



Annex 3 - Tranche Four Results July 2018

Investor Confidence Rating

Investor Confidence Rating (ICR) assessments have been completed for the Tranche Four cohort of investment-intensive agencies. To date twenty-three out of the twenty-five investment-intensive agencies have been assessed, with the last two assessments currently underway.

Tranche Four involved three investment-intensive agencies. The summary results are shown in the table below:

Agency	ICR Result
Capital and Coast DHB	C
Otakaro Limited	A
Waikato DHB	C

Waikato DHB and Capital and Coast DHB achieved a C rating. These two DHBs generally deliver investments within cost and scope constraints, however some improvement could be made on timeliness and benefits. The main capability gaps for both DHBs are in the way they manage their investment portfolios and their long term planning. Both DHBs have improvement programmes underway to improve to a B minimum rating over time.

Ōtākaro achieved an A rating. Note Ōtākaro's assessment was tailored to fit Ōtākaro's specific Christchurch redevelopment purpose, so their result is not comparable to other ICR results. Ōtākaro scored well across all the ICR elements, with strengths in its capability elements, programme delivery, benefits and its business plan. Ōtākaro's result evidences it has set its programme up for success however, noting that in delivering a large programme of this scale and complexity, it may still encounter difficulties or external impacts along the way.

By design, ICR ratings can have various implications for government agencies, for example the rating can affect the level of delegated authority to make investment decisions or the extent of assurance and reporting requirements. DHB investments need to be considered in the context of the whole DHB network. The particular ICR implications for individual DHBs are subject to future discussions with stakeholders following the results of further work by MoH and the Treasury to improve investment performance across the DHB network.

For Ōtākaro implications, there is potential to minimise the transactional nature of funding arrangements and reduce reporting required. The Responsible Minister is soon to consider the appropriate approach regarding delegated authorisations for Ōtākaro's quarterly funding.

For further information on the basis for the ratings refer to the Treasury website at <https://treasury.govt.nz/information-and-services/state-sector-leadership/investment-management/review-investment-reviews/investor-confidence-rating-icr/investor-confidence-rating-information>

Detailed Agency Results for Tranche Four of the Investor Confidence Rating: July 2018

Capital and Coast DHB (CCDHB)	Investor Confidence Rating	C	Scope of ICR assessment:	ICT, clinical equipment and facilities portfolios
<p>Treasury Comment</p> <p>The evidence shows CCDHB has further work to achieve Cabinet’s expected level of a “B” rating for investment-intensive agencies.</p> <p>CCDHB has good asset performance against targets, delivers large projects well, and generally delivers projects to scope and on budget, but there is opportunity to improve timeliness of delivery. For benefits delivery, CCDHB should ensure benefits are clearly identified, measured, tracked and performance is reported against appropriate targets.</p> <p>The DHBs Long Term Investment Plan demonstrated a good understanding of its current state and a vision for the future. The DHB needs to continue to develop its investment strategies, taking account the expected impacts of its investment choices on services, stakeholders and performance.</p> <p>The main areas of improvement focus are in its P3M3 (portfolio, programme and project maturity) and asset management maturity, which will also result in improvement to benefits, project delivery and asset performance.</p>				
<p>Implications</p> <p>Subject to future discussions with stakeholders following the results of further work by MoH and the Treasury to improve investment performance across the DHB network.</p>				

Otakaro Limited	Investor Confidence Rating	A	Scope of ICR assessment:	Christchurch Central City rebuild programme
<p>Treasury Comment</p> <p>Ōtākaro’s ICR is a tailored assessment and is not comparable to other ICR assessments. Ōtākaro has a limited life and this assessment covers its delivery of Crown-led Anchor Projects in Central Christchurch and divestment of the balance of Crown land.</p> <p>Ōtākaro receives an ICR A which indicates it has very quickly, after forming in 2016, set up mature investment management processes. Its P3M3 maturity is at the appropriate level for an organisation of this scale and complexity. Its programme’s (and sub-projects) benefits are exemplary.</p> <p>Its Business Plan (which substituted for an LTIP) is a well written and considered document which supports Ōtākaro’s strategic intentions and delivery plan.</p> <p>Its self-assessments show strengths in organisational change management and procurement maturity.</p> <p>The main areas of improvement focus are in greater consistency in project delivery (and managing time and cost closely), stakeholder engagement and its Business Plan having greater clarity over the implications for others.</p>				
<p>Implications</p> <p>Potential to minimise the transactional nature of funding arrangements and reduce reporting required. The Responsible Minister is soon to consider the appropriate approach regarding delegated authorisations for Ōtākaro’s quarterly funding.</p>				

Waikato DHB	Investor Confidence Rating	C	Scope of ICR assessment:	ICT, clinical equipment and facilities portfolios
	<p>Treasury Comment</p> <p>The evidence shows Waikato DHB assessment recognises gains made in recent years and has further work to achieve Cabinet’s expected level of a “B” rating for investment-intensive agencies.</p> <p>Waikato DHBs P3M3 maturity has pockets of good practice in information systems, however it should consider formally putting in place portfolio management, leveraging ICT programme management to support Waikato’s strategic programmes, and lifting project management capability and consistency.</p> <p>It should also look at lifting its organisational change management capability.</p> <p>Waikato’s interim LTIP demonstrated the good foundational work it has undertaken to understand its current state. The next step is to consider the investment decisions needed to take it to its desired future state.</p> <p>Evidence shows the DHB generally delivers projects to scope and on budget but there is opportunity to improve timelines and benefits.</p> <p>The main areas of improvement focus are in refining its LTIP and improving its P3M3 and asset management capabilities.</p>			
	<p>Implications</p> <p>Subject to future discussions with stakeholders following the results of further work by MoH and the Treasury to improve investment performance across the DHB network.</p>			