

Capital Investment Committee DRAFT Minutes

Date Monday 27 February 2017

Time 9.00am – 10.40am

Location Teleconference

Chair Evan Davies (Chair)

Members in attendance Paul Carpinter, Sally Webb and Margaret Wilsher.

Attendees **Ministry of Health:** Michael Hundleby (Director Critical Projects), John Hazeldine (Chief Advisor DHB Funding and Planning), Mhairi McHugh (Manager Capital & Operating), Chris Picard (Senior Advisor Board and Projects).

Treasury: Davin Hall (Senior Advisor)

Item	Subject
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Evan Davies opened the meeting at 9.00am.

1a Apologies

Jan Dawson, Des Gorman and Murray Milner. Sally Webb noted that she would need to leave the meeting at 9.20am.

1b Conflicts of Interest

Noted. Margaret Wilsher noted the following changes:

- Crown Monitor for CCDHB to be removed.
- Hon clinical teacher for Faculty of Medical and Health Science-to be changed to Hon Professor for same faculty

1c Minutes of 2 December 2016

Recommendation:

That the minutes of the meeting held on 2 December 2016 are accepted as a true and correct record.

Moved from the Chair

Carried

1d Outstanding Action Points

Noted. Seismic update forms part of the Capital Update so this item will now be closed.

2 Acute Services Building – Ward Reinstatement

An urgent item relating to the ASB Building ward reinstatement in Canterbury was raised. While CIC had a quorum on the day, the Chair Evan Davies and Margaret Wilsher noted their conflict of interest as Hospital Redevelopment Partnership Group members. Sally Webb took the role of Acting Chair for discussion on this item.

Capital Investment Committee DRAFT Minutes

Officials provided a brief background, noting that when ASB tenders came in over \$10m over budget HRPG took the view that there were two choices: To remove items to get within scope or to seek further finance from the Crown, which would mean not awarding the contract or re-scoping the design to come within budget. Agreement then was to reduce scope by not fitting out two wards – they would be constructed but not fitted out. At the time HRPG asked the project team to value manage and extract \$8-9M so that it could be reinstated and there was a term in the contract, which has since expired, which would allow those wards to be reinstated at a fixed price. It is now clear sufficient savings to allow that ward re-establishment won't be able to be found through value management.

The view last year was taken not to get one-off capital bids but to get firm requirements on capital needs for all of Canterbury and what else would be coming. It is now apparent that for some of the other business cases coming up we are unlikely to have that information until later this year, however funding for ASB ward reinstatement is required before that. If a decision is not made in the next few months the wards will not be able to be reinstated to open when the building opens. Ministry officials are therefore wanting to take the proposal for funding for ward reinstatement to Ministers but in order to do that CIC consideration and approval along those lines is required.

CIC members attending the meeting supported the recommendation. Following the meeting, the background and request for consideration of the recommendation was circulated to the other three CIC members who subsequently endorsed the recommendation.

Recommendation:

That CIC supports a request for Crown funding for the Acute Services Building ward reinstatement.

Moved: Sally Webb, **Seconded:** Paul Carpinter

Carried

3 Auckland DHB Infrastructure Remediation Programme

Margaret Wilsher noted a conflict as an ADHB employee.

CIC noted the report which was taken as read. High level estimated capital cost of the programme and timeline for delivery were highlighted. The indicative timeline for completion of the programme business case is mid-2017, with the first tranche/project business case to be completed by the end of 2017.

Sally Webb tendered her apologies and left the meeting at 9.20am.

4 Capital Update February 2017

The Capital Update to February 2017 was noted.

Key discussion items were Mason Clinic, the Integrated Auckland plan, Waitemata DHB and Canterbury updates.

An expanded list of the project pipeline will be prepared to give more visibility to project timelines.

5 DHB Capital Budget 2017 Pipeline

CIC noted the paper and the verbal update detail provided around the current bid, the process for 2017/18 and development of the national long term investment plan.

Capital Investment Committee DRAFT Minutes

6 General Business

It was agreed a review of CIC membership should take place in 2017, ensuring sufficient membership and an appropriate skill mix, with the capacity to address potential conflicts arising from major projects and related governance roles.

There were no further items of general business.

The meeting closed at 10.40am.

Released under the Official Information Act 1982

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Capital Investment Committee DRAFT Minutes

Date Monday 27 March 2017

Time 10.15am – 11.45am

Location Ministry of Health, 650 Great South Road, Penrose – Hauraki Meeting Room

Chair Evan Davies (Chair)

Members in attendance Paul Carpinter, Sally Webb and Margaret Wilsher.

Attendees **Ministry of Health:** Michael Hundleby (Director Critical Projects), John Hazeldine (Chief Advisor DHB Funding and Planning), Mhairi McHugh (Manager Capital & Operating), Chris Picard (Senior Advisor Board and Projects).
Treasury: Davin Hall (Senior Advisor)

Item	Subject
	Evan Davies opened the meeting at 9.00am.
1a	Apologies Jan Dawson, Des Gorman and Margaret Wilsher. Apologies for lateness Michael Hundleby.
1b	Conflicts of Interest Noted. Sally Webb advised that as from 30 April 2017 she would no longer be on HWNZ.
1c	Minutes of 27 February 2017 Recommendation: That the minutes of the meeting held on 27 February 2017 are accepted as a true and correct record. <p style="text-align: right;">Moved from the Chair Carried</p>
1d	Outstanding Action Points Noted.
2	Nelson-Marlborough Strategic Assessment CIC members noted the paper. Following presentation of an overview by the then CEO in July 2015, CIC at that time requested the DHB complete an emergency response/business recovery plan in the event of a major earthquake prior to the proposed hospital redevelopment. The DHB advises it is on track for June 2017 completion. CIC requested that the DHB be encouraged to prioritise the completion of this emergency response work prior to the other work that they are undertaking.

Capital Investment Committee DRAFT Minutes

Following discussion on the paper before them, CIC members requested officials to bring back for further consideration indicative timelines for the project, as well as identification of any additional resources/assistance that may be required to ensure that the development is completed in a timely and appropriate manner.

3 **Mason Tanekaha Business Case**

A verbal update was provided on progress to date. Until the site can be finalised, it has been suggested that design of the building should continue to be used as a template for future Mason units.

Michael Hundleby joined the meeting by phone at 10.50am with apologies for lateness.

4 **Reinstatement of the two shelled wards in the Acute Services Building and the bridge link at the main Christchurch Hospital Campus**

Evan Davies noted his interest as Chair of HRPG. Sally Webb took over the Chair for this item.

CIC noted the paper. A reminder of the history of this item was provided for completeness.

Recommendation:

That the Capital Investment Committee:

1. Agree the proposed re-instatement of two wards fit-out and the bridge link for the Canterbury DHB ASB project
2. Endorse seeking Ministers approval to fund this re-instatement at a budget of \$18 million from the Health Capital Envelope.

5 **Capital Update March 2017**

An updated Capital Update to March 2017 was tabled and noted by CIC. Key discussion items were the four year budget plan, and progress for Southern, Canterbury and West Coast activity.

In discussion on transition of mental health services from The Princess Margaret Hospital, CIC requested that officials advise Canterbury DHB that CIC is unlikely to consider the business case until there is a clear pathway for funding.

While reviewing the post implementation review and post occupancy evaluations, CIC noted that the Waitemata mental health unit report due April 2016 with a reminder sent October 2016 had not yet been received. The Committee recorded its disappointment that the review is now a year late, noting they would expect to receive it before considering future capital requests from the DHB.

6 **healthAlliance – Integration Engine and API Management business case**

CIC noted the paper. The Committee raised a number of queries which were not addressed in the business case. CIC requested that the item be deferred to give members opportunity to look further at the proposal before it and the background to the decision.

With the dissolution of the IT Health Board, CIC requested that officials consider the proposed process/structure for IT related business case approvals in future.

Action Point: Officials to develop an approval process for future management of health IT business cases.

Capital Investment Committee DRAFT Minutes

7 General Business

There were no items of general business.

The meeting closed at 11.44am.

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Capital Investment Committee DRAFT Minutes

Date	Thursday 13 April 2017
Time	10.00am – 10.25am
Location	Teleconference
Chair	Sally Webb (Acting Chair)
Members in attendance	Paul Carpinter, Des Gorman, Murray Milner, Sally Webb and Margaret Wilsher.
Attendees	Ministry of Health: Michael Hundleby (Director Critical Projects), John Hazeldine (Chief Advisor DHB Funding and Planning), Chris Picard (Senior Advisor Board and Projects). Treasury: Davin Hall (Senior Advisor)

Item	Subject
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Sally Webb opened the meeting at 10.00am.

1a Apologies

Evan Davies.

2 healthAlliance; Interation Engine and API Management

CIC noted the paper.

In discussion about the proposal, CIC members raised a number of concerns and how these might be addressed.

Recommendation

That the following information is provided before CIC reconsider the proposal:

1. That GCIO is requested to review the software implementation proposal assurance plans.
2. That assurance is sought from Northern Region DHB CEs, supported by their CIOs, that they have confidence in the proposal, they are aware of the potential risks to implementation and they have total confidence that healthAlliance is able to deliver on this project.
3. Legal review of the contract to be completed to ensure the contract being initiated between Datacom and healthAlliance is suitable for the proposed delivery approach.

CIC agreed that once the additional supporting information is available, this matter could if necessary be dealt with by teleconference or e-mail outside of the normal CIC meeting cycle.

3 General Business

There were no items of general business.

The meeting closed at 10.25am.

Capital Investment Committee DRAFT Minutes

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Capital Investment Committee DRAFT Minutes

Date Tuesday 16 May 2017

Time 9.15am – 1.00pm

Location Auckland Spinal Rehabilitation Unit, 30 Bairds Rd, Papatoetoe, Middlemore in the Conference Room

Chair Evan Davies (Chair)

Members in attendance Paul Carpinter, Jan Dawson, Des Gorman, Sally Webb.

Attendees **Ministry of Health:** Michael Hundleby (Director Critical Projects), John Hazeldine (Chief Advisor DHB Funding and Planning), Jo Strachan-Hope (Principal Advisor Capital and Operating), Chris Picard (Senior Advisor Board and Projects).
Treasury: Davin Hall (Senior Advisor)

Item	Subject
	Sally Webb opened the meeting at 10.00am.
1a	Apologies Margaret Wilsher and Murray Milner.
1b	Conflicts of Interest Noted.
1c	Minutes of 27 March and 13 April 2017 Recommendation: That the minutes of the meeting held on 27 March and 13 April 2017 are accepted as a true and correct record. <p style="text-align: right;">Moved from the Chair Carried</p>
1d	Outstanding Action Points Noted.
2	healthAlliance; Interation Engine and API Management CIC noted the paper. Darren Douglass from the Ministry of Health and Reid McRobie from healthAlliance joined the meeting for discussion on this

Capital Investment Committee DRAFT Minutes

Recommendation

That CIC:

1. Note that the healthAlliance business case for the Integration Engine and API Management project is supported by the Ministry of Health Technology and Digital Services e-Health Investment and Planning team.
2. Note that further information has been provided in response to CIC requests from the 13 April CIC meeting.
3. Support the healthAlliance business case for the Integration Engine and API Management project.
4. Support referral of the healthAlliance business case for the Integration Engine and API Management project to the Ministers of Health and Finance for approval.
5. Note that Ministry of Health officials agree timelines for regular progress updates to CIC.

Carried

3 Counties Manukau – Market Sounding

Counties Manukau DHB representatives Cynthia, Louise and Marwa attended the meeting for discussion on this item.

CIC had previously identified areas where further information was required, including analysis on the bed requirements and details on how the phasing of the projects would be managed. CIC had also agreed CMDHB commencing market sounding on the proposal.

Counties Manukau provided additional information including the results of the market sounding.

Next steps will involve this information being incorporated into Indicative Business Case for resubmission. CIC noted that this has been deferred, pending consideration of the proposal by the new CMDHB Board.

4 Capital & Coast DHB – High and Complex Needs Clients

Liz O'Callaghan, Amanda Smith and Rachael Daysh joined the meeting for discussion on this item.

The paper was taken as read. CIC tested the decision for a single geographical location for the unit, noting workforce synergies with the location of the National Youth Mental Health and National Youth ID facilities and the attraction of that co-location for specialists in this area of the health sector.

Recommendation:

That CIC:

1. Note the attached Strategic Assessment submitted by Capital and Coast DHB (CCDHB) in support of an investment to meet the needs of high and complex clients.
2. Endorse progression to the single stage business case stage. This is conditional on this stage addressing the following issues:
 - a. Develop an operating model for the service
 - b. Developing a funding model for the service
 - c. Forecasting future demand
 - d. Consultation with relevant DHBs and NGO stakeholders

Capital Investment Committee DRAFT Minutes

- e. Development of a national service pathway that takes into account the needs of the clients and other stakeholders such as DHBs.

Carried

5 Transforming Health Services in Northland: Service and Campus Redesign - Strategic Assessment

Northland DHB representatives Meng Cheong, Mike Cummins, Dr Mike Roberts, and Dr Nick Chamberlain joined the meeting, presenting their proposal with powerpoint assistance..

CIC noted that there are a number of capital needs and requirements coming out of the Northern region and encouraged Northland DHB to ensure that there is a singular voice coming from the region. Further clarification on the rationale, relative priority and implications of the interim works projects was sought. It was acknowledged that the timeframes for major site redevelopments and the need for ongoing safe clinical service delivery may necessitate expenditure on facility improvements that will not form part of the final site redevelopment, however, there must be sufficient certainty of the role of these investments within the context of the long-term redevelopment. In particular, CIC noted that the proposed further investment in the Maternity Unit will be influenced by the role that the unit will play in Northland DHB's long term intentions.

Ministry and Treasury officials will provide further advice to Northland DHB on the level of information required in the interim business cases. It may mean that one or more of the business cases will need to be developed in parallel with the Programme Business case, rather than in advance of it.

Recommendation:

That CIC:

1. Note the Strategic Assessment *Transforming Health Services in Northland: Service and Campus Redesign* (April 2017, final).
2. Note NDHB proposes to progress this work as a programme. Due to clinical needs, some projects will be prioritised within the programme.
3. Endorse the progression to Programme Business Case.
4. Note NDHB has requested approval to progress interim projects in advance of the Programme Business Case. Officials consider that further information is required before the approach for these projects can be agreed.

Carried

6 Buller Integrated Family Health Centre

CIC noted the paper. The Committee tested the possibility of further managing scope to bring costs back to the original budget and after further discussion accepted the recommendations before them.

Recommendation:

That CIC:

1. Agree to the proposal in which the Ministry of Health constructs Buller Integrated Family Health Centre and a sale and lease back arrangement is entered into between West Coast District Health Board and ACC
2. Endorse Seeking Ministers approval to fund Buller Integrated Family Health Centre at a budget of \$12.022 million from the Health Capital Envelope

Capital Investment Committee DRAFT Minutes

3. Note The Health Capital Envelope will be reimbursed once the sale of the land and improvements from West Coast District Health Board to ACC occurs.

Carried

7 Feedback from the Combined HRPGs Workshop

CIC were advised that the May 2017 Combined Partnership Group workshop was worthwhile and productive, enabling sharing of information. There was support across all participants for this form of governance mechanism that is felt to be already providing real value and as it is further refined, more consistently resourced and with increasing experience as a consequence, will be of significant value to the sector.

8 Capital Update

CIC noted the update.

Discussion focused largely on the Integrated Auckland Plan and CIC's role, Southern DHB Redevelopment and HRPG progress with the Indicative Business Case, upcoming Nelson Marlborough and South Canterbury projects and a Canterbury update.

CIC requested a regular 'major projects' one-pager including expenditure to date.

CIC members noted the ongoing challenges of capital project demands across the country, as well as ongoing Canterbury capital pressures and shortfalls.

HRPG and the project team were commended for their management and performance to date of what is agreed to be a very complex set of programmes in Canterbury.

A meeting with Ministers of Finance and Health will be arranged in the near future providing an opportunity to discuss the Canterbury rebuild; that operationally the partnership model and the Ministry's role in executing that is a very positive step in efficient management of capital in the health sector; and that CIC and HRPG encourage that mechanism to be developed and used further.

9 Tour of Spinal Rehabilitation Unit

CIC members completed a tour of the Spinal Rehabilitation Unit.

10 General Business

There were no items of general business.

The meeting closed at 1.25pm.

Capital Investment Committee DRAFT Minutes

Date Wednesday 19 July 2017

Time 10.30am – 1.45pm

Location Ministry of Health, Te Uruti, 48 Hereford Street, Christchurch, Meeting Room 2.01

Chair Evan Davies (Chair)

Members in attendance Paul Carpinter, Jan Dawson, Margaret Wilsher and Murray Milner.

Attendees **Ministry of Health:** Michael Hundleby (Director Critical Projects), John Hazeldine (Chief Advisor DHB Funding and Planning), Chris Picard (Senior Advisor Board and Projects).

Item	Subject
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Evan Davies opened the meeting at 10.30am.

1a Apologies

Des Gorman, Sally Webb and Davin Hall. Apologies for lateness from Michael Hundleby.

1b Conflicts of Interest

Noted.

Margaret Wilsher: Director New Zealand Health Innovation Hub to be removed.

Murray Milner: Chair Data Exchange Technical Advisory Group for the Strategic Investment Agency to be added.

Sally Webb advised via e-mail amendment from Deputy Chair Taranaki to Deputy Chair Waikato.

1c Minutes of 16 May 2017

Recommendation:

That the minutes of the meeting held on 16 May 2017 are accepted as a true and correct record subject to adding in the full name of the Counties Manukau representative.

Moved from the Chair

Carried

1d Outstanding Action Points

Noted.

2 Auckland Infrastructure

CIC noted the paper. Margaret Wilsher's conflict as an ADHB employee was noted and she was invited to remain in the meeting and participate in discussion but refrain from recording any vote. Jan Dawson noted a conflict regarding BECA which is noted in the business case as authors of a number of associated reports.

Capital Investment Committee DRAFT Minutes

Recommendation

That CIC:

1. Note the Programme Strategic Assessment for the Facilities Infrastructure ADHB's Programme Strategic Assessment.
2. Endorse the progression to the Programme Business Case.
3. Note that as the nature of the remediation required may necessitate some interim or other works, CIC would expect ADHB to submit a single-stage business case for the urgent works as soon as practicable.

Carried

Action Point: Summary of bed numbers and theatres broken down by DHB to be developed for CIC reference.

CIC requested that officials consider how they might encourage or mandate a nationally directed asset management programme for capital assets in the health space, suggesting a possible option might be to go to market for preparation of an asset management plan for an initial DHB test case/exemplar. As a first step, officials will develop a suitable framework for CIC review.

3 Counties Manukau Scott Reclad

s9(2)(b)(ii)

In discussion on this item, CIC agreed that it was clear remediation would be necessary in order to preserve service delivery. CIC expressed some reservations about the procurement process followed for the project. While accepting that CMDHB procured an independent quantity surveyor report that has informed the estimated cost for the remediation, as the market was not tested for this proposal, CIC requested that CMDHB undertake a further peer review of the report.

s9(2)(b)(ii)

Recommendation:

That CIC:

1. Note the business case submitted by CMDHB for the re-cladding of the Scott Building.

s9(2)(b)(ii)

Carried

4

s9(2)(b)(ii)

9(2)(b)(ii)

Michael Hundleby joined the meeting at 11.45am with apologies for lateness.

s9(2)(b)(ii)

6 Southern Partnership Group's Indicative Business Case for the redevelopment of Dunedin Hospital

Margaret Wilsher noted a conflict of interest as a member of the Southern Partnership Group (SPG).

Officials provided a full verbal briefing on the SPG process to date to reach the recommendation before the committee. Next steps and the process for same were also discussed at a high level.

Recommendation:

That CIC:

1. Agree to support the progression to the next stage of the business case process, the Detailed Business Case, for the redevelopment of Dunedin Hospital.
2. Note the Indicative Business Case for the redevelopment of Dunedin Hospital submitted by the Southern Partnership Group (SPG).

Capital Investment Committee DRAFT Minutes

3. Note that the Indicative Business Case recommends to consider in the Detailed Business Case a greenfield redevelopment of core Dunedin Hospital buildings on either a new site or the DHB owned Wakari site.
4. Note the implications that the increased scope has for the project:
 - a. the estimated cost is between \$1.2 – 1.4 billion
 - b. the estimated shortest time to commissioning the new hospital is ten years (2027)
 - c. the chosen site will have implications on the scope and timing, and
 - d. the affordability challenge to Southern DHB.
5. Note that Cabinet is being asked to agree the SPG progress to the Detailed Business Case with the following conditions:
 - a. a report back to Cabinet in late 2017/ early 2018 with:
 - i. a recommendation on the site (either new or at Wakari) for Dunedin Hospital and the implications this has on the project cost (including land purchase) and timelines. If a new site is required this will include the site options, appropriate timeframes for obtaining the land and relevant consenting requirements, and seek approval to obtain the land (and the funding)
 - ii. a market response to an initial Public Private Partnership sounding
 - iii. an update on DHB capital affordability, and
 - iv. options to speed up the delivery of the project, including the potential for some parallel work.
 - b. a framework for the measurement and monitoring of benefits, particularly those to be delivered by the Southern DHB that fall outside the project
 - c. developing the infrastructure requirements for a digital hospital of the future and an IT strategy
 - d. An active value management process to reduce the cost of the build
 - e. further refining the scope, time and funding required, and
 - f. discussions with Dunedin City Council and University of Otago.
6. Note that in parallel with the work required in the Detailed Business Case, further work is required by the DHB on what further investment is required to repair and maintain the current facilities until a new facility is commissioned.
7. Note that the Southern Partnership Group will monitor Southern DHBs progress on the district wide health service design to the extent that it impacts on the delivery of the new hospital.
8. Note that the Southern Partnership Group is working to the June 2018 deadline, but this is dependent on the report back to Cabinet in late 2017/ early 2018.

Carried

7 **Capital and Coast DHB Children's Hospital approval to proceed with urgency a Single Stage Business Case**

CIC noted the paper. CIC highlighted the need to ensure they have some overview of design and specifications, construction arrangements and all consequential costs. Officials confirmed their intentions in this regard, and that they would also be involved in the governance of the project.

Capital Investment Committee DRAFT Minutes

Recommendation:

That CIC:

1. Note a benefactor has agreed to donate a Childrens' Hospital to Capital and Coast DHB (CCDHB) and would like to proceed quickly with the development
2. Note CCDHB had been in the process of finalising a Strategic Assessment for Childrens' Services and have started work to convert this into a single stage business case
3. Note CCDHB will be seeking crown equity for the costs of demolition, their project management costs and FFE. This amount will be offert by any funds raised through fund raising.
4. Endorse the approach of developing a single stage business case for this project.

Carried

8 Development of a National Long Term Investment Plan

• National LTIP

CIC noted the paper, suggesting that ICT and infrastructure should be included.

Recommendation

That CIC note the work underway on developing a National Long Term Investment Plan.

Carried

• CCDHB and Waikato DHB system performance

CIC noted for information the Capital and Coast and Waikato DHB preliminary assessments of system performance and confirmed that as mentioned in the paper there had been little engagement with either CCDHB or Waikato in recent years.

The 10 July letter from Evan Davies to DHB Chairs reminding them of the \$10 million threshold requiring CIC approval and noting his expectation that where project cost estimates exceed \$8.5 million Boards will scrutinise these very carefully to satisfy themselves all appropriate costs are included and the project is indeed below the CIC threshold.was tabled for information.

9 Final Post Occupancy Evaluation for He Puna Waiora (Waitemata DHB)

CIC noted the Final Post Occupancy Evaluation for He Puna Waiora (Waitemata DHB).

In discussion on the paper, the Committee requested that officials

9 Capital Update

Key discussion items were the recent meeting with Ministers, Canterbury updates and West Coast.

10 General Business

There were no items of general business.

The meeting closed at 1.45pm.

Released under the Official Information Act 1982

Capital Investment Committee DRAFT Minutes

Date Thursday 14 September 2017

Time 2.00pm – 3.00pm

Location Teleconference

Chair Evan Davies (Chair)

Members in attendance Paul Carpinter, Jan Dawson, Murray Milner.

Attendees **Ministry of Health:** Michael Hundleby (Director Critical Projects), John Hazeldine (Chief Advisor DHB Funding and Planning), Mhairi McHugh (Manager DHB Funding and Capital), Jo Strachan-Hope (Principal Advisor Capital & Operating)
Treasury: Davin Hall

Item	Subject
	Evan Davies opened the meeting at 2.00pm.
1a	<p>Apologies Des Gorman, Sally Webb, Margaret Wilsher, Chris Picard.</p>
1b	<p>Conflicts of Interest Noted.</p>
1c	<p>Minutes of 19 July 2017 Recommendation: That the minutes of the meeting held on 19 July 2017 are accepted as a true and correct record.</p>
	<p>Moved from the Chair Carried</p>
1d	<p>Outstanding Action Points Noted.</p> <p>Officials to develop an approval process for future management of health IT business cases: November update.</p> <p>Summary of bed numbers and theatres broken down by DHB to be developed for CIC reference: Will form part of the prioritisation process.</p> <p>MBIE report to be re-circulated for CIC information – complete.</p>

Capital Investment Committee DRAFT Minutes

2 Pressures on the Health Capital Envelope and the Need for Prioritisation

CIC members reviewed the paper page by page. The Committee noted that they felt the paper under-provided for the additional challenges for funding in the IT space. Additional 'Status' and 'Total Project Cost' columns to be added to the table. There was a general feeling that some of the cost estimates provided for land and construction may be too conservative given current market pressures.

Recommendation

That CIC:

1. Note the paper outlining pressures on the Health Capital Envelope.
2. Invite the Northern Region to present the current version of the draft northern LTIP at an upcoming CIC meeting before the end of the 2017 calendar year.
3. Invite Waitemata DHB to present the Elective Capacity and Inpatient Bed (ECIB) business case at the same meet as the Northern LTIP presentation.
4. Note officials will provide information on the relative risk and prioritisation for the remaining capital projects that are expected to call on the Health Capital Envelope, including the ECIB project.

Carried

3 Waikato DHB Central Hamilton Clinical Services and Work Place Accommodation Project

CIC noted the paper. While the Committee were generally supportive of the project, they raised a number of questions for additional information, including:

- a. What is the status of the fit out contract?
- b. Has the DHB incurred costs in cancelling leases?
- c. Are there options to phase the fit out?
- d. Has the DHB budgeted for the cost?

Officials will see additional information from the DHB and bring it back to the Committee.

4 Capital Update

CIC noted the paper. Key discussion items were Northland, Waitemata and Southern.

In reviewing the Project Summary Dashboard, CIC requested an arrow be used to indicate trend/change in status, with an additional 'overall status' column added.

5 General Business

There were no items of general business.

The meeting closed at approximately 3.00pm.

Capital Investment Committee DRAFT Minutes

Date	Monday, 13 November 2017
Time	8.30am – 12.11pm
Location	Auckland City Hospital, 2 Park Road, Grafton – A+ Trust room, Clinical Education Centre, Level 5, Building 32
Chair	Evan Davies (Chair)
Members in attendance	Paul Carpinter, Margaret Wilsher and Murray Milner Sally Web (via teleconference)
Attendees	Ministry of Health: Michael Hundleby Director Critical Projects (via teleconference), John Hazeldine Chief Advisor DHB Funding and Planning, Mhairi McHugh Manager, DHB Funding and Capital, Jo Strachan-Hope Senior Advisor, DHB Funding and Capital, Darren Douglass Group Manager Digital Strategy and Investment (items 3b & 9 via teleconference), Lynn Archibald - Minutes The Treasury: Davin Hall
Northern Regional Team Attendees	Waitemata DHB: Dale Bramley CEO, Andrew Brant CMO, Robert Paine CFO Counties-Manukau DHB: Gloria Johnson CEO, Margaret White CFO Waitemata/Counties-Manukau & Auckland DHB: Lester Levy Chair Auckland DHB: Margaret Wilsher CMO, Ailsa Clair CEO Health Alliance: Myles Ward CEO Northland DHB: Mike Cummins Director of Strategic Projects, Michael Roberts CMO Northern Regional Alliance: Sarah Prentice GM & Tony Phemister Portfolio Manager

Item	Subject
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Evan Davies opened the meeting at 8.45am and apologised for lateness.

1a Apologies

Jan Dawson, Des Gorman, Chris Picard

1b Conflicts of Interest

No updates.

1c Minutes of 14 September 2017

Recommendation:

That the minutes of the meeting held on 14 September 2017 are accepted as a true and correct record.

Moved from the Chair

Carried

Capital Investment Committee DRAFT Minutes

1d Outstanding Action Points

Approval process for future management of health IT business cases – see item 9

Summary of bed numbers and theatres broken down by DHB to be developed for CIC reference – this is part of the National Long Term Investment Plan – see item 2.

2 CIC Briefing re Northern Region Long Term Investment Plan

Margaret Wilsher's conflict as an ADHB employee was noted.

Lester Levy joined the meeting.

The Northern Long Term Investment Plan briefing paper was noted. CIC acknowledged the progress that has been made by this region and that this is a good step forward towards the broader national prioritisation of capital projects. Points discussed:

- There has been a change in prioritisation from previous version which needs clarification;
- Questions around the ability of the market to deliver and affordability;
- The current programme for delivering these projects would be challenging;

Lester Levy concurred with the above and noted the amount of risk the region's DHB's carry which some, in his opinion, have come to the limit where they can manage safety. The remediation programme in itself is large and costly. The population increase has put intense strain on the Northern Region's facilities and there is concern as regards sustainability.

The Northern Region attendees joined the meeting and Michael Hundleby joined via teleconference.

s9(2)(b)(ii)

9 IS Process

This item was brought forward on the agenda. Darren Douglass spoke to report which had been prepared in response to a request by CIC for an update on the process for referral of health IT investment proposals to CIC. This follows the disestablishment of the Ministry of Health IT Board which had, in the past, provided a review process for requests over \$10m in value, prior to submission to CIC.

Darren answered questions on the robustness of the new process and noted the positive outcomes, including improved visibility of IT investments across the sector, increased strategic alignment and greater opportunities for innovation.

Points discussed:

- The need to balance investment in maintenance of current systems against investment in new systems which support different models of care;
- Age of DHB IT assets are old; and a lot of investment in IT is only maintaining current systems
- Level of complexity at portfolio level – lack of integration of applications and high maintenance cost
- IT skill set/capability – need for support in helping organisations to lift performance;

Recommendation:

The CIC endorsed the revised process for referral of health IT investment proposals to CIC.

Carried

Darren Douglass, Sally Webb and Michael Hundleby left the meeting.

4 Budget 2018 Prioritisation

Officials spoke to the report and sought CIC's agreement on the proposed prioritisation approach.

Discussion ensued on the pressures on the remaining budget for the 2017/18 fiscal year and the anticipated pressures for 2018/19 noting the significant investment required for the Southern Hospital development and for the Northern region over the next decade. Noted that a briefing to incoming Government is being prepared as to the scale of the challenge over the next 10 years and the major problem of operational and capital affordability and resource capacity at business case, design and construction levels.

Referring to the proposed categorisation of remaining projects, the following was noted:

i. Capital and Coast - Pipes

A Business Case for the replacement of infrastructure has not yet been received. Unless informed otherwise CIC believe the risk of system failure of pipes is significant and requested a risk mitigation plan be provided by CCDHB.

Action:

A letter to be sent from CIC to CCDHB urgently requesting a Business Case or a risk mitigation plan on the phased replacement of infrastructure.

ii. Capital and Coast – Children's Hospital

The draft Business Case was received by the Ministry on the 10 November.

Build and ancillary costs, which are likely to include the demolition of Rutherford House and removal of sewage pipes under the site, are an unknown quantum at this

Capital Investment Committee DRAFT Minutes

stage. Until the Development Agreement between the DHB and Developer is finalised the levels of risk to the Crown is unable to be assessed. Noted there is an assumption of \$5m being provided from fundraising by the Wellington Hospital's Foundation.

Recommendation:

That CIC:

- a. Agree the proposed prioritisation approach for the remainder of the 2017/18 year, which is based on projects which cannot be delayed.
- b. Agree on the basis of the above approach, to ring-fence \$111m for potential projects expected to require funds in the 2017/18 year.
- c. Note the remaining pressures on projects for the 2017/18 years, which will mean some projects will be deferred, or additional funding will be required through either a DHB contribution or from additional Crown funding (which is considered unlikely).
- d. Note the signalled out-year investments, and the proposed next steps to deal with these.

Carried

5 Waitemata Electrive Surgery

CIC noted the report.

The question was raised that given the Northern Region's immediacy of problems with the need to uplift 400 beds within five years, and if there is land available and capability, should this facility be larger and should this proposal be considered as part of the regional strategy; and if it was, how would it fit with the imperatives of coping with the short to medium term issues for Waitemata.

s9(2)(b)(ii)

Action:

- Seek independent confirmation of the private sector capacity.

Recommendation:

That CIC:

1. Note the attached business case submitted by WDHB for the Elective Capacity and Inpatient Beds (ECIB) project.
2. Note that there are insufficient funds available in the Health Capital Envelope to meet WDHB's request for equity for the full costs of their preferred option.
3. Endorse officials seeking confirmation from the northern region on the relative priority and preferred scope of the ECIB project, based on the updated information arising from the northern Long Term Investment Plan.
4. Note officials will be seeking direction from the new Ministers regarding future capital planning, and whether the capital recycling from the Taharoto Road property is to proceed (which would impact ability to fund from HCE).

Carried

Capital Investment Committee DRAFT Minutes

6 Northland Bay of Islands Hospital

Officials spoke to report which requested endorsement of the business case for phase 2 of the redevelopment of the Bay of Island Hospital and the proposed engagement with MBIE to determine whether the Regional Development Fund is available to fund the proposed investment, following the withdrawal of the Ngati Hine Health Trust offer.

CIC directed that their concern at the original project structure and the poor practice followed in commencing construction prior to a contract being signed with the Health Trust be conveyed to the NDHB. This has left limited viable options available.

Recommendation:

That CIC:

s9(2)(b)(ii)

2. Endorsed the Ministry's proposed engagement with MBIE to determine whether the Regional Development Fund is available to fund the proposed investment.
3. Endorsed the use of the Health Capital Envelope to meet the cost of the investment, if the funds cannot be secured from the Regional Development Fund, subject to negotiation of a lease that is satisfactory to the Ministry of Health.

Carried

7 Capital and Coast DHB Children's Hospital

Due to late submission of the business case (10 November) there was no report available for consideration this month.

Noted:

s9(2)(b)(ii)

CIC teleconference be arranged to endorse the CCDHB business case prior to the next meeting if required.

8 Hawke's Bay Strategic Assessment

CIC noted the report.

The CIC:

1. Agreed to recommend to Joint Ministers of Health and Finance for the Hawkes Bay District Health Board (the DHB) to approve moving to the Detailed Business Case for a new theatre fit-out at a cost of approximately \$10 million.
2. Noted Hawkes Bay DHB will self-fund.

Capital Investment Committee DRAFT Minutes

3. Noted this could have been a Single Stage Business Case, however the DHB has already committed to an IBC/DBC structure.

Carried

10 **Waikato DHB Central Hamilton Clinical Services and Work Place Accommodation Project**

CIC noted the report.

The CIC:

1. Agreed to recommend to Joint Ministers of Health and Finance for the Waikato District Health Board (the DHB) to approve the increase from \$7 million to a current estimate of \$14.7 million for a central Hamilton long term leased tenancy.
2. Noted Waikato DHB will self-fund.

11 **Capital Update**

Margaret Wilsher's conflict as a member of the Southern Partnership Group was noted.

CIC noted the paper.

Key discussion items were Grey Base (budget, time and contractor challenges), Mason Forensic Unit, Dunedin and Canterbury.

Noted:

Both West Coast and Dunedin had business cases with assets planned for mid-2000, leading to CIC questioning if facilities are being replaced due to DHB financial constraints, having delayed maintenance.

Action:

1. CIC to be provided with a brief high level paper on Ministry's experience with the Partnership Group/Governance model used for these projects – what has gone well and what has not.
2. Add to 2018 CIC schedule – meeting to be held in Greymouth

Michael re-joined the meeting and briefed the meeting on progress with Buller, South Canterbury and Canterbury site-wide planning. He confirmed a full briefing on the Health Capital envelope and projects is to be provided to the Minister. The Minister has expressed a desire to look at affordability and the role of capital charge.

12 **General Business**

Query regarding date for next CIC meeting.

Action:

Next meeting date to be confirmed.

The meeting closed at 12.11pm.

Capital Investment Committee DRAFT Minutes

Date	Friday, 8 December 2017
Time	8.30am – 9.10am
Location	Teleconference
Chair	Margaret Wilsher (Acting Chair in Evan's absence)
Members in attendance	Paul Carpinter, Jan Dawson, Des Gorman, Murray Milner and Margaret Wilsher.
Attendees	Ministry of Health: Michael Hundleby Director Critical Projects (via teleconference), John Hazeldine Chief Advisor DHB Funding and Planning, Mhairi McHugh Manager, DHB Funding and Capital, Jo Strachan-Hope Senior Advisor, Chris Picard (Senior Advisor Board and Projects). The Treasury: Davin Hall

Item	Subject
	Margaret Wilsher opened the meeting at 8.30am.
1a	Apologies Evan Davies, Sally Webb.
1b	Conflicts of Interest No updates.
1c	Minutes of 13 November 2017 Recommendation: That the minutes of the meeting held on 13 November 2017 are accepted as a true and correct record. <p style="text-align: right;">Moved from the Chair Carried</p>
1d	Outstanding Action Points Letter to be sent from CIC to CCDHB urgently requesting a Business Case or a risk mitigation plan on the phased replacement of infrastructure: Draft awaiting review. Independent confirmation of the private sector capacity re Waitemata elective services to be sought: Information previously provided to be collated. CIC to be provided with a brief high level paper on Ministry's experience with the Partnership Group/Governance model used for these projects – what has gone well and what has not: paper to be developed for CIC consideration in the first quarter 2018.

2 Counties Manukau DHB Facilities Remediation and Immediate Demand Programmes

Margaret Wilsher noted her conflict as part of an Auckland Region DHB.

CIC noted the papers. While expressing their concerns around these asset management issues and the systemic failures reflected in the papers, CIC members supported the progression of these two Programmes to the next stage, the Programme Business Case.

It was agreed that the analysis involved in developing the business cases for these two Programmes will support an understanding of their relative priority against other proposed urgent capacity and remediation projects across the northern region.

Recommendation:

That the Capital Investment Committee:

1. **Note** that CMDHB has submitted two Strategic Assessments: the Facilities Remediation Programme and the Immediate Demand Programme
2. **Endorse** the progression of both programmes to the next stage, the Programme Business Case.

Carried

3 Waitemata DHB Sustainable Inpatient Services Project Strategic Assessment

CIC noted the paper.

Following on from the November 2017 Northern Region Long Term Investment Plan presentation to CIC, and noting the significant financial pressures on the Health Capital Envelopment over the coming years, CIC members agreed that the northern region be requested to provide a prioritised view of investment requirements. This would assist the Ministry and CIC at a regional level to understand the relative priority of the proposed projects to meet urgent capacity and remediation requirements, and whether the scope of these investments would change if future funding does not support the full suite of projects within the first tranche of the region's preferred investment path.

Recommendation:

That the Capital Investment Committee:

1. **Note** Waitemata DHB (WDHB) has submitted a Strategic Assessment for the Sustainable Inpatient Services Project.
2. **Request** that the DHBs of the northern region provide the agreed, prioritised view of projects (as was requested by the previous Ministers of Health and Finance), noting that the financial constraints will mean that some projects may need to be deferred or may not be able to be progressed.
3. **Note** Officials will review the northern region's prioritisation, and provide a national view of prioritisation options to CIC and joint Ministers.

Carried

4 Capital and Coast DHB Children's Hospital Single Stage Business Case

Cathy Webber joined the teleconference for this item.

CIC noted the paper. Ministry officials outlined the key potential project risks and complexities, together with how they have been managed to date and future plans.

Capital Investment Committee DRAFT Minutes

CIC acknowledged that the Ministry has been providing technical consultant support for the project. The Committee requested that project risks are clearly outlined in future project updates.

Recommendation:

That the Capital Investment Committee:

1. **Note** That Capital and Coast DHB has submitted a draft single stage business case and draft Development Deed. Full approval is contingent on the DHB submitting a final: business case, and Development Deed with demarcation of responsibilities.
2. **Recommend** that joint Ministers agree in principle to provide financial support to the DHB so that the DHB can enter into the Development Deed with Mr Mark Dunajtschik regarding the redevelopment of Wellington Children's Hospital.

s9(2)(b)(ii)

8. **Recommend** that joint Ministers decline Crown funding for the demolition of the Riddiford building due to the pressures on the Health Capital Envelope. However, if the DHB can provide compelling evidence to officials regarding its seismic performance that the building poses harm to human life if it remains, the funding request would be reconsidered.

Carried

11 Capital Update

CIC noted the paper.

12 General Business

The CIC Chair, in pre-meeting discussion, expressed his concerns about the infrastructure issues across Auckland DHBs in particular, and requested that the Ministry clearly articulate to Ministers that there is a lack of confidence that DHBs are able to appropriately manage their assets in the way that they need to. It was noted that the Chair is scheduled to meet in the next week with the Minister of Finance, following which a decision will be made regarding a follow up letter.

There was general discussion around the possible future trajectory of CIC, with a new Government and establishment of the new Ministerial Advisory Group on the Health System.

Capital Investment Committee DRAFT Minutes

The Auckland region's emphasis on IT and changing models of care was raised. It was agreed that the draft ISSP that forms part of the Long Term Investment Plan might be helpful to better understand these issues (noting that the executive summary was included in November 2017 CIC papers).

Action Point: Draft Auckland region ISSP to be circulated to CIC for information.

CIC members expressed their appreciation for the work and dedication that the Ministry of Health and Treasury officials and staff provide to the Committee.

The meeting closed at 9.10am.

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