

# Infrastructure Operating Model

21 October 2022

# Glossary

Definitions of key terms used throughout this report are provided below.

<b>Capability</b>	The skills and expertise that are used to deliver the infrastructure functions of Te Whatu Ora. The capabilities can be generic and exist across many functions, or they can be specific to a single function.
<b>Customers</b>	Stakeholders, groups and entities that the Te Whatu Ora infrastructure function interacts with and provides services to.
<b>Enabling function</b>	The functions of Te Whatu Ora that work to enable the primary functions (Primary Care, Public Health and Hospital & Specialist Services) to deliver health care to the population, this includes Infrastructure, Finance, Procurement, People & Culture and Data & Digital.
<b>HDSR</b>	Health & Disability System Review
<b>Iwi-Māori Partnership Boards, or IMPBs</b>	Iwi-Māori Partnership Boards are strategic commissioning partners with Te Whatu Ora and Te Aka Whai Ora and help inform Māori needs, aspirations and priorities in relation to hauora Māori outcomes; provide a perspective on how the health sector is performing in relation to those needs and aspirations; and provide a perspective on the design and delivery of services and public health interventions within localities.
<b>Local</b>	The level of the system closest to delivery of care to populations; within this level are localities and IMPBs who develop locality plans (informing infrastructure) for delivering primary care to the population, this also refers to smaller geographic areas where some infrastructure delivery will occur.
<b>Locality</b>	A locality is a place and people-based approach to improving the health of populations, as well as a mechanism for organising health and social services to meet the needs identified by whānau, community and Iwi-Māori Partnership Boards.
<b>National</b>	The level of the system providing nation-wide leadership and guidance as well making decisions about its planning, delivery and management. The workforce operates at the national level but can be based anywhere.
<b>Project</b>	Any project, programme or specific investment that relates to Te Whatu Ora infrastructure functions including business cases, procurement, maintenance, refurbishment, new builds.
<b>Regional</b>	The level of the system consisting of the four regions; Northern, Te Manawa Taki, Central, and Te Waipounamu. They will work together at this regional level through co-located teams and embedded regional management arrangements.
<b>Service Planning</b>	A process that identifies the overall health needs of a population and determines how these needs can be met in the most effective manner through the allocation of existing and anticipated future resources
<b>Te Waihanga</b>	The New Zealand Infrastructure Commission.
<b>Whānau</b>	Whānau is a core aspect of Māori society and is a flexible concept which often refers to a collective unit of people who are connected by whakapapa and/or kaupapa. Whānau are made up of many and varied voices and experiences (e.g., health consumers, rangatahi, kaumātua, whai ora, hauā, oranga champions).

# 1.0 Executive summary

## 1.1 Background and context

New Zealand's new health system came into effect on 1 July 2022. The overall vision of the health reforms is to build a system that achieves Pae Ora, healthy futures for all New Zealanders. Health infrastructure is a critical enabler of this, however in its current state will not deliver the vision, priorities and principles of the reform. The recommended Infrastructure Operating Model outlines a pathway to lift the performance of the infrastructure function within Te Whatu Ora and its partnership with Te Aka Whai Ora. This report includes recommendations that are relevant to the wider Te Whatu Ora organisation, and the wider infrastructure sector.

The recommended Infrastructure Operating Model was developed by a Working Group appointed by the Chief Executive of Te Whatu Ora. The Working Group comprises a group of senior executives representing the public and private sectors, who together bring significant expertise in infrastructure delivery across the health sector and the wider New Zealand market. The Working Group's recommendations were informed by input from key stakeholder groups and senior executives across Te Whatu Ora and Te Aka Whai Ora.

## 1.2 The recommended Infrastructure Operating Model

The recommended Infrastructure Operating Model is designed to build confidence in New Zealand's healthcare system by improving the efficiency, performance and capability of infrastructure delivery within Te Whatu Ora. By positioning infrastructure as an enabler of the health outcomes set out in Te Pae Tata | NZ Health Plan, the recommended 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 recommended 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.

The Working Group recognises that delivering the recommended Infrastructure Operating Model will require a significant investment in Te Whatu Ora people and processes to achieve the desired outcomes. However, there are a number of actions that Te Whatu Ora can take now to build momentum in the delivery of New Zealand's health infrastructure while the new operating model is established. These actions are set out on the following page.

The recommended Infrastructure Operating Model will:

- 1 Position infrastructure as an enabling function that is guided by and works to deliver the requirements of Te Pae Tata | NZ Health Plan.** Infrastructure will integrate with other Te Whatu Ora enabling functions through business partnering and shared capabilities to deliver and manage infrastructure that achieves the outcomes of Te Pae Tata.
- 2 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.** This will be characterised by shared service planning decisions between Te Whatu Ora and Te Aka Whai Ora, and meaningful input from Iwi-Māori Partnership Boards during locality and infrastructure planning.
- 3 Empower Te Whatu Ora to take a nationally-led view of investment and asset management across infrastructure.** It will simplify the infrastructure function of Te Whatu Ora into a national team that is dispersed across New Zealand, providing accountability and responsibility for decision-making while allowing for small scale investment to be delivered and managed at a regional or local level.
- 4 Make health infrastructure delivery faster and more efficient by standardising Te Whatu Ora infrastructure planning, design, decision making and delivery processes.** This will build confidence in how New Zealand's health infrastructure is delivered through greater transparency, clear guidance to the sector and an improved performance monitoring and assurance function.
- 5 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.** It will do this by recognising the talent that already exists across the organisation, providing further clarity of roles and necessary support functions, and focusing on making Te Whatu Ora an employer of choice to help retain, attract and further grow capability.
- 6 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.** This includes establishing clear guidelines and accountability for how decision makers should consider opportunities to invest in primary and community care, partner with Iwi-Māori and the private sector, seek alternative funding solutions and make efficient trade-offs between operating and capital expenditure.
- 7 Build momentum in the Te Whatu Ora infrastructure pipeline by implementing a clear transition plan to the new operating model.** This transition plan includes a number of actions that Te Whatu Ora can take now to begin making immediate improvements to its infrastructure function, recognising that the recommended Infrastructure Operating Model will require a significant investment in Te Whatu Ora people and processes to achieve the desired outcomes.

# 1.0 Executive summary

## 1.3 Recommended actions

The Working Group recommends that Te Whatu Ora takes the following actions to implement the recommended Infrastructure Operating Model. These actions are prioritised in a way that allows Te Whatu Ora to immediately begin improving its infrastructure capabilities and build momentum in ongoing infrastructure investment while the wider structure of the recommended Infrastructure Operating Model is established.

Now	Next	Beyond
Assess and understand the current and future state of Te Whatu Ora infrastructure capability, focusing on workforce, technology and tools, asset condition and asset intelligence	Establish Māori Advisory Rōpū with Iwi-Māori until Iwi-Māori Partnership Boards are established	Create and publish an investment pipeline
Continue strong focus on delivering priority projects	Engage with the Data & Digital team for Te Whatu Ora will ensure appropriate technology is included in infrastructure planning and builds	Work with Te Pūkenga and other education institutions on generating future education and training programmes
Provide funding to support implementation of the operating model	Adapt the Australasian Healthcare Facility Guidelines to make these suitable in a New Zealand context, and make those adapted guidelines mandatory for future projects	Identify opportunities for collaboration across the public and private sector to share information and resources
Acknowledge Te Whatu Ora partners in the system and identify how we will work with them in future	Confirm asset management standards, levels of service, and reporting requirements that link investment decisions to outcomes of service planning	Establish standardised industry engagement approaches
Develop a plan for the inputs that support infrastructure including funding and information systems	Consider the full range of investment options including refurbishment and partnership with private sector	Further develop and implement project decision making principles/framework in line with operating model recommendations
Ring-fence maintenance funding from service delivery but with flexibility to allocate within infrastructure	Develop and embed a standardised performance measurement framework that encompasses clinical outcomes	Work across Te Whatu Ora and Te Aka Whai Ora to ensure service plans are created to enable infrastructure planning
Develop and grow a dedicated national centre of infrastructure expertise and shared pool of resources to support the regions where needed	Streamline and standardise business case templates and business case approval processes according to scale (business case lite, complex) and align with commissioning, service planning and other enabling functions.	Seek approval for policy change to allow Te Whatu Ora sufficient flexibility in funding decisions e.g. trade-offs between capital and operating, involvement in primary and community care
Develop a plan for how the infrastructure function for Te Whatu Ora will retain the capability already in place	Develop broader outcomes policy around supplier diversity and social procurement	
Develop sector capability in long term infrastructure procurement	Develop investment prioritisation principles	
Lift the capability of infrastructure business case delivery across Te Whatu Ora	Continue to connect infrastructure pipeline into broader Te Waihangā national pipeline	
Develop a plan to improve the brand of Te Whatu Ora as an employer to attract and retain high quality people	Develop and implement an assurance framework	
Te Whatu Ora should complete the National Asset Management Strategy and Plan, as outlined in Te Pae Tata and Cabinet paper	Te Whatu Ora should seek independent advice to its Board about infrastructure performance and capability	
Identify priority projects/programmes for acceleration and explore procurement and commercial options with industry suppliers to accelerate delivery		

- Identify current state
- Sensible transition
- Building our people

- Foster internal relationships and partnerships
- Implement streamlined and standardised processes
- Assurance and oversight

- Foster external relationships and partnerships
- Decision making

# 1.0 Executive summary

## 1.4 Design principles

The design principles for the recommended Infrastructure Operating Model were developed in conjunction with Te Whatu Ora and revised and approved by the Working Group over the course of the model's development. The design principles serve as a guide for what the recommended Infrastructure Operating Model needs to achieve, and include the following:

1. Guided by the principles of Te Tiriti o Waitangi including but not limited to Māori exercising its authority over decisions affecting the ability to achieve equitable outcomes for Māori
2. System is guided by the future of health service delivery and aligns to Te Pae Tata | NZ Health Plan
3. A holistic system view of infrastructure that considers whole of life approach, broader infrastructure and system capacity
4. A codified system that evolves and adapts
5. Infrastructure investments are not made in isolation and are driven by service plans, models of care and long-term infrastructure planning
6. Promotes infrastructure decisions being made based on equity, financial affordability, environmental sustainability and Te Tiriti o Waitangi principles
7. Investment management and delivery is led at a national, regional or local level based on complexity, risk and capability
8. Operates across the functions and regions of Te Whatu Ora and Te Aka Whai Ora in partnership with relevant agencies including the Ministry of Health, Iwi-Māori Partnership Boards and in collaboration with industry

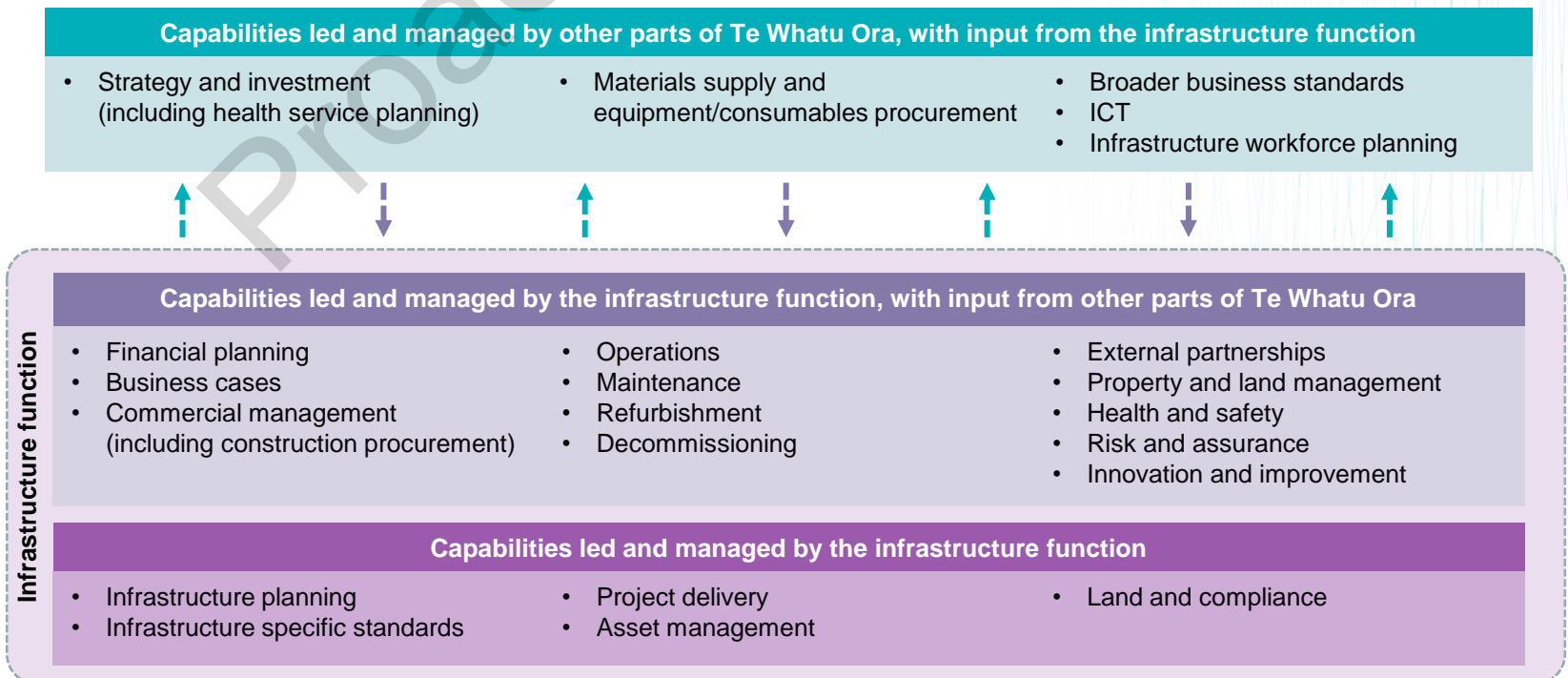
## 1.5 Enabling Pae Ora

Infrastructure enables the delivery of good quality and equitable healthcare to the population; it is guided by health service planning and asset condition which identifies investment need. This need can include better access to emergency care as well as providing digital services that bring care closer to home and communities. To deliver and manage infrastructure, Te Whatu Ora works in partnership with Te Aka Whai Ora to deliver infrastructure that meets the needs of the population, including Māori. The infrastructure workforce will be recognised for excellence and supported with the necessary standards, tools and guidance.

## 1.6 Infrastructure capabilities and functions

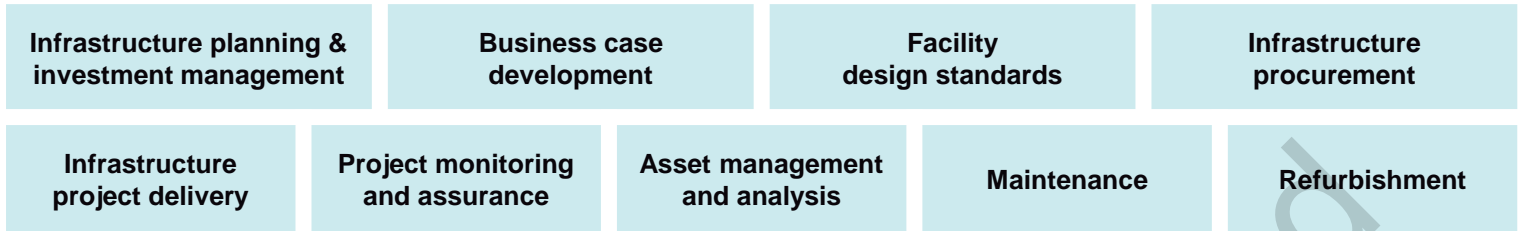
To deliver the recommended Infrastructure Operating Model, Te Whatu Ora will change how it manages its infrastructure capabilities and functions, including the extent to which the infrastructure function is integrated within the wider Enabling Leadership team. Capabilities will be organised nationally and support delivery at the regional and local level.

The figure below outlines where infrastructure capability should sit within Te Whatu Ora under the recommended model.



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The infrastructure functions will be delivered with a nationally-led view while allowing for an appropriate level of input at the regional and local level based on the scale of a particular investment. The infrastructure functions include:



## 1.7 Next steps

This report captures the work completed to date to develop the recommended Infrastructure Operating Model and will be reviewed and approved by the Chief Executives of Te Whatu Ora and Te Aka Whai Ora and their respective Boards.

The Working Group recognises that the recommended Infrastructure Operating Model is subject to several dependencies across the system. To fully realise the benefits of the recommended model, it relies on a well developed National Health Service Plan; changes to funding, policy and capital settings to allow flexible decision making; close integration with other enabling functions; and clear governance processes that allow faster decision making within Te Whatu Ora.

To build momentum in the infrastructure pipeline, the Working Group has identified a clear transition plan for establishing the recommended Infrastructure Operating Model. This transition plan includes a series of next steps and actions that Te Whatu Ora can take now to begin making immediate improvements to its infrastructure function, recognising that the recommended Infrastructure Operating Model will require a significant investment in Te Whatu Ora people and processes to achieve the desired outcomes.

These next steps include:

- 1** Te Whatu Ora works with Te Aka Whai Ora to identify the most appropriate means of engaging and partnering with Iwi-Māori with respect to implementing the recommended Infrastructure Operating Model. This will be followed by a comprehensive process of engagement with Iwi-Māori such that implementation of the Infrastructure Operating Model is guided by the principles of Te Tiriti and aims to promote equity of access, outcomes and experience for Māori.
- 2** Te Whatu Ora undertakes a detailed assessment of its infrastructure capability to:
  - Identify the current state of infrastructure-related capability at a national/regional/local level
  - Identify priority areas for capability investment (e.g. construction procurement, asset management, commercial/legal, design standards and design management, project/programme directors and managers, broader outcomes, etc.)
  - Develop an initial organisation design and resourcing of the infrastructure function as it is positioned nationally/regionally/locally
- 3** Te Whatu Ora proceeds with detailed operating model design at an organisational level and across other enabling functions such that the infrastructure function is properly integrated across the system. This will require a structured, well-resourced multi-year implementation plan with clear milestones and a high degree of oversight to deliver the required changes to capability, personnel, systems and processes within the infrastructure function for Te Whatu Ora.