asset management plans	Initial work undertaken – resources to complete the work to be prioritised with new leadership structure in place for the IIG	Asset management plans are one of the key resources required.
Priority 3	Programme D: Design Standards for Aotearoa Health Facilities	Building Information Modelling (BIM)		Create a BIM policy / guideline for Te Whatu Ora health infrastructure including updating any/all applicable design guidance
Priority 3	Programme D: Design Standards for Aotearoa Health Facilities	Post Occupancy Evaluation (POE)		Post Occupancy Evaluations (POE) are a key factor in the continuous improvement of health facility design.
				Work is underway to input all the POE reports received to date into a central database for analysis. As the POE completed to date are all completed differently, there is inconsistency in the information
				Work has commenced, working with industry, on development of a standardised POE guidance. This will provide a standardised approach to how POE are completed; this will allow the IIG to best utilise these reports by assessing themes and risk areas.
Priority 3	Programme E: Commercial and Market Delivery Capability Programme			Step 1: Consider and evaluate the benefits of following:
				a. development of tender evaluation criteria that promote, appropriately value, and incentivise the use of global best practice and innovation in hospital delivery
				b. development of tender evaluation criteria that incentivise the use of local suppliers to promote development of the New Zealand supplier market, including to ensure international IP (Intellectual Property) and local market development are evaluated separately and reconsider how supplier experience is evaluated
				c. pre-qualification mechanisms for key supplier groups to improve the efficiency of health infrastructure procurement and make these projects more attractive and accessible to suppliers
				Step 2: Consultation with key internal and external stakeholders with recommendation
			Step 3: Implement recommendations	
Priority 3	Programme E: Commercial and Market Delivery Capability Programme	Construction Insurance Guideline	Letter of Expectation – Health Infrastructure Appendix One: Project Delivery — Development of delivery capacity, capability and structures at national and regional level. Delivery Strategy: Recommendation 4.1, 4.2, 4.3	
			The IIG is developing a Construction Insurance Guideline to set out standard principles and processes to assist Te Whatu Ora in determining appropriate insurance requirements for all projects delivering new and refurbished health care facilities across the health infrastructure portfolio. The objectives of this guideline are to:	
			<ul style="list-style-type: none"> improve the consistency, appropriateness, and completeness of insurance practices across the health infrastructure portfolio by clearly identifying and managing risks appropriate to the scale and complexity of the project educate people involved in health infrastructure projects about the basics of insurance types and factors to be considered and, the whether the amounts to be insured are appropriate for a project provide risk assessment profile guidance to enable users to identify, understand and assess risks to determine their specific insurance requirements and when it might be appropriate to seek independent advice from an insurance advisor provide guidance on setting limits of liability such as professional indemnity insurance and public liability insurance (including contractors who may have design involvement) and relevance if any, to the project value clarify the process for notifications at certain phases of a project depending on the size and scale of the project including in a 'live' environment. 	
			Policy and framework on how to monitor, track and manage asset risks	
			Evidence support needed for improved clinical equipment and information technology asset management	
Priority 4	Programme B: Asset Management System	Asset risk management policy and framework		Develop a process on how advice from the Facility Design and Advisory team consistent and best practice
Priority 4	Programme B: Asset Management System	IT & CE assessments		
Priority 4	Programme D: Design Standards for Aotearoa Health Facilities	Design Advice Process Development		

Priority	Programme	Deliverable	Status	Short Description
Priority 4	Programme D: Design Standards for Aotearoa Health Facilities	FDA (Facility Design and Advisory) Documentation Project	Initial work undertaken – resources to complete the work to be prioritised with new leadership structure in place for the IIG	Document all of FDA processes and procedures to increase visibility and consistency over how we do what we are responsible for
Priority 4	Programme E: Commercial and Market Delivery Capability Programme	Establish an Independent Technical Reference Group		Stage 1; Evaluate the benefit of an 'independent' TRG with a recommendation on the next steps
				Letter of Expectation – Health Infrastructure, Appendix One: Project Delivery - Development of delivery capacity, capability, and structures at national and regional level