

District Health Board Sector Asset Management Framework

Policy

November 2020

Citation: Ministry of Health. 2020. *District Health Board Sector Asset Management Framework: Policy*. Wellington: Ministry of Health.

Published in November 2020 by the Ministry of Health
PO Box 5013, Wellington 6140, New Zealand

ISBN 978-1-99-002957-8 (online)
HP 7503



This document is available at health.govt.nz



This work is licensed under the Creative Commons Attribution 4.0 International licence. In essence, you are free to: share ie, copy and redistribute the material in any medium or format; adapt ie, remix, transform and build upon the material. You must give appropriate credit, provide a link to the licence and indicate if changes were made.

Contents

Overview	1
Scope	2
National policy statement	3
Key national requirements	3
Asset management principles	5
Roles and responsibilities	6
Review period	8
List of Tables	
Table 1: Asset management roles	6
Table 2: National, regional and local roles and responsibilities	7
List of Figures	
Figure 1: District Health Board Sector Asset Management Framework documents	1

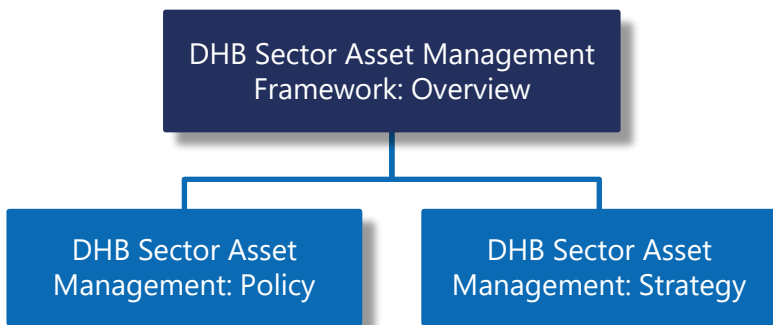
Overview

This document defines an overarching DHB Asset Management Framework: Policy based on best practice through the provision of consistent principles, scope, key requirements and roles and responsibilities for asset management in the health and disability sector. District health boards (DHBs) own asset management policies should align with this asset management policy.

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

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

Figure 1: District Health Board Sector Asset Management Framework documents



Scope

This policy applies to the lifecycle management of all assets owned or leased by DHBs and their regional shared service providers.

The asset groups that this policy covers are:

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

Financial, human, goodwill and intellectual property are out of the scope of this policy. Assets in scope are those owned and/or operated by DHBs in New Zealand.

National policy statement

The national policy statement for the asset management framework is as follows.

Assets will be managed and maintained over their entire lifecycle using best practice asset management aligned to relevant standards and guidelines. Assets will be managed to deliver the agreed levels of service in a manner that effectively balances whole-of-life asset costs and risks to best value health care.

Key national requirements

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

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.

With regards to asset management, CO (19) 6 states that:

72. Agencies must manage assets to ensure they deliver current and intended levels of service.
73. Agencies must demonstrate a level of asset management practice and performance that is appropriate to the scale of assets under their management and the criticality of those assets to the delivery of key public services.
74. Agencies must have current asset management plans to inform strategic, tactical, and operational choices.
75. Agencies must capture and use, in internal management and decision-making processes, relevant indicators of past and projected asset performance, such as asset utilisation, condition and fitness-for-purpose.
76. Agencies must report on relevant asset performance indicators in their annual reports.
77. Agencies must plan for the eventual withdrawal or sale of assets and use approved asset disposal processes. Beyond the requirements set out in this circular, asset disposals can be subject to legal, statutory and Government policy requirements that must be fulfilled prior to disposal. This could require specialised assistance.

The Ministry of Health Operational Policy Framework 2020/21 requires that:

1. Each DHB must prepare an asset management plan showing planned future asset replacement and expected financing arrangements for asset replacement, including the use of cash generated from operations.
2. Asset management plans must address:
 - a. strategic asset management
 - b. strategic asset financing
 - c. tactical and operational asset management of facilities, infrastructure and major equipmentand must include an Information Services Strategic Plan (ISSP).
3. Asset management plans must be maintained as a 'live document' and kept up to date. Components of the asset management plan will be required as part of Annual Plans, Regional Service Plans and business case development.
4. DHBs are expected to contribute to the Ministry of Health's National Asset Management Plan, which will be used to assist the Capital Investment Committee (CIC) and Ministers of Health and Finance to make more informed decision on DHB capital expenditure.

This policy demonstrates a commitment to best appropriate practice asset management measured against the Treasury's Investor Confidence Rating (ICR), including asset management assessments and the principles set out in the Cabinet Office Circular CO (19) 6, Investment Management and Asset Performance.

Asset management principles

The following principles guide development of national asset management goals and objectives, which are set out in the *District Health Board Sector Asset Management Framework: Strategy*.

The DHB Asset Management Framework principles are as follows.

1. Asset management will aim to achieve the direction set by strategic health services and clinical service planning.
2. Asset management systems and practices will be consistent with best practice.
3. Asset-related investment decisions will be prioritised and informed by robust information that considers whole-of-life value.
4. Asset management decisions will consider all stakeholders and enable the delivery of agreed asset levels of service targets over time.
5. Asset compliance will be managed within all relevant asset-related legislative, regulatory and legal requirements.
6. Asset management capability will be continuously improved to an appropriate level, in line with best practice, and Ministry of Health and Treasury requirements.

Roles and responsibilities

Table 1 identifies the agencies, organisations and groups that have a national, regional and local role in asset management.

Table 1: Asset management roles

Title	Role
Treasury	The Treasury is the Government's lead economic and financial adviser. It includes an Investment Management and Asset Performance (IMAP) group that manages the Investor Confidence Rating (ICR) and provides information and advice to ministers on the investment performance of public entities.
Ministry of Health	The Ministry leads New Zealand's health and disability system and has overall responsibility for its management and development. The Minister's functions, duties, responsibilities and powers are specified in the New Zealand Public Health and Disability Act 2000 and other legislation. The Ministry convenes the Capital Investment Committee (CIC).
Capital Investment Committee	The CIC is a section 11 committee that provides advice to the Ministers of Health and Finance on the prioritisation and allocation of funding for capital investment and health infrastructure requiring investment greater than \$10 million and for IT projects greater than \$3 million. In future, it will set the investment management framework across DHBs.
DHBs	The New Zealand Public Health and Disability Act 2000 created DHBs and sets out the following objectives for them: <ul style="list-style-type: none"> • improving, promoting and protecting the health of people and communities • promoting the integration of health services, especially primary and secondary care services • seeking the optimum arrangement for the most effective and efficient delivery of health services in order to meet local, regional and national needs • promoting effective care or support of those in need of personal health services or disability support.
Health Research Council of New Zealand (HRC)	The HRC is responsible for the allocation of the government's investment in public-good health research. It funds health research in four broad areas: <ul style="list-style-type: none"> • health and wellbeing in New Zealand – keeping New Zealanders healthy and independent throughout life • improving outcomes for acute and chronic conditions – better recovery for people suffering an illness or injury • New Zealand health delivery – improving service delivery • Rangahau Hauora Māori (RHM) – supporting Māori health research.
Health Quality & Safety Commission (HQSC)	The HQSC leads and coordinates work across the health and disability sector for the purposes of monitoring and improving the quality and safety of health and disability support services. It provides advice to the Minister of Health on how quality and safety in health and disability support services may be improved, and is responsible for determining and reporting quality and safety indicators (such as serious adverse events) for health and disability support services.

In its standards and guidance for asset management, the Treasury makes reference to the National Asset Management Support Group's International Infrastructure Management Manual (IIMM), the fifth edition of which was published in 2015. The IIMM sets out 16 functional asset management areas.

Table 2 defines national (the Ministry of Health's), regional (where relevant regional agencies exist; for example, the Northern Regional Alliance) and local (DHBs') responsibilities areas against the 16 functional asset management areas (IIMM 2015).

Table 2: National, regional and local roles and responsibilities

Asset management functional areas	National	Regional	Local
Asset management policy and strategy	D	R	R
Levels of service and performance management	D	D	D
Forecasting demand	A	A	R
Asset register data	A/S	A	R
Asset performance and condition	A/S	A	R
Decision making	R	R	R
Managing risk	D	R	R
Operational planning	S	A	R
Capital works planning	S	R	R
Financial planning	S	R	R
Asset management leadership and teams	A	R	R
Asset management plans	R	R	R
Management systems	A/R	R	R
Asset management information systems	A/R	A	R
Service delivery mechanisms	S		A
Audit and improvement	A/R	A	R

Key: A= Accountable. R = Responsible. S = Support. C = Consulted. D = Define Expectations

Review period

The Ministry will review this policy every three years, in line with the national asset management planning cycle or when major changes to the planning frameworks and expectations are made. The review will be subject to input from the HAMI group and other relevant stakeholders.