

# **District Health Board Sector Asset Management Framework**

## Overview

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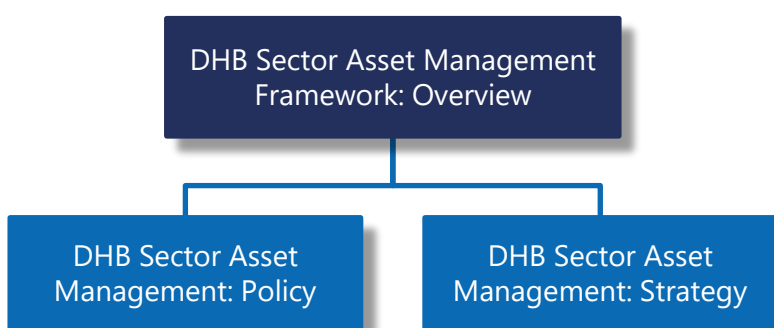
# Introduction

This overview of the District Health Board Sector Asset Management Framework identifies the documents and plans that inform the asset management activities of the Ministry of Health and district health boards (DHBs). The framework defines the overall approach for managing the key assets required to deliver health services in New Zealand. It aims to provide a clear line of sight between operational asset use and the strategic objectives and risks in the health sector.

This is not a stand-alone document and should be read alongside its companion documents, which are:

- *District Health Board Sector Asset Management Framework: Policy*
- *District Health Board Sector Asset Management Framework: Strategy*.

**Figure 1: District Health Board Sector Asset Management Framework documents**



The Ministry of Health has oversight of the health and disability sector. Although DHBs own their own property, information and communications technology and clinical health care assets, the Ministry of Health is kaitiaki (guardian) of the health and disability system.

The asset management framework provides a structured set of actions aimed at bringing the district health boards' practices in asset management to an appropriate level. This approach is also consistent with the maturity levels in the Asset Management Maturity assessments completed as part of the Treasury's Investor Confidence Rating (ICR).

Further information on the ICR, including past results can be found at:  
<http://www.treasury.govt.nz/statesector/investmentmanagement/review/icr>



There are many benefits to improving asset management practices, particularly in the health sector context, including the following.

- **Investment pipeline:** Improved asset management practices will help enable better long-term planning for, visibility of and prioritisation over investments at different levels (DHB, regional, national), which can inform strategic documents such as Long-Term Investment Plans (LTIPs) or business cases.
- **Comparability:** Standardising asset management practices at a national level will enable us to accurately compare DHBs across the sector, to identify strengths or areas that require additional uplift, and to share best practice.
- **Value:** Good asset management should support greater value for money (at DHB, regional and national levels) via better informed investment decisions and give us the ability to prioritise investments across the wider sector.
- **Meeting strategic objectives:** A demonstrated ability to effectively manage assets through their lifecycles will bring us the ability to efficiently meet organisational strategic objectives and outcomes and improve stakeholder confidence.

As noted in the Health and Disability System Review interim report: 'the current state of DHB assets is not good and there is little in the way of long-term planning which can give any confidence that the problem is under control'.

The recently released final report made the following recommendations:

'The Review recognises the importance of good asset management practice at DHB level and the requirement for a [national asset management plan (NAMP)] as a core component of the NZ Health Plan. Next steps should include developments such as future capacity planning and the modelling of investment scenarios.

The further development of the NAMP, setting asset performance standards, monitoring performance and support for DHB asset management practice would be functions of the [Health Infrastructure Unit (HIU)]. The Review expects the HIU to build on work done to date, including the creation of a robust and transparent asset monitoring framework.

As discussed in the Systems Settings section, the proposed system should have a nationwide planning framework with clear decision-rights so that investment (and disinvestment) decisions are strategic, evidence based, and made with present and future demands in mind.'

Feedback from DHBs has urged the Ministry of Health to take a more proactive role in providing guidance for DHBs on their asset management activities. The three documents in this set (Overview, Policy and Strategy) set out the Ministry's new expectations and direction, to enable the health sector, the Ministry of Health and DHBs to collaboratively achieve a cohesive and fit-for-purpose nationwide asset management framework that describes how things should work and who should do what.

# Scope

This framework applies to the lifecycle management of all assets that are owned or leased by DHBs and their regional shared service providers. The asset groups that this framework covers are:

- land
- buildings
- building fitout
- services, plant, and infrastructure
- clinical equipment
- non-clinical equipment
- motor vehicles
- information communications technology (ICT).

Financial, human, goodwill, and intellectual property are excluded (out of scope). Assets in scope are those owned and/or operated by DHBs in New Zealand.

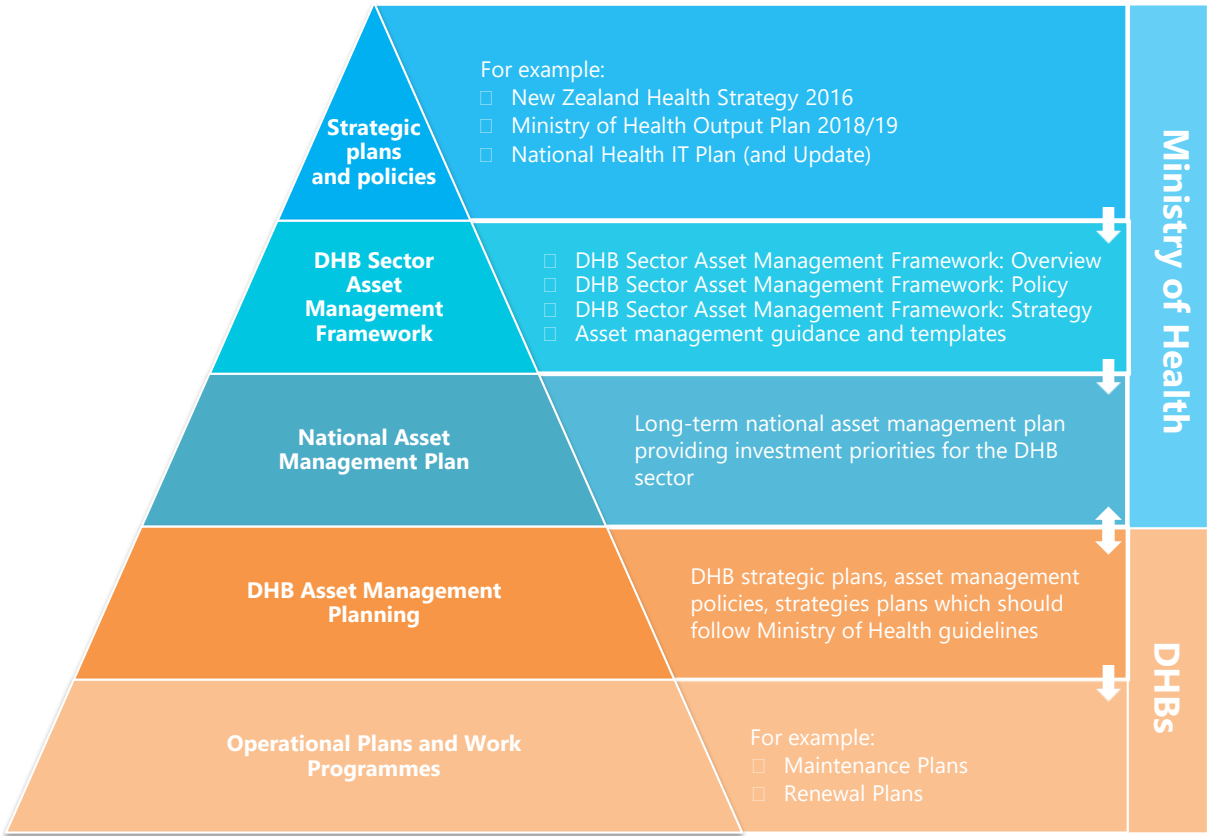


# Structure of the framework

The District Health Board Sector Asset Management Framework defines the overall approach for managing the key assets required to deliver health services in New Zealand.

The framework consists of policies, plans and strategies, in the following hierarchy.

**Figure 2: Plans in District Health Board Sector Asset Management Framework**



For a full list of all relevant documents, see Table 1.

District health boards are responsible for owning, managing, maintaining and renewing their assets to deliver health services to New Zealanders. The Ministry of Health has stewardship responsibilities for health infrastructure.

Table 1 sets out the documents within and relevant to the asset management framework and their status. The Ministry will note the expected use of these documents and links to their location will be added as documents are finalised.

**Table 1: District Health Board Sector Asset Management Framework documents**

		Ministry of Health
		Description
The national asset management programme	<b>Document</b>	<b>Description</b>
	<b>Organisational Strategic Plans:</b>	Strategy documents published by MoH that impact on asset management activities. See website for full list of documents.
	<ul style="list-style-type: none"> <li>• New Zealand Health Strategy 2016</li> <li>• Ministry of Health Output Plan 2018/19</li> <li>• National Health IT Plan (and Update)</li> <li>• HISO Interoperability Roadmap 2020</li> <li>• Building a Healthy Future</li> <li>• Statement of Strategic Intentions 2017–2021</li> <li>• Faiva Ora 2016–2021: National Pasifika Disability Plan</li> <li>• Delivering Better Public Services: A Good Start to Life</li> <li>• National Radiation Oncology Plan 2017–2021</li> <li>• Ageing New Zealand and Health and Disability Services 2001–2021</li> </ul>	
District Health Board Sector Asset Management Framework	<b>District Health Board Sector Asset Management Framework: Policy</b>	<p>Documents the approach to asset management planning and processes and specifies improvement actions. Sets out:</p> <ul style="list-style-type: none"> <li>• the organisational context and importance of asset management</li> <li>• the National Policy Statement</li> <li>• key national requirements</li> <li>• principles</li> <li>• roles and responsibilities</li> <li>• the audit, review and updating process</li> </ul>
District Health Board Sector Asset Management Framework	<b>District Health Board Sector Asset Management Framework: Strategy</b>	<p>Documents the approach to asset management planning and processes and specifies improvement actions. Covers:</p> <ul style="list-style-type: none"> <li>• the strategic context – analysis of key internal and external drivers</li> <li>• asset summary</li> <li>• the National Strategic Framework</li> <li>• Asset Management Maturity</li> <li>• the organisational context</li> <li>• issues, risks and challenges</li> <li>• objectives and principles</li> <li>• key strategies and programmes to deliver objectives</li> <li>• the audit, improvement and review process</li> <li>• a glossary of terms</li> </ul>

		Ministry of Health	
		Document	Description
The national asset management programme	District Health Board Sector Asset Management Framework	<b>Asset Management Guidance</b>	<p>As part of the NAMP work programme, the Ministry will produce guidance documents as required, including:</p> <ul style="list-style-type: none"> <li>• a template for DHBs to use to for asset management plans (based on the International Infrastructure Management Manual (IIMM) and ISO 55000 standards)</li> <li>• guidance on how to apply asset management and what should be included in an asset management plan, including how this would link to other information, strategies, policies and plans</li> <li>• design guidelines</li> <li>• training material</li> <li>• templates/guidance</li> <li>• guidance on the Capital pipeline</li> <li>• guidance on business cases</li> <li>• guidance on the asset assurance framework</li> <li>• guidance on performance monitoring</li> <li>• asset register data/information</li> </ul>
		<b>National Asset Management Plan</b>	<p>A long-term asset management plan providing investment priorities for the DHBs</p> <p><b>National Asset Management Plan – Stage 1: Current state assessment report</b></p> <p>This report, published in May 2020:</p> <ul style="list-style-type: none"> <li>• identifies relative investment priorities and the relative condition of buildings, side-wide infrastructure, clinical facility fitness-for-purpose and information technology</li> <li>• is an interim report, produced in advance of the more comprehensive NAMP</li> <li>• expenditure and funding requirements</li> <li>• asset improvement items</li> </ul>

Ministry of Health	
Document	Description
<b>The national asset management programme</b>	<p><b>National Asset Management Plan</b></p> <p><b>National Asset Management Plan Stage 2 – Due 2022:</b></p> <p>This report will contain:</p> <ul style="list-style-type: none"> <li>• an executive summary</li> <li>• the Ministry's services, goals and objectives</li> <li>• asset investment objectives</li> <li>• planning assumptions</li> <li>• demand forecasts</li> <li>• asset levels of service – quantity and quality including measures of performance</li> <li>• description of the asset portfolio and current state assessment</li> <li>• guidance on risk management</li> <li>• lifecycle management plans for buildings, infrastructure, critical clinical equipment and ICT</li> <li>• investment scenarios – options and recommendations</li> <li>• a financial summary – high-level long-term expenditure and funding requirements</li> <li>• asset improvement items</li> </ul>
DHBs	
Document	Description/related documents
<p><b>Organisational Strategic Plans</b></p> <ul style="list-style-type: none"> <li>• DHB Annual Plans and Reports</li> <li>• DHB Statements of Intent</li> <li>• DHB Health Strategies</li> <li>• DHB Long-Term Plans</li> </ul>	Should align with Ministry guidelines and feed into the asset management framework
<b>Asset Management Policy</b>	<p>Policy document that outlines principles, roles and responsibilities for asset management planning</p> <p>Should align with Ministry guidance and support asset management plan creation</p>
<b>Asset Management Strategy</b>	<p>Documents the approach to asset management planning and processes and specifies improvement actions</p> <p>Should align with Ministry guidance and support asset management plan creation</p>
<b>Asset Management Plan</b>	Long-term asset management plan by the DHB setting out investment priorities
<b>Operational Plans and Work Programmes</b>	<p>DHBs operational plans such as:</p> <ul style="list-style-type: none"> <li>• maintenance plans</li> <li>• renewal plans</li> <li>• asset register data/information</li> <li>• business cases</li> <li>• site masterplans</li> <li>• design guidelines</li> </ul>

# Development of the framework

The Ministry has developed this District Health Board Sector Asset Management Framework in collaboration with DHBs through the Health Asset Management Improvement (HAMI) forum and regional groups such as the Northern Regional Alliance.

In February 2020, the HAMI group held a workshop at which it presented the asset management framework and reviewed goals and objectives. District health board representatives at this workshop expressed a desire for Ministry of Health guidance on producing asset management plans and suggested that national and DHB asset management plans should be closely aligned.

The Ministry of Health's District Health Board Sector Asset Management Framework has also been co-developed alongside the Northern Region asset management policy and strategy. This work will support the development of asset management policy and strategy templates for DHBs to adapt to their own needs.

DHBs were consulted by email on the draft asset management framework documents.

# External source documents

The key national requirements for effective asset management across New Zealand are specified in the Cabinet Office Circular CO (19) 6, which states:

‘The primary objective of the investment management system is to optimise value from new and existing investments and assets for current and future generations of New Zealanders.’

See: <https://dpmc.govt.nz/publications/co-19-6-investment-management-and-asset-performance-state-services>

The International Infrastructure Management Manual (IIMM 2015) is a widely recognised guide for asset management and aligns to global standard for asset management ISO 55:001. The IIMM and ISO 55:000 recommend that organisations develop an overarching asset management framework (system) to demonstrate the links between strategic objectives, asset management objectives and organisational processes.

These documents are subject to commercial copyright and are available to purchase.