



Te Kāwanatanga o Aotearoa
New Zealand Government



Commissioning for Pae Ora Healthy Futures

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Acknowledgements

Over the last 2 years, Manatū Hauora (the Ministry of Health) has developed this evidence-based Commissioning for Pae Ora framework, which is grounded in Te Tiriti o Waitangi. It is a response to the findings on primary and community care from: the Wai 2575 Health Services and Outcomes Kaupapa Inquiry (Waitangi Tribunal 2019); Te Puni Kōkiri-led Te Piringa research (Te Puni Kōkiri 2020); Health and Disability System Review (2019) recommendations; and insights from Whatua (Ministry of Health 2020c) and Hui Whakaoranga 2021 (Ministry of Health 2021).

The framework seeks to bring the Whānau Ora vision into the health system, and builds on the insights from Enabling Good Lives, the closest expression of Whānau Ora in the mainstream health system. It has drawn ideas from diverse literature on areas ranging from commissioning to innovation and human learning systems.

The Commissioning for Pae Ora framework is the result of collaboration across Manatū Hauora as a key deliverable under Whakamaua: Māori Health Action Plan 2020–2025.

The ideas in *Commissioning for Pae Ora Healthy Futures* have been tested and refined in workshops with social sector agencies, district health board commissioners, Māori and other providers, and mana whenua, with a focus on what is needed to enable mātauranga Māori and system change. Work has also included a series of case studies to gain a deeper understanding of different parts of the commissioning process and its impact on outcomes. This document references these case studies where relevant. Reports on them will be available over time on the Ministry's website.

We mihi all those who have contributed to this work, both for their input and for their commitment to turning conventional commissioning on its head so it starts with 'what matters to whānau'.

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Overview

Purpose

Commissioning for Pae Ora Healthy Futures provides guidance on how to bring the Whānau Ora vision into the mainstream of health stewardship, system and services. This will enable whānau to exercise rangatiratanga, and strengthen the voice of whānau and communities in designing, delivering and improving health services and other investments.

What commissioning is

Within health, commissioning is a strategic process for assessing the needs and strengths of people, whānau and communities alongside current services and support, and then designing and investing to achieve equity and the best health outcomes. Commissioning is an end-to-end process — from purpose to design, through to delivery and assessment. It is repeated within an ever-changing context and with a growing understanding of what works.

Why we need a new approach to commissioning

The health system works well for many people. However, groups in our population differ significantly in their health outcomes. Across a range of outcomes, the same groups are consistently under-served and left behind: Māori, Pacific peoples and disabled people, including tāngata whaikaha Māori. On average these groups die younger and spend more of their lives in poor health than their fellow New Zealanders. Many other communities also experience inequity on the basis of their condition, culture, ethnicity, gender, sexual orientation, where they live and other factors. When the system fails people, the human and system costs can be immense.

Definition of equity for Manatū Hauora¹

In Aotearoa New Zealand, people have differences in health that are not only avoidable but unfair and unjust. Equity recognises different people with different levels of advantage require different approaches and resources to get equitable outcomes.

The health system does not always engage with and involve the people it serves when planning, delivering and evaluating services and other investments. As a result:

- › services are not always designed around the needs, aspirations and strengths of people, whānau and communities
- › there is not enough focus on co-design, partnership and engagement with other sectors
- › interventions that focus on preventing illness and addressing wider determinants of health² are too often deprioritised, with the result that opportunities are missed.

Improving the health system and services through engagement with whānau and communities

Health and disability services perform best if they engage well, understand experience and act on what the people and communities who use them say they need (Doyle et al 2013). Engaging with and responding to the needs, strengths, aspirations and preferences of service users, whānau and communities is a powerful mechanism for improving services and systems (Thorstensen-Woll et al 2021). That includes improving the quality and increasing the relevance of the services delivered (Bolz-Johnson et al 2020).

¹ Ministry of Health. nd. Achieving equity. URL: health.govt.nz/about-ministry/what-we-do/work-programme-2019-20/achieving-equity (accessed 15 September 2022).

² The determinants of health span social (including racism and discrimination), economic, cultural, commercial, environmental (including climate change), occupational and digital drivers.

The Ministry of Health's response to the evidence

Manatū Hauora (the Ministry of Health, 'the Ministry') began developing the Commissioning for Pae Ora framework in 2020 as part of implementing Whakamaua: Māori Health Action Plan 2020–2025 (Ministry of Health 2020b). A key action in Whakamaua is to strengthen commissioning with the aim of increasing Māori provider innovation and developing and spreading effective Māori health and whānau-centred services. This work reflected the significant roles the Ministry had at that time in commissioning as well as providing overall health system leadership.

Whakamaua includes the Te Tiriti o Waitangi framework and the description of Te Tiriti principles for Manatū Hauora: tino rangatiratanga, equity, active protection, partnership and options.

The Commissioning for Pae Ora approach:

- › is grounded in Te Tiriti o Waitangi principles and has drawn on the insights from Puao-te-Ata-tu (Ministerial Advisory Committee on a Māori Perspective for the Department of Social Welfare 1988), Te Whare Tapa Whā, He Korowai Oranga,³ Whānau Ora development and evolution (Te Puni Kōkiri 2013, 2015, 2016) and Te Piringa research into whānau-centred primary care (Te Puni Kōkiri 2020)
- › has drawn on the disability transformation work programme, which is based on the Enabling Good Lives vision⁴ and principles⁵ and seen as the closest current example of Whānau Ora within the health and disability support system
- › reflects the Health and Disability System Review (2019) recommendations, the Wai 2575 Health Services and Outcomes Kaupapa Inquiry recommendations (Waitangi Tribunal 2019), insights from Hui Whakaoranga 2021 (Ministry of Health 2021) and a range of literature on commissioning, human-centred design, human learning systems and behavioural economics.

³ Ministry of Health NZ. nd. He Korowai Oranga. URL: health.govt.nz/our-work/populations/maori-health/he-korowai-oranga (accessed 5 September 2022).

⁴ Enabling Good Lives. nd. Vision. URL: enablinggoodlives.co.nz/about-egl/egl-approach/vision/ (accessed 15 September 2022).

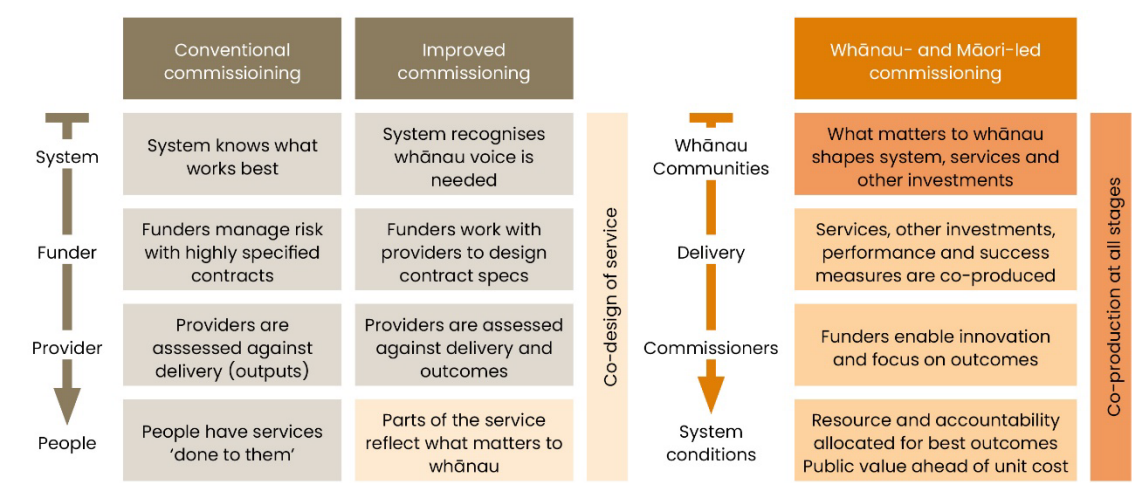
⁵ Enabling Good Lives. nd. Principles. URL: enablinggoodlives.co.nz/about-egl/egl-approach/principles/ (accessed 15 September 2022).

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Bringing the Whānau Ora vision into the health system

Commissioning for Pae Ora aims to bring the Whānau Ora vision into the mainstream of health stewardship, system and services. It takes a whānau-led (Walker 2017) and Māori-led approach to commissioning, which turns conventional commissioning upside down. It starts with whakawhanaungatanga — building relationships — by connecting with whānau to deeply understand what matters to them and their communities, and then works together with them on how best to respond. This contrasts with the conventional approach of prioritising what the system assumes people need (Figure 1).

Figure 1: Three approaches to commissioning — conventional, improved, and whānau- and Māori-led



5 Embedding Te Tiriti o Waitangi principles

The Commissioning for Pae Ora approach embeds Te Tiriti o Waitangi principles for Manatū Hauora.⁶ It aims to improve health outcomes and equity by:

- › supporting **tino rangatiratanga** by taking a strengths-based approach and enabling choice, control and autonomy of decision-making for whānau
- › creating **options** and facilitating choice for whānau by offering a range of accessible, culturally safe and effective services and supports
- › building **partnerships** through investing in effective and accessible Māori health service providers and supporting diversity and resilience in provider markets
- › investing in **active protection** by building the capability of people, whānau, providers and communities, and influencing the conditions that contribute to health and wellbeing.

Together these strengths combine to improve **equity** of health and wellbeing outcomes, by responding to people in the context of their whole selves, their whānau and their community.

Changing context and roles of entities

When Manatū Hauora began developing the Commissioning for Pae Ora framework, the intention was to test the approach through implementing it within the Ministry's own commissioning functions and within some district health boards (DHBs). Consistent with this expectation, the Ministry adopted Commissioning for Pae Ora as its overall framework for commissioning and entered into learning partnerships with some DHBs and community groups who were testing different ways of commissioning.

Since then, the Government's response to the Health and Disability System Review (2019) recommendations, reflected in the Pae Ora (Healthy Futures) Act 2022,⁷ has resulted in significant changes to the Ministry's responsibilities.

⁶ Ministry of Health. nd. Treaty of Waitangi principles. URL: health.govt.nz/our-work/populations/maori-health/he-korowai-oranga/strengthening-he-korowai-oranga/treaty-waitangi-principles (accessed 5 September 2022).

⁷ New Zealand Legislation. Pae Ora (Healthy Futures) Act 2022. URL: legislation.govt.nz/act/public/2022/0030/latest/versions.aspx (accessed 15 September 2022).

As of 1 July 2022:

- › the Ministry is no longer commissioning health services but remains a steward of the health and disability system
- › responsibilities for commissioning health services have shifted from the Ministry and DHBs to Te Whatu Ora | Health New Zealand and Te Aka Whai Ora | Māori Health Authority, supported by Iwi-Māori Partnership Boards and locality networks
- › commissioning of Disability Support Services (DSS) has moved from Manatū Hauora to Whaikaha | Ministry of Disabled People, however Manatū Hauora retains responsibility for strategy and policy that supports improved health outcomes and addresses inequities for all disabled people, including tāngata whaikaha Māori.

Under the reformed system, Manatū Hauora still has a critical role providing the policy settings and stewardship of commissioning across the health sector. It also supports cross-sector collaboration, which is needed to respond to the wider determinants of health. This role includes supporting the Social Sector Commissioning work programme.⁸ The programme aims to address system-wide policy issues⁹ where:

- › the actions of one agency impact on the demand for another agency's services (eg, the impact of housing on health and vice versa)
- › people, families and whānau need to deal with a range of different agencies
- › the same issues affect all agencies and communities (eg, government procurement rules, unified responses to cross-cutting issues like child wellbeing and poverty reduction enabled under the Public Service Act 2020).

The recently published Social Sector Commissioning 2022-2028 Action Plan reflects Commissioning for Pae Ora's emphasis on Te Tiriti o Waitangi as a foundational document and the importance of collaboration across the sector at all stages of the commissioning process.

⁸ Ministry of Social Development. nd. Social Sector Commissioning action plan and reform. URL: msd.govt.nz/about-msd-and-our-work/publications-resources/planning-strategy/social-sector-commissioning (accessed 2 November 2022).

⁹ The Productivity Commission report *Together Alone* (Fry 2022) notes the New Zealand state sector reforms in the 1980s created a public management model with agency-focused accountability to deliver core business in line with Ministers' expectations (vertical accountability). Agencies were structured to have clear and non-conflicting objectives. However, this contributed to siloed approaches to investments; an issue that the Public Sector Act 2020 and now the Pae Ora (Healthy Futures) Act 2022 seek to address. The Cabinet-mandated Social Sector Commissioning work programme also helps to address this.

Commissioning for Pae Ora remains relevant

Even though the roles of different entities and the broader context have changed, Commissioning for Pae Ora remains relevant to the health system in several ways.

- › Having health services that are effective for Māori is central to the Pae Ora (Healthy Futures) Act 2022. Equally, delivering what works for Māori is central to the design of the Commissioning for Pae Ora approach.
- › The Ministry offers Commissioning for Pae Ora to Te Whatu Ora, Te Aka Whai Ora, Iwi-Māori Partnership Boards and locality networks as a foundation to help inform their commissioning work.
- › The Ministry has a leadership role in supporting the adoption of cross-government arrangements that are consistent with Commissioning for Pae Ora. Other parts of government commissioning services — supported by other levers such as regulation and government policy — can have a major impact on the demand for health services because a significant number of the determinants of health sit outside of Vote Health. This cross-government leadership role also can have a significant impact on overall population health. It can have a particular impact on those groups that tend to have poorer health status now, including Māori, Pacific peoples, people with disabilities, Rainbow communities, those experiencing economic hardship, and people who are disenfranchised or are socially isolated.

Taking a cross-government perspective has other benefits.

- › It avoids the distorting incentives that can come from focusing on technical efficiency only (eg, cost savings in an existing service) and shifts the focus to allocative efficiency (commissioning the right investment, at the right time and place).
- › It addresses any perverse incentives and experiences for both service providers (eg, that can result in a bias towards taking on simpler cases) and service users (eg, only users with agency are able to navigate the system).
- › It reduces the human costs and inefficiencies that come from cost-shifting between sectors (eg, where Police may end up as mental health workers in practice).

- › It can help reduce the risk that legislation and regulations unintentionally constrain innovation in commissioning.
- › It improves understanding of the limits of each lever for change, and uses multi-stranded approaches.
- › It identifies when other parts of the system need to invest more or in different ways (eg, recognising that commissioned services alone cannot address the impact of poverty now — and through generations).

Overview of what's needed

The Commissioning for Pae Ora framework recognises what's needed to operate a commissioning ecosystem, and the contributions those in the commissioning ecosystem make. At a high level, the ecosystem includes all the following elements.

Elements of the ecosystem	How they contribute to the commissioning ecosystem
People Whānau Communities	<ul style="list-style-type: none"> › Whakawhanaungatanga — start by building relationships and connections with whānau, which leads on to enabling whānau and communities to build their capabilities. › Invest in peer support and 'navigators'. › Support whānau and community with processes that enable co-design, delivery and jointly agreed measures of success. › Build community and whānau capacity, resources and leadership to take action to improve their own health and wellbeing.
Delivery	<ul style="list-style-type: none"> › Build provider capacity and capability, as well as market diversity, reach and depth. › Build workforce capacity, capability and cultural safety in relation to both care and commissioning.
Commissioners	<ul style="list-style-type: none"> › Make investments that have clear 'theories of change', drawing together existing evidence, along with whānau and community insights on what will work for them. › Work in learning partnerships that support continuous improvement. › Broaden investments from a focus mainly on services to a focus on building capacity of people, whānau and communities. › Rebalance investments to direct more to community- and whānau-led priorities. › Collaborate with other commissioners to reduce gaps and overlaps.
System conditions	<ul style="list-style-type: none"> › Reduce system waste (which can occur where support comes late or only addresses symptoms, not causes). › Understand the dynamics and mitigate any impacts of mixed funding models (eg, fee-for-service, contracted services, grant funding, capitation funding). Ideally, mixed funding models improve outcomes, but in some circumstances they can create poorer outcomes for both people and the system (eg, where people use the emergency department to avoid GP fees). › Challenge the default of who makes decisions and holds resources. Consider the context, who benefits and who has capability to determine the most effective way of allocating responsibilities. › Use pro-equity and anti-racism work to dismantle structural and systemic bias.¹⁰ › Create buy-in across all supporting functions and at all levels of leadership to: <ul style="list-style-type: none"> - change the system conditions that act as barriers to collaborating and investing in prevention - make trade-offs and prioritise 'what matters to whānau'.

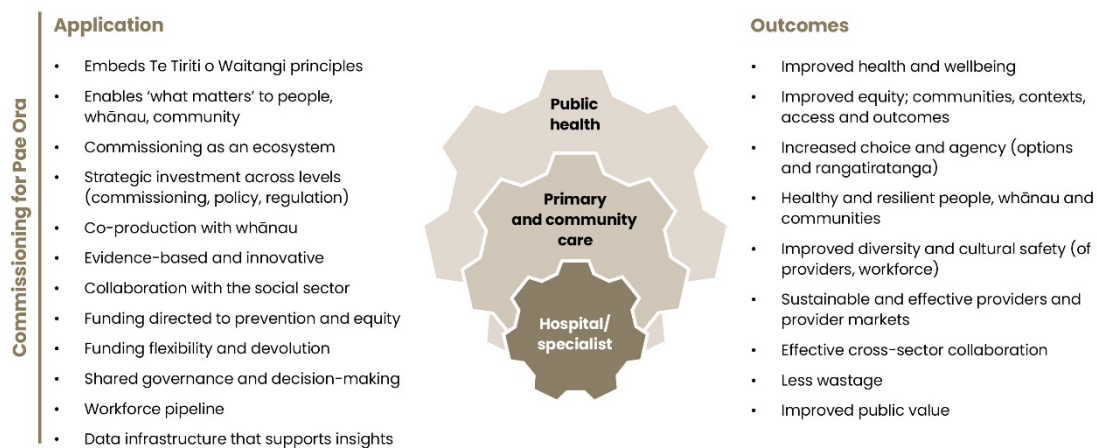
¹⁰ See the Ministry of Health's Ao Mai te Rā | The Anti-Racism Kaupapa. URL: <https://www.health.govt.nz/publication/position-statement-and-working-definitions-racism-and-anti-racism-health-system-aotearoa-new-zealand> (accessed 20 September 2022).

Application

The Commissioning for Pae Ora framework can be applied to public health, primary and community care, models of care,¹¹ and hospital and specialist services. Each application will also have its specific requirements (eg, capital investments for hospital and specialist services).¹² The wide reach of Commissioning for Pae Ora could help provide a common approach to embedding Te Tiriti principles and achieve a focus on more enduring and broader health and wellbeing outcomes across different parts of the health system. In the future, such a common approach could support insights and collaborative approaches to investments and increase awareness of where other levers (eg, regulation) are needed.

Figure 2 summarises the strengths of Commissioning for Pae Ora in both how it can be applied and its outcomes. Appendix 2 shows how the approach can also be used for planning investments across the life course and for different stages of interventions (from prevention to rehabilitation).

Figure 2: Application and outcomes of the Commissioning for Pae Ora framework



¹¹ See Appendix 3 for how to apply the Commissioning for Pae Ora approach when developing models of care.

¹² See Nationwide Service Framework Library. nd. National Asset Management Programme. URL: nsfl.health.govt.nz/accountability/national-asset-management-programme (accessed 15 September 2022).

A journey for all involved

Commissioning for Pae Ora Healthy Futures is a summary of what we have learnt to date and provides insights into how we can continue to learn about commissioning for pae ora and equity.

The Commissioning for Pae Ora framework helps achieve change in the system to improve outcomes for whānau now and in future generations.

All participants in the commissioning process will experience changes.

- › **Whānau** can move from being passive recipients of care to active players and decision-makers who direct their health and wellbeing journeys.
- › **Service providers** can help commissioners understand what is needed to support continuous improvement. They can move away from a narrower, less constructive focus on compliance.
- › **Commissioners** can improve their understanding of how they can influence system conditions to enable innovation and devolve decision-making and resources.
- › **System stewards** can develop relationships, tools and processes that support accountability, performance monitoring, capability building, prioritisation and investment decisions.

Why commissioning needs to change

Drivers of change to commissioning in health have come from the Health and Disability System Review (2019) and the Wai 2575 inquiry (Waitangi Tribunal 2019), along with the Cabinet-mandated Social Sector Commissioning work programme.

The way we commission services and other investments impacts whānau and community wellbeing and equity and we must do better. The current commissioning process creates systemic barriers for:

- › **people, whānau and a range of groups** trying to access services and other supports
- › **iwi, hapū and whānau** trying to exercise tino rangatiratanga
- › **providers** trying to start up services, access funding, innovate and become sustainable.

Outcomes for Māori and other under-served groups won't change unless we take a whole of systems approach, change the way we build trust, think and act in relation to commissioning, fund and deliver services and other investments, and assess outcomes when we commission.

Responsive investment is needed to improve outcomes and achieve equity

In health, commissioning has tended to focus on services, which can reduce self-determination and increase the reliance of people, whānau and communities on professionals for help. Other supports for health include flexible funding that allows whānau to choose what will help improve their health and wellbeing, and investments to build community leadership and capacity so people and whānau can do more for themselves earlier. Issues are then less likely to escalate to the point where people require a more formal 'service' response.

Community-led COVID-19 responses demonstrated the power of having strong, resilient communities that could quickly mobilise to support others and reach people who weren't already connected to build trust in government services.

What commissioning is

Within health, commissioning is a strategic process for assessing the needs and strengths of people, whānau and communities alongside current services and support, and then designing and investing to achieve equity and the best health outcomes. Commissioning is an end-to-end process from purpose, design and delivery to assessment. It is repeated within an ever-changing context and with a growing understanding of what works.

Commissioning is much more than contract management, which often focuses on specifying and then tracking outputs. It also goes well beyond procurement, which is the technical and legal part of the much broader commissioning process.

Commissioning requires deeply understanding ‘what matters to whānau’, building whakawhanaungatanga and then working with whānau and their communities to design services and other investments that address their needs and build on their strengths.

Key roles in the commissioning ecosystem

Role	Responsibilities
Regulators	<p>Regulators focus on the relationship between service users and the provider.</p> <ul style="list-style-type: none"> › They provide an independent assessment of policy, legislative or competition risks, and the impact (both intended and unintended) on providers and provider markets, service users and the wider community. › They develop regulations to protect service users, including service accreditation requirements.¹³ › They enforce the rules within the commissioning system or market, including those related to contestability, sourcing and investing.¹⁴
Policy makers	<p>Policy makers consider the legislative and policy framework and the responses required to achieve the outcomes in the commissioning system. They also:</p> <ul style="list-style-type: none"> › signal the level of funding that the commissioner has to purchase services or subsidise service users › set the standards that the regulator will enforce to protect service users › work with service commissioners to ensure the policy intent is achievable and that service commissioners understand what is necessary to achieve the outcome.
Providers	<p>A range of providers can be commissioned to provide health services and support, as long as they meet regulatory requirements and standards. Some providers are commercial entities (eg, most pharmacies and general practices). Providers have to balance the costs of providing a service against their ability to recruit, train and retain staff. Tight, time-limited funding can mean non-governmental organisations (NGOs) lose skilled staff to better-paid, more secure jobs in government agencies.</p> <p>Across the broader social sector, government relies on a sustainable provider market¹⁵ to provide accessible, effective and culturally safe services.</p>
Commissioning entities	<p>The commissioner may purchase services from providers on behalf of the community served and service users may receive subsidies from the commissioner and purchase services themselves. The commissioner may also have responsibility for defining eligibility for subsidies or for access to services by controlling cost and targeting specific consumers.</p> <p>Contract managers manage more than just the contract. They invest in developing relationships with the providers that are delivering the response or service so that they are able to understand how the providers are achieving the results.</p> <p>Ongoing monitoring requires regular discussion about how delivery is working and how the contractual incentives and obligations are supporting innovative and integrated approaches.</p> <p>Monitoring may highlight where the service design or delivery needs to change, for example to respond to unanticipated demand or unmet need.</p>

¹³ Regulations include those set out in the Health Practitioners Competence Assurance Act 2003.

¹⁴ General rules from the Public Finance Act 1989, Commerce Act 1986, Health and Safety at Work Act 2015, employment law and occupational requirements will apply, along with government rules of sourcing and the principles of Government Procurement.

¹⁵ Where contracts do not cover the true cost of delivery, are small and/or are short term, providers seek additional contracts, often across multiple funders and funding pools. The resulting 'patchwork' of funding sources carries a high compliance burden to both apply for funding and then meet the range of accountability and reporting requirements.

Role	Responsibilities
	<p>As market steward, the commissioner determines in the first instance what the structure of supply will be, the funding rules and the controls within the system.</p> <p>The commissioner will modify those rules and controls over time to protect the integrity of the service delivery system in achieving the desired outcomes. In cases where parts of the system fail, the commissioner plays a role in mitigating risk and supporting business continuity.</p> <p>The commissioner provides the governance and stewardship for overall service delivery. The commissioner is responsible for maintaining the system's integrity, performance and integration, always linking back to the policy when evaluating outcomes and making adjustments to the commissioning systems to achieve the intent of the policy.</p>
Hīkina Whakatutuki Ministry of Business, Innovation and Employment	Government Procurement is a branch within the Ministry of Business, Innovation and Employment. It provides technical guidance and procurement principles and rules to help government agencies deliver better public value through broader outcomes that go beyond the purchase of goods and services. It also links to the Government Procurement website. ¹⁶
Te Tai Ōhanga The Treasury	The Treasury is the key advisor to the Government on its overarching economic framework, its fiscal strategy and achieving value for money from its investments. The Treasury is working to embed the Living Standards Framework and He Ara Waiora, a holistic, intergenerational approach to wellbeing, into policy and budget advice. ¹⁷ As Dr Caralee McLiesh, Chief Executive and Secretary to The Treasury, explains, embedding this approach requires exploring 'a shift towards managing for wellbeing outcomes as well as dollars, multi-year funding arrangements in place of annual budgets, cross-agency collaboration beyond narrow agency appropriations, and deep consideration of baselines as well as incremental activity' (McLiesh 2022).

Who commissions in the health sector

The Government's response to the Health and Disability System Review (2019) recommendations, reflected in the Pae Ora (Healthy Futures) Act 2022, has resulted in significant changes to the commissioning landscape in the health sector. From 1 July 2022, the following major changes have occurred.

- › Manatū Hauora no longer directly commissions health services but continues to act as a steward of the overall system. It keeps its policy, legislation (including regulatory) and monitoring functions.¹⁸

¹⁶ Ministry of Business, Innovation and Employment. nd. Principles, charter and rules. URL: procurement.govt.nz/procurement/principles-charter-and-rules/ (accessed 9 September 2022). <https://www.procurement.govt.nz/> (accessed 20 September 2022).

¹⁷ The Treasury. nd. He Ara Waiora. URL: treasury.govt.nz/information-and-services/nz-economy/higher-living-standards/he-ara-waiora (accessed 9 September 2022).

¹⁸ Within Manatū Hauora, HealthCERT is responsible for ensuring hospitals, rest homes, residential disability care facilities and fertility providers provide safe and reasonable levels of service for consumers, as required under the Health and Disability Services (Safety) Act 2001. Other monitors of the health sector are Te Aka Whai Ora, Health Quality & Safety Commission and Te Puni Kōkiri.

- › The Ministry will also support cross-sector collaboration needed to respond to the wider determinants of health, enabled through the Public Service Act 2020. This includes supporting the Social Sector Commissioning work programme,¹⁹ which aims to address system-wide policy issues where:
 - the actions of one agency impact on the demand for another agency's services (eg, the impact of housing on health, and likewise of health on housing)
 - people, families and whānau need to deal with a range of different agencies
 - the same issues affect all agencies and communities (eg, government procurement rules, unified responses to cross-cutting issues like child wellbeing and poverty reduction).
- › Responsibilities for commissioning health services shift from the Ministry and DHBs to Te Whatu Ora | Health New Zealand and Te Aka Whai Ora | Māori Health Authority. The new commissioners can commission independently, but they are also required to co-commission health services and interventions.
- › Iwi-Māori Partnership Boards and locality networks will influence commissioning decisions, which will reflect their on-the-ground knowledge, insights and priorities for action.
- › The Health Quality & Safety Commission's code of expectations will require health entities and workers to engage with service users, whānau and communities (Health Quality & Safety Commission 2022).
- › Responsibility for commissioning disability support moves from Manatū Hauora to Whaikaha | Ministry of Disabled People.

This work across the health sector points to a stronger focus on cross-sectoral collaboration. It includes a more joined-up approach to policy, strategy and commissioning or co-commissioning. Where different agencies commission separately rather than co-commissioning, they take an integrated or aligned approach, collaborating for complementary commissioning.

¹⁹ Ministry of Social Development. nd. Update on the Future of Social Sector Commissioning work programme. URL: msd.govt.nz/about-msd-and-our-work/publications-resources/planning-strategy/social-sector-commissioning (accessed 5 September 2022).

Whānau, or someone on their behalf, can also commission

The health and disability system can allocate resources directly to individuals, whānau and iwi so they can exercise rangatiratanga over what services and support to purchase when, how and from whom. This is a key element of the Enabling Good Lives approach and some of the Whānau Ora commissioning agencies, and can have a profound, positive impact on the lives of people and their whānau.

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When commissioning happens

The commissioning process can begin as part of annual and strategic planning, when reviewing services or contracts and responding to changes in context.

Focus	Possible prompts for commissioning
Planning	<div><div>›</div>As part of investment strategies and annual budget setting</div> <div><div>›</div>When undertaking strategic planning</div> <div><div>›</div>When reviewing priorities of an agency or across agencies</div>
Reviewing	<div><div>›</div>Before considering contract renewal</div> <div><div>›</div>Following a review of services or programmes</div>
Responding	<div><div>›</div>When acting on government priorities</div> <div><div>›</div>When considering service continuity in the face of increased demand, workforce constraints, provider exit or constricting markets</div> <div><div>›</div>When an unexpected significant event happens, like a global pandemic</div>

Learning from COVID-19 responses: permissive contracting through Māori providers and networks

In responding to COVID-19, Whānau Ora providers, iwi, hapū and Māori collectives played a significant role in supporting Māori and the wider community in their rohe. They were able to mobilise and organise in effective and agile ways based on the deep connections and relationships of trust they had built. They also did not have multi-layered approval processes to hold them back.

The more permissive contracting environments allowed Māori to work in their own way. The success of the response showed what happens when communities have the mandate and support to act quickly and responsively — a key feature in building successful commissioning systems (Office of the Minister for Crown Māori Relations 2021).

How Commissioning for Pae Ora will be supported

The Pae Ora (Healthy Futures) Act 2022 sets out Te Tiriti o Waitangi requirements alongside a commitment to achieving Māori health equity, and stronger mechanisms for Māori partnership, decision-making and accountability. Further support comes from the Health Quality & Safety Commission's code of expectations²⁰ to guide health and disability service providers and organisations in engaging and partnering with consumers and whānau (Health Quality & Safety Commission 2022).

The wellbeing amendment to the Public Finance Act 1989, along with provisions in the Public Service Act 2020 enable agencies to collaborate across sectors to address the broader determinants of health and wellbeing.

²⁰ Health Quality & Safety Commission Code of expectations for health entities' engagement with consumers and whanau. URL: www.hqsc.govt.nz/resources/resource-library/code-of-expectations-for-health-entities-engagement-with-consumers-and-whanau/ (accessed 2 November 2022).

What we can change to

Whānau-led and Māori-led commissioning

Whānau-led and Māori-led commissioning turns conventional commissioning upside down. It starts with a commitment to building trust through whakawhanaungatanga in order to deeply understand what matters to whānau and their communities and local contexts.

This approach makes it possible to understand the different starting points for people and communities. It factors these differences into funding, design and other enablers, by responding to inequities in:

- › contexts, such as infrastructure, housing quality and affordability, income and employment opportunities, job security and travel time
- › access to timely, affordable, culturally safe health interventions and support outcomes.

Influences on outcomes involve a combination of broader determinants of health, the degree to which the health system delivers on what matters and what works for people, how contexts impact service access and quality, and how closely the workforce and infrastructure match demand.

Another change from conventional commissioning is that accountability and performance measures are designed with those delivering services and other investments. In this way, the measures help to generate insights that inform continuous improvement.

Commissioners enable innovation and keep the focus on achieving the outcomes. Decision-making and funding are devolved, and commissioners consider public value — and system costs — instead of having an inward, narrow and distorting focus on unit costs (Goodwin et al 2020; Sneddon 2014).

At the strategic and service levels, commissioning aims to increase the choice, agency and control whānau can exercise. In other words, commissioning enables tino rangatiratanga and options. These changes have been demonstrated to improve health and wellbeing, and reduce human costs as well as the cost to the system.

How this commissioning framework is different

There are many commissioning frameworks across the motu. Many iwi Māori providers have their own frameworks. Commissioning for Pae Ora can contribute a systems approach to commissioning and recognises the need to learn and build the future together.

Defining feature of Commissioning for Pae Ora	Description
What matters to whānau	<ul style="list-style-type: none"> › Starts with whakawhanaungatanga to build trust and understand what matters to whānau, which then shapes commissioning at every stage. › Recognises the diversity of whānau as a strength and that diversity shapes responses. › Values non-clinical aspects of care, including rongoā Māori and mātauranga Māori, alongside clinical aspects.
Māori world view, leadership and decision-making	<ul style="list-style-type: none"> › Builds for the future, as enabling environments are created for Māori to exercise: <ul style="list-style-type: none"> - mana whakahaere: governance and decision-making authority - mana motuhake: the right for Māori to be Māori, to live on Māori terms and with Māori values and practices including tikanga - mana tangata: equity in health and disability outcomes - mana Māori: ritenga Māori (rituals) framed by te ao Māori, enacted through tikanga and encapsulated within mātauranga Māori (Māori knowledge).
System, strategic, surveillance and service levels	<ul style="list-style-type: none"> › Takes a broader view of commissioning that covers system impacts, strategic commissioning, surveillance of health and disease, sustainable funding and workforce, provider capacity and capability, data and digital, and market shaping, alongside the more usual focus on commissioning services.
Ako <i>We learn together</i>	<ul style="list-style-type: none"> › Recognises we are all learning together to understand ‘what works for whānau’, involving service users, whānau, communities, Māori service providers, Iwi-Māori Partnership Boards and stakeholders across the health and social sectors, including Whānau Ora. › Uses insights to improve the overall system, including system design.

What we can do differently

Outcomes for Māori and other groups not well served by the current system won't improve unless we change the way we build and keep trust, think, plan and act in relation to commissioning, fund and deliver services and other investments, and assess outcomes together when we are commissioning.

	Conventional commissioning	Whānau-led and Māori-led commissioning
People Whānau Communities	<ul style="list-style-type: none"> › Creates barriers to accessing health care because it does not understand whānau needs, capability and context. › Fosters a power imbalance as professionals decide what's best for service users and whānau. 	<ul style="list-style-type: none"> › Uses 'what matters to whānau' to shape system and service design. › Sees whānau as having strengths, social capital and capability. › Enables whānau to exercise choice and make decisions for their own health and wellbeing.²¹ › Over time, shifts more decision-making authority and resources to whānau and communities so they can improve their own health and wellbeing (Organisation for Economic Co-operation and Development 2017; Williams et al 2012).
Delivery	<ul style="list-style-type: none"> › Is more likely to fund services that take a western biomedical approach. › Restricts innovation as funding comes with highly specified deliverables. › Provides funding at levels that are often below the cost of delivery. › Creates insecurity for services, which need multiple contracts to stay afloat. 	<ul style="list-style-type: none"> › Leads to integrated services and multidisciplinary teams that take a holistic approach, 'working with' people and their whānau. › Is a way of addressing root causes with a focus on determinants of wellbeing and building strengths. › Enables innovation as contracts support development of new approaches using co-design. › Provides funding at levels that cover the cost of delivery and are sustainable. › Pools or integrates funding and/or reduces reporting compliance costs. › Understands and supports changes to service types and delivery mechanisms (including where whānau may choose other options).

²¹ The case study of Te Pūtahitanga o Te Waipounamu (South Island Whānau Ora Commissioning Agency) looks at innovative commissioning approaches that support whānau to **develop localised solutions**.

	Conventional commissioning	Whānau-led and Māori-led commissioning
Commissioners	<ul style="list-style-type: none"> › Uses contracts and performance measures that focus on outputs and maintain a 'disease and deficit' approach. › Has a difficult process to apply for funding and rigid reporting requirements. › Sets contracting practices that narrow what is possible within existing rules. › Focuses on unit cost and short-term efficiencies. 	<ul style="list-style-type: none"> › Focuses on outcomes, with evidence-based theories of change on what is needed, including funding, time and other resources. › Uses contracts and performance measures that value contributions that services make to the 'journey' and achieving broader, more sustainable outcomes. › Streamlines funding applications and has a process for approving short-term, one-off investments to support innovation using a 'lighter' business case, aligned to the level of risks identified. › Develops reporting with providers so measures can contribute to continuous improvement. › Encourages innovation within existing rules. › Thinks about costs across the system, focusing on prevention and long-term public value. › Invests in community leadership capacity and capability, to support whānau and communities to lead and have decision-making authority and resources.
System conditions	<ul style="list-style-type: none"> › Privileges western biomedical models and clinical perspectives. › Sees professionals as experts, who 'do services to' service users and whānau. › Structural and systemic racism influences investment decisions. › Values productive efficiency (unit cost). › Funding and investment by service lines can limit new thinking and the opportunity for more strategic investment. › Has an inward-looking focus on the health sector. › Prioritises treatment over prevention. › Uses isolated levers of change (eg, no policy or regulatory changes are made to give commissioning more impact). 	<ul style="list-style-type: none"> › Values mātauranga Māori and rongoā. › Sees whānau as experts in what works for them. Enables their insights to shape system and service design and other investments (eg, community leadership development). › Professionals 'walk alongside' whānau, and enable choice and control. › Calls out and addresses structural and systemic racism. › Values allocative efficiency (whole-of-system cost, including costs for sectors outside of health). › Uses a mixed approach of commissioning, policy, regulation, monitoring and evaluation to drive improvements.

	Conventional commissioning	Whānau-led and Māori-led commissioning
Enablers	<ul style="list-style-type: none">› Lacks easily accessible data on providers and their contracts.› Has low capacity and capability in commissioning skills. Sees commissioning as contracting third-party providers.	<ul style="list-style-type: none">› Develops and actively uses the data infrastructure of providers, contracts and reporting across sectors.› Builds people and teams in the broad range of skills needed for effective commissioning, both nationally and locally: in engagement, analysis, prioritisation, contracting, relationship management, monitoring and continuous improvement.

The journey to Commissioning for Pae Ora

All participants in the Pae Ora commissioning process will experience change over time.

- › Whānau move from being passive recipients of care to active players and decision-makers who direct their health and wellbeing journeys.
- › Service providers help commissioners understand what is needed to support continuous improvement. They move away from a narrower, less constructive focus on compliance.
- › Commissioners can work from a place of humility, seeking to understand how they can influence system conditions to enable innovation and devolve decision-making and resources.
- › System stewards can develop relationships, tools and processes that support shared accountability, performance monitoring, capability building, prioritisation and investment decisions.

Commissioning for Pae Ora is a journey that will take time, trust, humility and courage as system conditions are challenged and changed to improve outcomes for whānau now and for future generations.

How change can happen

Changes at each stage of the commissioning cycle

Commissioning for Pae Ora sets out what needs to change at each stage of the commissioning cycle to move to whānau-led and Māori-led commissioning.

The 4 broad commissioning stages involve:

1. Determining purpose and understanding need and/or opportunity
2. Designing and planning
3. Sourcing and investing
4. Delivering, monitoring and evaluating.

This section provides guidance on how to enable changes at each of these stages. It includes key questions relevant to each stage plus links to guides, tools and resources.

The approach continues in a repeating cycle so will be updated to reflect new understandings and insights as commissioning practice matures.

Purpose and understanding

Aim

To understand and define the need or opportunity, the outcomes wanted, what's already known to work and how ready providers and communities are for action.

Key steps

- › **Determine purpose:** Identify the need or opportunity, who is impacted and desired outcomes.
- › **Understand demand:** Explore the size and nature of the problem or opportunity, now and in the future.
- › **Identify what's known to work** (or what is promising): Learn from whānau, community and provider insights, Iwi-Māori Partnership Boards, locality networks, key stakeholders and research.
- › **Assess readiness for action:** Understand the capacity and capability of commissioners, providers and communities to respond.²²

Determining purpose

To make a real improvement to health and wellbeing outcomes, service users and whānau need to contribute to shaping the purpose for the system, services and other investments. This also helps prompt commissioners to consider more holistic approaches. For example, thinking about what is needed to 'enable a good life' was a key part of transforming the disability system.²³

²² A range of online tools for change readiness can be helpful for actors involved in the process at different levels (commissioners, providers, communities). See The Treasury's change management guidance for government leadership: URL: treasury.govt.nz/information-and-services/state-sector-leadership/investment-management/plan-investment-choices/change-management-guidance (accessed 12 September 2022).

²³ Enabling Good Lives. nd. Enabling Good Lives Toolbox. URL: enablinggoodlives.co.nz/about-egl/resources/provider-resources/enabling-good-lives-toolbox/ (accessed 12 September 2022).

Understanding demand

Involving service users, whānau and the community when developing an understanding of demand (needs and opportunities) improves outcomes. In the past, health needs assessment tended to be a ‘desk job’ focused on analysing quantitative data such as the type and distribution of health and disease, demographics, general practitioner (GP) enrolment rates and hospitalisation rates for avoidable illnesses. This analysis may have extended to considering the impact of local contexts and social, economic and behavioural factors on health and service accessibility (economic hardship, poor housing, rural or remote areas with no public transport).

In addition, the assessment considered how these factors may apply to subgroups with higher or different needs, such as Māori, Pacific peoples, the very young or very old, members of the Rainbow community and/or those with disabilities.

Commissioning for Pae Ora emphasises the importance of moving beyond the ‘desk job’ to engage directly²⁴ with the community, and subgroups within it, to gain their insights on what is impacting on their health and wellbeing. This includes seeking their insights on what’s working well with current services, any barriers to access or gaps, and what needs to improve.

This engagement can also help build in a strengths-based, targeted approach, by finding out:

- › What assets and capabilities do the people, whānau and community have?
- › What are their aspirations?
- › What is working well, based on their lived experience and insights?
- › What are their priorities for action?

Engaging with staff, providers, funders and other stakeholders, who have different perspectives from service users and the community, can help round out understanding.

Finally, assessments can estimate future demand based on existing demographics and service use data, as well as broader research on social trends or socioeconomic forecasts.

²⁴ Engagement works better when established and trusting relationships are in place with different community groups, and where the engagement reflects cultural norms, values and communication preferences (eg, for te reo Māori or New Zealand Sign Language).

Identifying what's known to work and why

The next step involves reviewing evidence from evaluations and broader research in order to gain an up-to-date understanding of effective service design, models of care and delivery methods. The insights from whānau, providers, clinicians and other professionals add to this understanding.

Assessing readiness for action

To understand the extent to which local providers and the community can meet current and future demand, commissioners need to consider:

- › community capacity, capability, leadership, assets and resources
- › effectiveness of current services, models of care and other investments
- › service coverage across the life course and the intervention spectrum (from prevention to treatment, to ongoing care)
- › evidence and knowledge about better models or ways of working to improve outcomes
- › opportunities to collaborate²⁵ in ways that achieve better outcomes, including opportunities arising through the available mix of disciplines, technical and cultural skills (language, cultural safety) and community-led responses
- › provider capacity and capability to innovate as well as to deliver current work
- › leadership that supports innovation.

Using the needs assessment, this approach then draws together a view on what people and whānau want, opportunities, priorities and options. Decisions about how to act on this assessment come at the planning stage, which government strategies and organisational priorities also help to shape.

²⁵ Exploring opportunities for collaboration includes finding out about:

- › whether providers can share health records
- › referral patterns and pathways
- › examples of integrated service delivery collaboration between health and social sectors (eg, aged care, disability services, family services, housing).

Local matters

Deep understanding of local communities and contexts is needed. This includes understanding iwi and mana whenua history and sites of significance, as well as any geographic features that shape service access. Barriers to access may be physical, like winding, narrow roads, or psychological — ‘we don’t go to services on that side of the bridge’.

Key shifts in commissioning at the purpose and understanding stage

	From conventional commissioning	To whānau-led and Māori-led commissioning
People Whānau Communities	<ul style="list-style-type: none">› Makes assumptions about what matters and what works for whānau.› Sees people, whānau and community through a ‘disease and deficit’ lens, as needing to be ‘fixed’.	<ul style="list-style-type: none">› Involves service users, whānau and community in shaping the purpose so systems and services and other investments focus on ‘what matters’ and ‘what works’ for them.› Takes a strengths-based approach.› Provides support and services that ‘work with’ people and whānau.› Identifies opportunities to invest in community and whānau capability, capacity and leadership.
Delivery	<ul style="list-style-type: none">› Providers have little to no input.› Buy-in among providers is low. They see it as ‘just more change’.	<ul style="list-style-type: none">› Includes providers in shaping service design.› Values and uses their knowledge and experience.
Commissioners	<ul style="list-style-type: none">› Mainly develops an understanding of need through a ‘desk job’ based on quantitative data.	<ul style="list-style-type: none">› Uses lived experience to gain insight into what is impacting on the health and wellbeing of people and whānau, what is working well and what needs to improve in current service provision.
System conditions	<ul style="list-style-type: none">› Involves little inquiry into provider capacity and capability.	<ul style="list-style-type: none">› Considers capacity and capability of providers to deliver as a key part of understanding what’s needed.

Purpose and understanding: what and how

Aim

To understand and define the need or opportunity, the outcomes wanted, what's already known to work and how ready providers and communities are for action.

	Focus for action	How — methods, tools, resources and evidence
People Whānau Communities	Identifying the need or opportunity What are the needs and opportunities? What is the population of interest: › everyone in a geographic area › people with a particular characteristic (eg, Māori, children, elderly) › people with particular health conditions (eg, long-term conditions)? What is the level of unmet need? What stops whānau engaging and why? What would support their engagement? Does the government have a role in meeting this need?	Using national and local data sets to understand: › the size and demographics of the population of interest and key subgroups › the health issues affecting the population of interest › differences in scale and the type of issues affecting the population › socioeconomic context › geographic features that may impact on service access › barriers to and enablers of health, wellbeing and equity.
	Determining purpose What are the desired outcomes for service users, potential service users and whānau? 'What matters' to them?	Engaging service users, potential service users and communities is an essential part of this process. Methods might include: › user experience studies and surveys › journey mapping › observational research (eg, site visits) › review of complaints › community engagement › 'designing from the margins' tools. ²⁶ The Iwi-Māori Partnership Boards will have deep local insights, as well as applying a lens from te ao Māori to consider what is needed to improve outcomes and build for the future.

²⁶ *Designing from the Margins* (Korman et al 2021) uses 3 core design principles.

- › Design from the margins: Emphasise and include the perspectives of people with the greatest needs.
- › Build understanding: Bring stakeholders together to foster partnership, empathy and strong relationships.
- › Shift mindsets: Develop new ways of thinking to transform practice and achieve sustainable solutions.

	Focus for action	How — methods, tools, resources and evidence
Delivery	<p>What are the best ways of allocating decision-making and resources to drive improvements? Do they involve sitting with whānau and communities, or with service providers, or making collaborative efforts?</p> <p>To what extent are consistency and standards still needed (eg, to meet safety requirements) while allowing flexibility to meet local needs, aspirations and contexts?</p>	<p>To what extent will decision-making and resources be devolved to whānau and communities to lead their own responses? Are the capacity, capability and leadership they need in place?</p> <p>If services are needed, are providers available who can deliver the quality and type of support needed? (Are they accessible to and trusted by the community?)</p> <p>Can collaboration between community and providers better meet needs?</p>
Commissioners	<p>Understanding demand</p> <p>What do we know about local service provision in terms of:</p> <ul style="list-style-type: none"> › type, coverage, mix and match to need › enrolment and use patterns by: <ul style="list-style-type: none"> - key demographics - conditions and co-morbidities › trends and growth › effectiveness? <p>Who is missing out and why?</p> <p>Readiness for action</p> <p>Do existing providers have the capacity and capability to deliver services, innovate and improve?</p> <p>Are there any other providers who could meet needs?</p>	<p>Understand community strengths and aspirations, with a focus on:</p> <ul style="list-style-type: none"> › community networks and leadership › opportunities to build on existing capacity and capability.²⁷ <p>Map services for:</p> <ul style="list-style-type: none"> › location, opening hours, outreach, accessibility › GP and provider enrolments by demographics, coverage, unmet need › primary, secondary and tertiary service use by subgroups › acceptability — using preferred language, cultural safety, user/whānau experience › quality — accreditation, reputation and use patterns › resilience and readiness to innovate.
System conditions	<p>What's working, not working, and known to work?</p> <ul style="list-style-type: none"> › What investment has been made? › How effective are local services, overall and for the target population? › Are resources being used in the most effective way to get the outcomes that matter? › What is the best available evidence for effective and good-value solutions? 	<p>Identify:</p> <ul style="list-style-type: none"> › patterns of investment — purpose, funding amount, contract type and incentives › outcomes, both overall and for the target group › outcomes by provider type › cost–benefit or return on investment analysis › literature and evidence on effective models of care, commissioning and continuous improvement.
Enablers	<ul style="list-style-type: none"> › What is needed to plan for the future, including anticipating demand, whānau and community behaviours, expectations and preferences? 	<ul style="list-style-type: none"> › Consolidate needs analysis, demand projections, existing provider coverage, capacity and capability, readiness and innovation to improve outcomes.

²⁷ One example is the Pride Project Charitable Trust in Manurewa. This movement of ordinary people, residents and proud locals has a vision and kaupapa to create a healthy and connected community where tāngata whaiora feel empowered to become local champions and take a stand for their whānau and wider community.

Designing and planning

Aim

To design innovative responses to improve outcomes, using prioritisation criteria and assessment of public value, supported by a plan of action.

Key steps

- › Design: Identify what will improve outcomes.
- › Decide priorities and what success will look like.
- › Plan: Sequence the actions and approvals needed to turn the idea into reality.

Designing

Innovative responses are needed because the current health system and services are not working well for Māori. Commissioning promotes innovation and encourages new services and models of care when it asks whether current services are delivering outcomes that matter and in ways that deliver equity, and then develops and tests alternatives.

Innovation requires new ways of thinking, designing and delivering services. Design thinking can contribute to this, as a creative process to think about a better future for people. Involving people with diverse backgrounds and views also helps build richer understanding and insight, including understanding of the bigger context.

Key elements of design thinking are to:

- › shift the focus from what's always been done and what works for providers, funders and the system to deeply understand 'what matters' to service users, whānau and communities
- › place 'lived experience' at the centre of the design process. It can also use personas to build understanding and empathy — exploring what it feels like for people using the services now or navigating a complex health system
- › develop journey maps to understand all the steps and all the providers a person has to navigate or see to get the help that is of value to them
- › highlight unmet needs

- › create new ways of working together or new services to improve outcomes and address unmet needs.

Design thinking can be used to include diverse perspectives on a creative journey to reach an understanding of the ‘sweet spot’ for innovation. At that spot we know:

- › what’s desirable: the solution is what whānau want and fits their lives
- › what’s feasible: achieving the solution is within existing capability (services, sector, technology)
- › what’s viable: the solution aligns with strategic and organisational goals.

Deciding priorities

Deciding priorities is a key part of commissioning. It involves making decisions about how to allocate resources between the sometimes competing claims of different:

- › groups
- › needs and opportunities
- › contexts
- › stages of the life cycle
- › stages of intervention (prevention, rehabilitation, treatment)
- › types of investments (services, support, or capability building of whānau, communities, providers or workforce)
- › models of care (western biomedical, holistic, rongoā)
- › types of providers (public, private, NGO).

The presence of all these different elements and perspectives is why setting priorities can be hard. In working through the options, it can be helpful to understand:

- › the distribution of health access and outcomes, both within and between populations, groups and contexts
- › the aspirations, needs and strengths of people, whānau and their communities and contexts
- › that where inequitable contexts exist, we need to give priority to those experiencing inequities. If we attend equally to everybody’s interests, we reproduce inequity (Gorski 2019)
- › the cost-benefit and public value of different interventions and investments.

The aim of priority setting is to achieve public value as well as to meet strategic objectives. Strategic objectives include reducing inequities, meeting Te Tiriti o Waitangi obligations, fostering Māori-Crown relationships and redressing wrongs.

The main influences on priority setting are:

- › political and strategic priorities
- › evidence of what works — and what is considered valid evidence
- › assessment of public value
- › levels of resourcing available.

Some other potentially negative influences can include investments and commissioning practices of the past, and what matters to advocacy groups, even when these do not represent public value. Including criteria for a clear and transparent process for setting priorities and taking public value into account can reduce the impact of these influences.

Commissioners should actively and regularly engage with their local community in setting priorities. They should also communicate the outcome and impact of their commissioning decisions to that community.

To set priorities in a commissioning environment, commissioners need to understand the capacity of the market. This will often require conducting some market testing or soundings.

Deciding what success will look like

Commissioners make decisions about how to measure success when developing performance monitoring processes, outcomes measures and evaluation approaches.

Agreeing what success will look like (and how to measure it meaningfully) at the designing and planning stage will help to achieve more effective results when planning and designing in more detail later.

Planning

The scale, complexity and level of strategic priorities and investments shape the level of detail for planning. Plans can help record the following information.

Focus	Information in plan
Why	<ul style="list-style-type: none">› The case for change› Alignment to strategic priorities
Who	<ul style="list-style-type: none">› Allocation of roles and responsibilities› Governance and decision-making arrangements
What	<ul style="list-style-type: none">› The design process and what changed as a result of engaging with community and whānau› What’s needed to go on to the approvals stage (eg, funding request, business case)› What’s needed to implement (funding, preconditions, skills, lead-in time, communication)
When	<ul style="list-style-type: none">› A high-level timeframe for approvals and implementation, with key milestones
How	<ul style="list-style-type: none">› A high-level implementation plan› A communication and engagement plan› A risks and issues management plan› Monitoring approach (delivery, performance, accountability, continuous improvement)› Evaluation approach (outcomes, what’s working well, what needs to change, future investments)

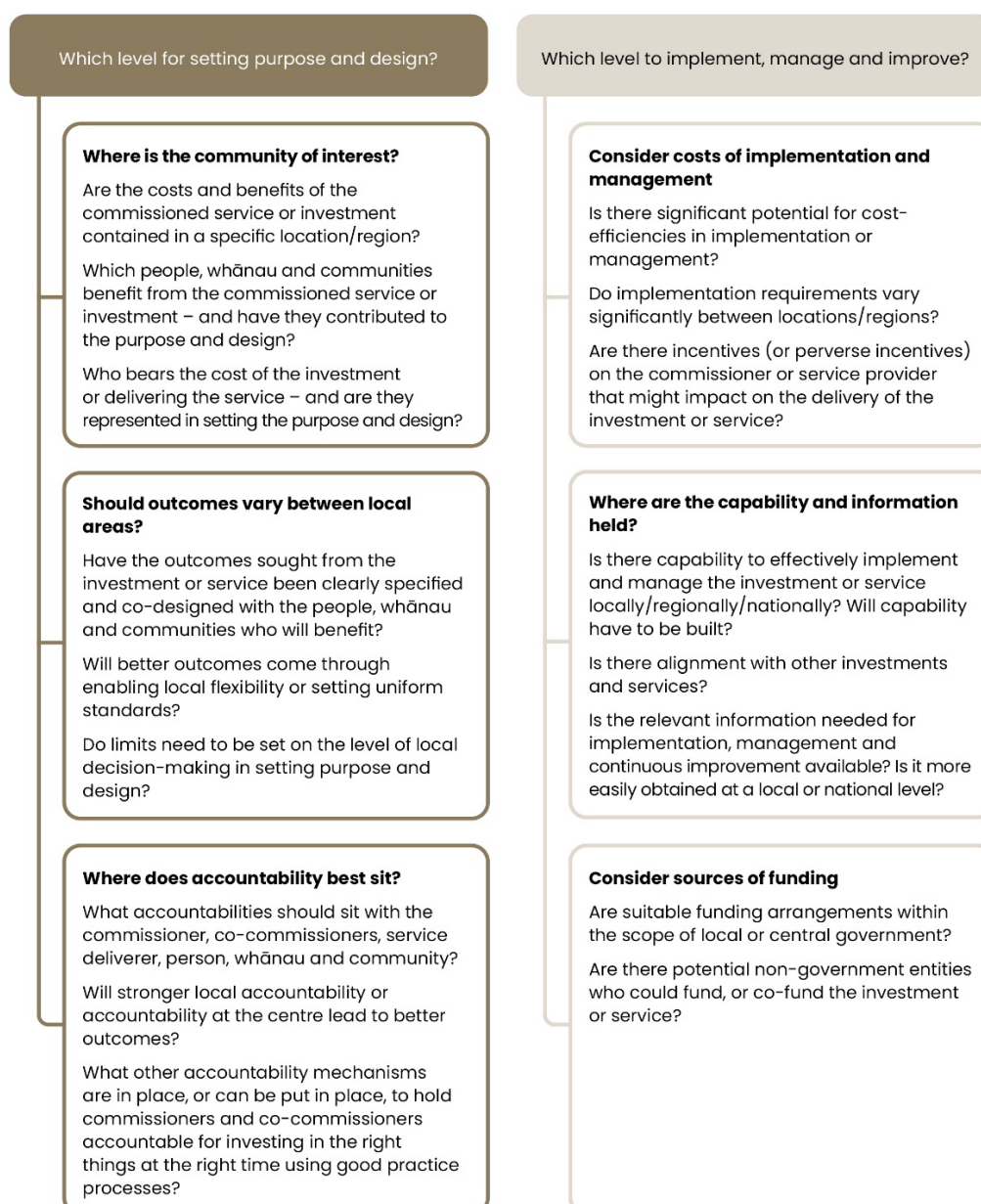
Commissioners need to revisit some high-level details in the plans during the contract development stage. This is because providers will have insights on what is feasible and when, and how to best use performance monitoring to support performance management.

Allocating responsibilities at national, regional and local levels

Responsibility for managing different parts of the commissioning process can be spread between local, regional and national levels.

Figure 3 lists some questions on benefits, capability and the local context. Commissioners can use these to help make decisions about the most effective way of allocating responsibilities.

Figure 3: Questions to help decide where to allocate responsibilities for the commissioning process



Source: Adapted from the New Zealand Productivity Commission (2013).

Key shifts in commissioning at the designing and planning stage

	From conventional commissioning	To whānau-led and Māori-led
People Whānau Communities	<ul style="list-style-type: none"> › Does not design services and other investments around what matters to whānau. 	<ul style="list-style-type: none"> › Involves service users, whānau and communities in shaping system and service purpose, along with other investments, so services deliver 'what matters to them'.
Delivery	<ul style="list-style-type: none"> › May draw on providers' expertise in delivery and their understanding of local contexts and communities, but that is not standard practice. › Assumes a service is what is needed, ahead of other types of investments (eg, in community leadership and capability building, flexible funding approaches). 	<ul style="list-style-type: none"> › Engages community, whānau and providers in designing new approaches. › Involves community, whānau and providers in shaping meaningful performance measures that capture value. The results can explain variance in outcomes and support continuous improvement.
Commissioners	<ul style="list-style-type: none"> › Prevents innovation by taking a top-down approach. › Uses a funding approach that follows historical patterns, including in assuming that a service response is needed. › Considers a narrow range of options. › Uses efficiency and unit costs to deliver services as measures of value. 	<ul style="list-style-type: none"> › Enables design thinking with diverse inputs. Service users, potential service users, whānau and communities help shape the system and service purpose, along with other potential investments and the outcomes that matter to them. › Enables thinking around 'what's possible'. › Manages uncertainty by using theories of change and staged approaches. › Uses costs across the system and public value.
System conditions	<ul style="list-style-type: none"> › Takes a narrow view of why outcomes have not improved. 	<ul style="list-style-type: none"> › Recognises that system conditions impact on outcomes. These conditions include what evidence the system values, how it enables innovation, and the impact of systemic and institutional racism on service design.

Designing and planning stage: what and how

Aim

To design innovative responses to improve outcomes, using prioritisation criteria and assessment of public value, supported by a plan of action.

	What we need to do	How — methods, tools, resources
Designing	<p>What will improve outcomes?</p> <p>We need to answer these questions.</p> <ul style="list-style-type: none"> › What services, models of care or other support will deliver outcomes that matter to service users, potential service users, whānau and community? › How well do current service models and investments compare with what matters and what works? › What's working? What's promising? What needs changing? 	<ul style="list-style-type: none"> › Conduct case file reviews and observations to assess and quantify service gaps, time from contact to resolution, evidence of escalation and/or repeat contact for unmet need. › Gain lived experience insights and understanding of what matters to whānau from interviews, surveys and design-thinking methods such as: <ul style="list-style-type: none"> - personas - journey mapping²⁸ - service design²⁹ - theory of change and intervention logic to set out how the new approach will improve outcomes. › Interview and survey providers and other key stakeholders (eg, Iwi-Māori Partnership Boards, social sector agencies). Include them in the design-thinking work too, taking care to manage power imbalance and safeguard service users, whānau and community members.

²⁸ For government guidance, see: UK Government. 2017. Open Government toolkit: journey mapping. URL: gov.uk/guidance/open-policy-making-toolkit/understanding-policy-problems-and-user-needs#journey-mapping-introduction (accessed 16 September 2022), which includes journey map information, tools and examples; and UK Government Communication Service. 2021. Customer journey mapping. URL: gcs.civilservice.gov.uk/guidance/campaigns/customer-journey-mapping/ (accessed 16 September 2022), a tool and guide to journey mapping. For a private sector perspective that is relevant to public sector context, see: UX Mastery. 2014. How to create a customer journey map. URL: uxmastery.com/how-to-create-a-customer-journey-map/ (accessed 16 September 2022).

²⁹ For tools, see: Service Design Tools. nd. Tools. URL: servicedesigntools.org/tools (accessed 16 September 2022); and Health Quality & Safety Commission. nd. Partners in Care. URL: hqsc.govt.nz/our-programmes/partners-in-care/ (accessed 16 September 2022), which includes co-design tools.

	What we need to do	How — methods, tools, resources
	<p>What could deliver these outcomes?</p> <p>What would be most effective:</p> <ul style="list-style-type: none"> › redesign or integrate existing services › an existing or new service delivery model › one-off or repeat services › bundled or separate services › the standard or a different type of investment (capacity building, flexible funding)? <p>What do we expect about:</p> <ul style="list-style-type: none"> › the complexity of needs › whether the response is likely to achieve the intended outcomes › how easy it is for service users to change providers, and what costs would be involved › provider and market capacity and capability to respond? <p>Is a staged approach needed?</p>	<p>Assess resources (budget, people, skills, time) to:</p> <ul style="list-style-type: none"> › design and procure the service or other investment › deliver the service or intervention (value chain analysis) › monitor and support continuous improvement › evaluate › recommission or decommission. <p>Assess the risks of:</p> <ul style="list-style-type: none"> › an increase in demand › providers being unable to innovate, integrate, meet demand, maintain quality or perform in other important ways › losing service continuity if providers don't deliver. <p>In managing risks, consider whether a staged approach would help. For example, first agree to a discovery phase with approval gates to pass through before continuing further.</p>
Deciding priorities	<ul style="list-style-type: none"> › What can we do within existing conditions? › What additional resources are needed? › Can we get those additional resources in the time needed? › What delivers outcomes that matter to whānau and hits the 'sweet spot' for innovation where the solution is desirable, feasible and viable? 	<ul style="list-style-type: none"> › Define high-level measures of success. › Assess: <ul style="list-style-type: none"> - alignment with strategic priorities - against Te Tiriti principles and equity impact - provider capacity, capability and readiness - how much funding is available, criteria, approval process and timing - cost–benefit and return on investment.³⁰
Planning	Produce a clear and agreed record of purpose, what success looks like, governance, approvals and funding process, key deliverables, timeline and risk management.	<p>Use:</p> <ul style="list-style-type: none"> › planning templates › business case templates³¹ › approval processes.

³⁰ See The Treasury's guide to social cost–benefit analysis (The Treasury 2015). Commissioners can use Treasury's CBAX tool (required when preparing Budget bids) to monetise impacts and provide return on investment analysis. See: The Treasury. 2021. CBAX spreadsheet model. URL: treasury.govt.nz/publications/guide/cbax-spreadsheet-model (accessed 16 September 2022).

³¹ See The Treasury's Better Business Cases (BBC) resource page. Government agencies must use The Treasury's BBC templates for all **significant investment proposals** — defined mainly around risk, level of investment and Cabinet or ministerial approval. They must also use the BBC template for any significant innovation or non-traditional approaches to procurement or alternative financing arrangements, even if funded from agency baselines and balance sheets. See Cabinet Office circular CO (19) 6: Investment Management and Asset Performance in the State Services. URL <https://www.treasury.govt.nz/information-and-services/state-sector-leadership/investment-management/better-business-cases/guidance> (accessed 20 September 2022).

Supporting integrated services and other investments across sectors

When a health care system is aiming to deliver lasting outcomes, it has a greater need for integration across services and across sectors, as people's needs are complex and meeting them requires whole-of-person care. Commissioning can contribute to providing more integrated support by seeking to understand — at each stage of the commissioning cycle — how people and whānau have experienced services and particularly whether services were seamless or fragmented, inaccessible or not available.

The system also needs a deeper understanding of how other types of investment can lead to better outcomes.

Sourcing and investing

Aim

To find the right provider to deliver the service or support, using contract requirements to ensure that what is delivered ‘works for whānau’ and is a good use of public funds.

Key steps

- › **Source:** Decide on the right sourcing approach to achieve the purpose and then find the appropriate provider.
- › **Invest:** Develop the contract with conditions that enable and incentivise the desired outcomes.

Sourcing

When government entities undertake commissioning, they are bound by the Public Finance Act 1989 and procurement rules and principles (accountability, openness, value for money, lawfulness, fairness and integrity). These requirements are set out in:

- › *Government Procurement Rules* (Ministry of Business, Innovation and Employment 2019) and the principles of Government Procurement³²
- › Office of the Auditor-General (2008) *Procurement Guidance for Public Entities*.

³² Ministry of Business, Innovation and Employment. Government Procurement principles. URL: procurement.govt.nz/procurement/principles-charter-and-rules/government-procurement-principles (accessed 13 September 2022).

Investing

The New Zealand Government Procurement website³³ contains guides and templates to support public entities in their procurement practices.

Procurement involves more than spending money. It is the legal and technical process of seeking bids and getting services or goods from an external source, such as a service provider, an NGO or a business. The commissioning agent can describe what it is looking for and potential suppliers can respond. The description usually covers quality, experience, price and time (Slay and Penny 2014).

Greater innovation is possible under existing legislation and procurement rules, but practices have normalised around narrower interpretations of these requirements. To foster innovative practices now, Commissioning for Pae Ora can enable procurement advisors and contract managers to support and encourage innovation in service and system design, as well as providing expertise on how to meet accountability requirements.

Innovation in procurement practice is the most likely path to innovation in service delivery. (Villeneuve-Smith and Blake 2016)

Ongoing training and support to embed new practices are also essential.

Innovation in sourcing

New Kaupapa Māori Primary (Community) Mental Health and Addiction Services procurement³⁴

Commissioning can gain value from sourcing models that bring diversity and innovation into the provider market, along with other types of investment that build whānau and community capability and strengths.

³³ URL: procurement.govt.nz/procurement/ (accessed 13 September 2022).

³⁴ See the case study for more details: health.govt.nz.

Provider markets

To be effective, commissioning requires a ‘market’ of service providers that are able and willing to bid for contracts and provide services within a commissioning framework.

How provider markets are shaped

The main influences on the mix, diversity, breadth and depth of provider markets are a combination of market drivers, and whether existing providers have the capacity and capability to respond to changes in demand and preference. In addition, new providers can face barriers to entering the market, including the time and set-up costs involved in meeting service standards and regulatory requirements and managing risk from uncertainty of demand.

Market stewardship

The government can intervene in the provider market to ensure it contains resilient service systems with well-functioning providers and provider markets, which are essential for effective commissioning. The following table lists options for intervention.

Type of intervention	Government actions
Delivery	<ul style="list-style-type: none">› Provide conditions that support existing providers to continue. (With appropriate funding levels and contract periods, providers can recruit, train and retain skilled staff.)› Encourage new providers to enter the market (through guaranteed contract volumes and longer contract periods, and by providing support with set-up costs). Expanding the market of providers increases diversity and options.
Incentivise	<ul style="list-style-type: none">› Incentivise collaboration between providers (and remove competitive contracting).› Incentivise services to match demand (locations, populations, service types, modes of delivery).
Manage risk	<ul style="list-style-type: none">› Manage risk by transitioning services in or out of government, considering market depth, user maturity and service continuity.

Funding options

The following table sets out some key factors to consider when developing funding solutions within a commissioning system (Harris et al 2015).

Factor to consider	Questions to guide decision-making
Who holds the funding	› Who in the commissioning system is best placed to hold and control funding, and can make the best-informed choices to generate the best outcomes? Examples include the government agency (the commissioner), the service provider and the service user. ³⁵
Incentives to collaborate	› How could funding be better structured to encourage cross-agency collaboration? One example is to pool funds from multiple agencies. ³⁶
What releases funding	› What process is used to release funding, so it enables the best performance and achieves the desired outcomes? Options include pre-payments, milestone payments, bulk payments and performance bonus payments.

³⁵ In Mana Whaikaha and some parts of Whānau Ora service delivery, service users and whānau have flexible, individualised budgets and exercise choice and control over how they use these. See the case studies on Mana Whaikaha and on Te Pūtahitanga o Te Waipounamu's approach to direct commissioning for people and whānau. URL: health.govt.nz/publication/commissioning-pae-ora-healthy-futures-2022

³⁶ This approach is used in the quota refugee health programme and the joint venture addressing family violence and sexual violence.

Funding mechanisms

The following table describes major funding mechanisms in the health sector, along with relevant risks and benefits they bring and preconditions for using them.³⁷

Type of funding	Relevant risks, benefits and preconditions
Fee-for-service	Fee-for-service funding is useful for relatively standard services in areas where the provider has no control over demand. In this scenario, the funder accepts all demand risk.
Casemix	<p>Casemix funding requires sophisticated data (eg, clinically coded inpatient hospital events or interRAI’s tool assessment for home care) but can handle extreme variability in consumer need (eg, ranging from one night’s observation in a medical assessment unit to kidney transplants).</p> <p>Casemix funding generally supports equity as funding follows consumer need and the base case-weight price can also be adjusted to reflect relative economies of scale or other considerations. Other demand risks can be managed, for example, through case-weight volume agreements.</p>
Capitation	<p>Capitation funding is very useful for funding preventative services that may be overused with fee-for-service funding. It assumes that the provider can manage the variability in consumer need within the structure of the capitation bands.</p> <p>A risk of capitation funding is that the variability in the funding bands may not reflect the cost distribution of service user need well enough, leaving some providers at a disadvantage.</p>
Mixes of funding	Mixes of funding mechanisms include capitated modules, ³⁸ mixes of capitation and fee-for-service ³⁹ or a mix of base capacity with fee-for-service additions for volume above expectations.

³⁷ PHARMAC (2019) notes that the way health systems are designed, operated and financed acts as a powerful determinant of health.

³⁸ Primary lead maternity care services use this approach. There are capitated modules for each trimester of the pregnancy, and then for labour and birth and postnatal care, with adjustments for rurality or different clinical situations. There is also fee-for-service for some additional services. Further evolution of this approach is under discussion.

³⁹ Dental care with NGO dentists for teenagers uses this approach. The capitated module covers basic care and provides funding and incentives for preventative services. For less common complex treatments, fee-for-service is paid. This system was created to balance the need to fund preventative care with the nature of the dentistry community, which mainly consists of small and medium enterprises.

Contract features

The following table describes features of contracts that can support Commissioning for Pae Oa.

Feature of contract	Description
Contract length	<ul style="list-style-type: none"> › The length of a contract sends signals to the market about the value of the opportunity. › Contracts over a long period need not have fixed attributes and can allow for changes in technology, innovation, performance and price.⁴⁰
Renewal terms	<ul style="list-style-type: none"> › Renewal terms can impact provider behaviour and performance. They need to be sufficiently outcomes-focused to ensure providers perform through to the end of the contract.
Volume guarantees	<ul style="list-style-type: none"> › The more uncertain volumes are, the higher the risk premium (and therefore price) is likely to be. Guaranteed volumes can reduce uncertainty and risk premiums.
Service quality and minimum standards	<ul style="list-style-type: none"> › Contracts can help improve service quality and motivate providers to follow minimum standards (including statutory requirements) by specifying the service requirements and consequences for success or failure. › The service requirements outlined in a contract need to have support from a robust monitoring and assurance regime that uses both qualitative and quantitative data to assess quality and compliance.
Service continuity	<ul style="list-style-type: none"> › Service continuity is a key challenge for service contracts, particularly for service types that require providers to maintain customer–provider relationships and in shallow markets. › In shallow markets, commissioners may want to invest in supporting providers to improve performance and sustainability⁴¹ rather than implementing any sanctions too early. This could be reflected in areas of pricing and performance.
Risk allocation	<ul style="list-style-type: none"> › Risk allocation refers to the service contract provisions that determine who is responsible for the risk of certain events occurring (or failing to occur). › Three main considerations about risk allocation also impact price: operational, financial and reputational. › The level of risk a service provider assumes can impact on the proposed price and/or performance of services. It is a fundamental consideration.
Failure regime	<ul style="list-style-type: none"> › A service contract must clearly state the consequences of not meeting performance thresholds and other forms of service failure (eg, failing to meet statutory or minimum standards). These failures may be ‘one off’ events (eg, a major health and safety breach) or more gradual performance failures. › It is also possible to manage, mitigate or avoid such failures by taking a partnership approach to continuous quality improvement and solving contract and service delivery issues/problems as soon as they arise.

⁴⁰ The National Telehealth service case study looks at the long-term cross-sector contract used to create a flexible telehealth environment that can evolve and respond to new opportunities and changing contexts (eg, COVID-19). URL: health.govt.nz/publication/commissioning-pae-ora-healthy-futures-2022

⁴¹ Commissioning agencies need to plan for both sustainable and equitable funding.

Contract management

A contract usually sets out the performance management regime for providers.

Feature of performance management	Description
Measures	<p>Tailor measures to the purpose and level of detail needed to assess results and manage risk. These measures include:</p> <ul style="list-style-type: none">› outcome measures that are meaningful to whānau and reflect purpose› lead and lag indicators› performance measures that:<ul style="list-style-type: none">- provide a clear line of sight to strategic goals- explain variation in outcomes and generate insights to support continuous improvement› social cost–benefit analysis› system costs and public value measures.
Reporting	<p>Co-design reporting frameworks and templates with providers that:</p> <ul style="list-style-type: none">› only collect data that is useful and use existing data wherever possible› are appropriate for the level of investment and risk› provide performance and outcome data› meet requirements that allow results to be compared across time, groups and locations› link outcomes to cost of delivery› meet ethical and privacy requirements, including requirements for data sovereignty.

Key shifts in commissioning at the sourcing and investing stage

	From conventional commissioning	To whānau-led and Māori-led commissioning
People Whānau Communities	<ul style="list-style-type: none"> › Offers fewer options for Māori health services, such as mātauranga Māori and rongoā. 	<ul style="list-style-type: none"> › Increases options for a broad range of Māori health services, such as mātauranga Māori and rongoā.
Delivery	<ul style="list-style-type: none"> › Creates barriers to entry for new Māori service providers. › May disrupt local provider systems if processes exclude good providers from tendering or applying. › Does not cover full cost of service delivery in contracts. › Has highly specified contracts. › Has performance measures that do not provide useful insights — only track outputs. › Involves high compliance costs from multiple small contracts, with different reporting requirements. › Has low capacity for innovation. › Reduces trust in support, or in future contracts, if new ideas don't work. 	<ul style="list-style-type: none"> › Provides grant funding, capacity building and mentoring to support new Māori health providers to offer services. › Streamlines reporting. › Co-designs reporting so providers can tell their story, and the information is useful to them and funders. › Uses existing data. › Requires providers to share data. › Reduces manual input.
Commissioners	<ul style="list-style-type: none"> › Rarely uses theories of change at the design stage, making it harder to translate key requirements into the contract. › Conducts limited research on what contractual levers support: <ul style="list-style-type: none"> - provider performance - better outcomes for whānau. › Collects data that does not provide insights on variations. › Collects data that does not support continuous improvement. › Fails to gain understanding of the end-to-end commissioning process. › Has a limited number of staff who have the range of technical and engagement skills to commission well. 	<ul style="list-style-type: none"> › Actively reviews monitoring reports and uses them to support continuous improvement for service design, delivery and commissioning processes. › Develops workforce capability and provides training. › Supports a learning culture and is proactive and upfront in responding to any criticism of new ideas.
System conditions	<ul style="list-style-type: none"> › Does not actively shape the market for Māori health providers. › Has a limited pool of Māori health evaluators. 	<ul style="list-style-type: none"> › Actively shapes the market of Māori health providers, in partnership with the social sector.

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Sourcing and investing stage: what and how

Aim

To find the right provider to deliver the service or support, using contract requirements to ensure that what is delivered ‘works for whānau’ and is a good use of public funds.

Costing and pricing

To successfully construct cost models, funders and providers of services need high trust and transparency. When constructing these models within a ‘dual monopoly’ (often with peak bodies), a technical costing approach with high trust and transparency can often work best.

Collaboration between government funders can be very important to identify the true costs across multiple service lines with multiple funders (including private fees and charitable contributions).

Cost models need to explicitly list the types of costs included (ie, all the NGO’s costs of doing business, including return on equity and risk management). The table below describes key considerations when constructing a cost model.

Considerations when constructing a cost model

Factor to consider	Cost model requirements
Range of costs	Cost models need to cover the full range of costs (labour, consumables, capital and reasonable return on equity).
Variability in need	<p>Cost models need to reflect that consumers vary in their service needs. At some level, all cost models will generate an average cost per output or service. However, this average is always made up of a distribution of individual cost observations across the consumer group.</p> <p>Understanding this distribution is important. It can mean that one provider has a higher average cost than another provider because the service need (often referred to as 'patient casemix' in the health sector) of their consumers is higher overall. This is common for providers serving mainly Māori and Pacific whānau and other communities that face higher costs due to higher economic disadvantage, lack of infrastructure or living in geographically remote areas.</p>
Relative scale and scope across providers	Cost models need to consider relative economies of scale and scope across providers. Often providers serving Māori, Pacific or rural communities will have lower-scale, higher-development costs, higher costs to retain and attract staff, and higher costs in providing culturally safe services.
Parts of the provider's business	Cost models often have to distinguish between different sections of the provider's business. This applies especially for Māori and Pacific NGOs, which usually construct a holistic group of services based on whānau needs. Attributing costs to the right service areas can be challenging but is necessary to understand the true costs of services and make effective economic decisions.
Factoring in risk allocation and costs	<p>Cost models must inherently consider the risks that NGOs face. They must make a conscious allowance for how NGOs will manage those risks (eg, demand risk, cost inflation risk) and cost them appropriately.</p> <p>Decisions about how to allocate risk between funders and providers and the associated costs are important economically.</p>

Achieving cost models that fund NGOs sustainably involves making appropriate decisions on pricing and purchasing. Pricing methods need to reflect the nature of:

- › the people using the service, especially their varied service needs
- › the services being provided — for example, preventative health care is not usually priced
- › the market of providers providing the services and their ability to manage demand, variability of needs and other risks. For example, are they large providers with significant corporate capability, are they mostly small and medium enterprises, or a mix of these?

Considerations for pricing and purchasing

Pricing and purchasing requirements	
People Whānau Communities	<p>Funding must reflect the range of need present in a population, service user group and community.</p> <p>Sometimes investment includes a premium for services that enable access for whānau and communities that would not be served under a 'one-size-fits-all' funding model.</p> <p>Equity of outcomes is important because pricing incentives can be a powerful way of encouraging providers to address inequity.</p>
Delivery	<p>Pricing methods must ensure providers are reimbursed for reasonable costs and provide incentives for them to achieve equity and provide high-quality services.</p> <p>With an appropriate return on equity, providers gain the ability to change, adapt and innovate for their community's needs.</p>
Commissioners	<p>When commissioning services, it is important to fund them as a going concern (sustainable funding). With the funding, services should be able to cover reasonable labour costs, consumables and capital costs (for maintaining and replacing fixed assets) and receive an appropriate return on equity (even if they are a not-for-profit organisation).</p> <p>Purchasing models vary across the health sector. GPs and primary health organisations receive population-based capitation funding based on their enrolled patients. Other services are funded fee-for-service or through one of the other mixed funding models in use across the health sector.</p> <p>Government agencies also need to consider the full range of pricing and purchasing methods (eg, fee-for-service, capitation, casemix funding, capacity funding, price/volume capped). From those, they choose the method or mix of methods that best suits the:</p> <ul style="list-style-type: none"> › needs of service users and whānau › nature of the service › nature of the market of providers › ability of NGO providers to manage risk. <p>Another challenge is managing the different levels of economy of scope and scale and of risk management ability between providers. In some cases, it makes more economic sense for the funder to manage such risks as demand fluctuations.</p>
System conditions	<p>Many government services encompass a range of needs within a service line. Funding models need to make use of all funding options to best reflect and allow for variability of need.</p> <p>Where parties intentionally collaborate, including where those providing the service want to contribute, co-funding arrangements are appropriate.</p>

Delivering, monitoring and evaluating

Aim

To implement the service or intervention, monitor how it delivers against intended operation and budget, evaluate outcomes — what worked well and lessons learnt — and implement improvements (or decommission).

Key steps

- › **Delivery:** Ensure the preconditions needed to deliver the services well are in place and that providers can deliver the services as intended.
- › **Monitoring:** Track delivery against intent. What did providers deliver, when, to whom, how often, for how long and at what cost? If outcomes varied from what was intended, what were the reasons for this? What issues and risks arose and what risk management took place?
- › **Evaluation:** Evaluate whether the service or intervention generated the desired outcomes, reasons why (or why not), what worked well and what needs to change.

Delivering

Providers are responsible for putting the preconditions for success in place and then for delivering the services to the standard, quality, length, volume or other criteria in service-level agreements developed as part of the contract specification.

	Key understandings	How — methods, tools, resources
People Whānau Communities	In health, the safety of service users and whānau is of paramount concern for quality assurance.	When ‘what matters to whānau and community’ drives services and other investments, quality assessments must reflect whānau and community experiences and outcomes.
Delivery	Most health sector services will still be delivered through commissioned services from NGOs.	It is helpful to work with providers to get their insights on what helps drive continuous improvement. In this way, the focus shifts away from compliance to achieve a more dynamic learning partnership.
Commissioners	Commissioning on its own can put only a limited number of quality requirements in place.	The different agencies in the quality assurance space (commissioners, regulators, professional councils, Health and Disability Commissioner and the Health Quality & Safety Commission) all have different roles and strengths. The conscious melding of the systems creates a positive, reinforcing quality cycle (eg, the combined audit and quality process for aged residential care that came out of the 2009 Office of the Auditor-General review) ⁴² .
System conditions	Quality assurance needs to take a systems approach so that all the levers interact effectively: commissioning, regulation, professional bodies, standards, accreditation, workforce pipeline and training.	Other levers come from professional councils and oversight functions (Health and Disability Commissioner, Health Quality & Safety Commission). Regulation is used for the highest-risk situations.

⁴² URL oag.parliament.nz/2009/rest-homes (accessed 20 September 2022).

Monitoring

Monitoring is making a systematic assessment to understand whether the commissioned response is on track to deliver the expected results. Monitoring often tracks:

- › types of investment (services, capability building, technology)
- › timing of intervention (across the life course or intervention stage)
- › service delivery against agreed standards and volumes and other agreed criteria
- › reasons for service use
- › service use by key demographics (age, gender, ethnicity) — and who is missing out
- › results by service user characteristic (demographics, needs, conditions)
- › referral pathways
- › actual against planned expenditure
- › service and investment gaps, overlaps, duplication and future opportunities
- › whether key enablers (eg, workforce) are present and sufficient
- › issues, risks and actions taken to mitigate risk.

Decisions about the frequency and focus of monitoring are based on what the service is intending to achieve, as well as the level of:

- › risk from low or no protective factors, late delivery or poor-quality services
- › safeguarding needed for the target group (this may be mandatory through a regulatory framework or a legislative requirement or may reflect good practice)
- › investment and innovation
- › political interest and public scrutiny.

The greater the level of risk, investment, innovation or interest, the more robust the monitoring needs to be.

It can be time consuming to collect this information. For this reason, commissioners need to shape reporting requirements so that:

- › reporting requirements match the level of risk and investment involved
- › wherever possible, reporting uses data and information that are already being collected
- › where new data is needed, the amount of new data to collect is kept to a minimum

- › data and information provide insights into outcome variation⁴³ and areas that need to be improved.

Ongoing monitoring requires regular discussions between contract managers and providers about how the service or model of care is working, what results it is achieving, lessons learnt and areas for improvement. It can also involve reviewing the impact of contract incentives to innovate and integrate. Getting effective results from monitoring requires a relationship of trust and working together as learning partners.

Monitoring may highlight where contract managers and providers need to agree on changes to the service design or delivery, for example, to respond to unanticipated demand, unmet need or changed context.

Evaluating

Evaluation uses a mix of methods and perspectives to:

- › assess what outcomes resulted from the service or intervention
- › understand why these outcomes occurred
- › identify any unintended outcomes (positive and negative)
- › understand what worked well and what could be improved
- › prioritise what improvements to make and work out next steps.

Methods

The theory of change developed at the design phase will help determine what methods are needed to assess outcomes and understand why they occurred.

As noted, te ao Māori framing can shape the theory of change, as part of the work to meet the overall aim of learning what matters to and works for whānau.

Assessing wellbeing and what changes a service or intervention has caused can be challenging. Often a range of factors that are wider and more powerful than the service or intervention also influence wellbeing. For example, having enough money to live on and having a safe, warm home are both strong influencing factors.

In many cases, a more realistic and meaningful aim is to understand the wider context of how a service or intervention contributes to outcomes, rather than what it alone contributes. One way to find this out is to ask service users and

⁴³ Analysis might show that a service is more effective for some groups or when delivered in different ways, eg, through home-based care.

whānau about how the service or intervention is helping them, and how it has contributed to their health and wellbeing. Having intermediary steps on the journey helps to show progress towards longer-term outcomes.

This information will also help refine understanding of what matters to and works for whānau. It may lead to a revision of the original theory of change.

It is critical to have robust, tested theories of change to explain how and why a service works. They are also needed to inform future commissioning decisions as theories of change set out the key ingredients for success.

Revising and adapting

Monitoring and evaluating the services against expected outcomes and the key steps in the theory of change will lead to insights into how effective those services are for different groups and what needs to improve.

These insights lead back to the first stage in the commissioning cycle: purpose and understanding. They may point to a range of different actions needed, such as:

- › adapting the service using the opportunities that the insights identify to better meet needs
- › starting the commissioning cycle again if a more substantial redesign is needed
- › making a recommendation to stop funding — decommission.

Decommissioning

Decommissioning is the process of planning and managing a reduction in service delivery or stopping a service because it is not achieving the intended outcomes, or because priorities or context have changed.

Before deciding to reduce or stop a service, commissioners need to understand:

- › how reducing or stopping a service impacts on users, whānau and the wider community both immediately and in the longer-term, ‘whole-of-life’ context
- › whether other providers or the community have the capacity to absorb demand
- › how decommissioning would affect key stakeholder relationships, the provider market and the community (ie, what the risks of decommissioning are and what alternatives are available)
- › what is needed to comply with legal, financial and statutory requirements

- › whether the change could create a service gap and, if it does, how it could affect equity of health outcomes.

Ways of supporting decommissioning are to:⁴⁴

- › have a clear rationale for the change and seek consensus on the reasons why it is needed
- › focus on public value (the need to direct funding to what produces outcomes)
- › have good governance and clear decision-making processes
- › signal the intention early to all stakeholders and communicate clearly and consistently throughout the process
- › practise robust risk management.

Key shifts in commissioning at the delivering, monitoring and evaluating stage

	From conventional commissioning	To whānau-led and Māori-led
People Whānau Communities	<ul style="list-style-type: none"> › System and services make assumptions about what matters and what works for whānau. 	<ul style="list-style-type: none"> › What actually matters to whānau shapes service design and delivery. › Outcome measures are meaningful to whānau.
Delivery	<ul style="list-style-type: none"> › Monitoring and reporting requirements are often a burden, and the data does not add insights (Ministry of Social Development 2020). › Monitoring can reduce trust and hold back innovation. 	<ul style="list-style-type: none"> › Monitoring uses existing data wherever possible. › Providers seek out community experience. › Providers shape performance measures, so data creates insight on what needs to improve. › Monitoring is more about learning together and supporting improvement. › Providers and commissioners have a trusting relationship. When things don't work as planned, they value the insights and use them to propel improvements.
Commissioners	<ul style="list-style-type: none"> › Monitoring and evaluation focus on outputs, as it is more straightforward to assess them and find their causes. › Commissioning lacks a clear purpose and an understanding of how the service will lead to outcomes. › Outcome measures don't reflect the outcomes the service could 	<ul style="list-style-type: none"> › Agreed outcomes matter, and whānau and community views on what worked and why and for whom, help shape service improvement and/or the development of other types of investment. › The learning culture values qualitative data on why things worked or didn't work, as it helps shape understanding of what's needed to change.

⁴⁴ National Audit Office. nd. How to decommission public services delivered by third sector organisations and maintain value for money. URL: nao.org.uk/decommissioning (accessed 14 September 2022).

	From conventional commissioning	To whānau-led and Māori-led
	reasonably influence or measure before change occurs.	<ul style="list-style-type: none"> › Commissioners understand the mix of influences on outcomes. › A maturity model helps mark out the steps towards a mature system, track progress and inform areas for investment.
System conditions	<ul style="list-style-type: none"> › Monitoring and evaluation focus more on cost of delivery. › Lack of public value assessment makes it hard to know which service to re-invest in. 	<ul style="list-style-type: none"> › Te ao Māori framing shapes new ways of assessing public value. › Investment decisions to improve outcomes for Māori are increasingly sophisticated. They are based on a growing body of evidence of what works, for whom, with whom and under what circumstances.

Delivering, monitoring and evaluating: what and how

Aim

To achieve the best possible outcomes, implement the service, monitor how it delivers against intended operation and budget, and evaluate outcomes — what worked well and lessons learnt — and make improvements (or decommission).

	What we need to do	How — methods, tools, resources
People Whānau Communities	<ul style="list-style-type: none"> › Whānau shape system and service design. › Whānau develop measures of success that: <ul style="list-style-type: none"> - are meaningful to them - will support improvements at the service delivery and system levels. › Seek and act on whānau views on priorities for action. › Whānau shape strengths-based measures and whānau-level measures. 	<ul style="list-style-type: none"> › Change system and service design and delivery in ways that reflect what matters and is meaningful to whānau. Document these changes in the purpose and understanding stage. › Enable, recognise and document whānau and community engagement and influence at every stage of the commissioning process. › Whānau and community insights improve engagement and co-production approaches. › Use whānau and community feedback to improve system and service design and delivery. › Improve the ability to report from a capability and strengths-based perspective. › Develop whānau-level measures of success.
Delivery	Performance monitoring, which is co-designed with providers, adds insight on why outcomes vary and supports continuous improvement.	Encourage providers to report back to their communities. Funders start to use these reports as the main form of accountability.
Commissioners	<ul style="list-style-type: none"> › Co-design reporting templates with providers, collecting the minimum data needed and using existing data wherever possible. › Analyse data for providers and develop insights that help providers improve service delivery and understand 'what works' and for whom. 	<ul style="list-style-type: none"> › Co-design reporting tools with providers (eg, through storytelling, photos and videos, graphs and trend data for providers without data management systems). › Posters displaying service purpose and contract details help other funders know who is delivering what and opportunities for collaboration.

	What we need to do	How — methods, tools, resources
	<ul style="list-style-type: none"> › Take a ‘critical friend’ approach to evaluation, focusing on improving service design and delivery. › Use Māori health evaluators wherever possible. Co-design outcome frameworks with te ao Māori framing. › Use methods for assessing system costs and public value wherever possible and meaningful. 	<ul style="list-style-type: none"> › Use extracts from existing data systems to reduce administrative burden on providers. › When assessing cost-effectiveness of services, include the commissioning overheads. These are an estimated 15% of total contract price.⁴⁵ › For large-scale programmes, consider comparing matched groups, people in similar areas or previous periods who did not receive the service. Comparisons in outcomes could show differences that the service caused.
System conditions	<ul style="list-style-type: none"> › Include system costs and public value when measuring investments. 	<ul style="list-style-type: none"> › Contract and provider data infrastructure allow assessments of system costs and public value. › Include te ao Māori framing of public value.

⁴⁵ Based on estimates from the United Kingdom (Harris et al 2015).

Implementing Commissioning for Pae Ora

To be successful, Commissioning for Pae Ora requires commissioners with the right skills and expertise, along with access to resources, training and support for those delivering services. Service users, whānau and community members will all play an active role at all stages of commissioning as part of implementation.

More engagement and communication will be needed than for a standard procurement process. Commissioning agencies need resources, skilled staff and timeframes that enable collaboration, innovation, continuous improvement and the ability to stop services that are no longer needed or are not delivering the desired outcomes.

Summary of what’s needed for good commissioning

	What’s needed	Resources and activities
People Whānau Communities	<ul style="list-style-type: none">› Understand what matters to whānau and the community, as the starting point for commissioning.› Understand the needs and strengths of the community.	<ul style="list-style-type: none">› Contextual data: demographics, social and economic indicators› Health and wellbeing data, overall and for specific groups› Service mix, coverage and uptake› Community assets and infrastructure› Engagement and co-design› Insights from iwi Māori and mana whenua› Insights from current and potential service users› Stakeholder and provider views
Delivery	<ul style="list-style-type: none">› Establish good relationships with providers before starting commissioning processes.› Look wider than the health and disability sector. Include social sector providers and mainstream services (eg, education, housing).	<ul style="list-style-type: none">› Whanaungatanga› Time› Active relationship management› Cross-sector collaboration› Clear roles, decision-making and reporting processes

	What's needed	Resources and activities
	<ul style="list-style-type: none"> › Understand the provider market. Learn about its quality, accessibility, mix, breadth, capacity and capability. 	<ul style="list-style-type: none"> › Analyse community leadership and capability, provider type and quality, and diversity and reach of provider markets.
Commissioners	<ul style="list-style-type: none"> › Understand how well current services and models of care improve health and wellbeing, and reduce inequities. › Explore whether better models of care, services or interventions are available. › Establish whether existing providers have the capacity and capability to deliver new ways of working now. › Identify any additional resources (funding, training, capability building, workforce) needed to deliver new services, models of care or investments. › Ensure procurement processes are transparent and fair. › Ensure procurement processes support the best outcome and public value. 	<ul style="list-style-type: none"> › Identify advances in services, models of care or investments that improve outcomes. › Change processes to support existing providers to adopt new approaches. › Build provider capability. › Identify and remove barriers to entry for new providers. › Enable collaboration and consortium building. › Start from a position of high trust. › Devolve funding. › Assess commissioners' practice (eg, do they build high trust relationships?).
System conditions	<ul style="list-style-type: none"> › Lift the focus from unit cost to system cost. › Take a system approach to assessing public value. › Aim for broader, enduring outcomes. 	<ul style="list-style-type: none"> › Work with a provider and contract management infrastructure that can track funding and outcomes. › Track system performance, including 'cost of late action' measures (eg, Action for Smokefree 2025 (ASH), childhood obesity, youth justice). › Shift more investment to prevention. › Assess allocative efficiency. › Build the ability to track the system's contribution to broader outcomes (eg, how well it follows evidence-based intervention logic). › Develop strengths-based measures (move away from a 'disease and deficit' approach). › Track drivers of system transformation. They include key measures to counter racism and increase workforce skills and diversity.

What's needed at national, regional and local levels

Those working at national, regional and local levels have different responsibilities, accountabilities and insights. The following table summarises what these could include in a Commissioning for Pae Ora approach.

	National level	Regional and local levels
People, whānau, communities	Designing <ul style="list-style-type: none"> › Develop guides and tools to support whānau in co-designing system and service purpose, and designing services. 	<ul style="list-style-type: none"> › Service users, potential service users, whānau and community engage in decisions on the purpose of services and interventions and the outcomes that matter to them. › Iwi-Māori Partnership Boards enable strong relationships and deep insights into local needs, opportunities, aspirations and expectations.
	Delivering <ul style="list-style-type: none"> › Whānau voice helps shape services and support. 	<ul style="list-style-type: none"> › Feedback from service users, potential service users, whānau and Iwi-Māori Partnership Boards informs the continuous improvement process.
	Measuring <ul style="list-style-type: none"> › Feedback from service users and whānau is part of monitoring work on consumer experience and service quality (eg, by the Health Quality & Safety Commission). 	<ul style="list-style-type: none"> › Feedback from service users, whānau and community is included in evaluations of services and other investments.
Delivery	Designing <ul style="list-style-type: none"> › Help develop service design tools and processes. 	<ul style="list-style-type: none"> › Engage and involve providers and professionals in service and intervention design.
	Delivering <ul style="list-style-type: none"> › Provide insight on system-level issues from a provider perspective (eg, on workforce pipeline and funding processes). › Identify what's needed to build provider capacity and capability. 	<ul style="list-style-type: none"> › Guide implementation timing and preconditions for success.
	Measuring <ul style="list-style-type: none"> › Shape performance measures that help drive continuous improvement. 	<ul style="list-style-type: none"> › Community, whānau and providers shape performance measures to generate insights that can support continuous improvement and inform future investment decisions.

	National level	Regional and local levels
Commissioners	Designing <ul style="list-style-type: none"> › Develop guides and tools to support whānau co-design of services. › Funding approvals require providers to demonstrate how whānau shaped service design. 	<ul style="list-style-type: none"> › Service users, potential service users, whānau and community, providers and key stakeholders co-design services and other investments. › Iwi-Māori Partnership Boards provide deep insights and priorities for action.
	Delivering	<ul style="list-style-type: none"> › Contracts and/or regulation protect choice. › Support integrated delivery with co-located teams and shared geographic boundaries. › Allow time to engage with whānau, providers and professionals to create contracts that enable outcomes and support continuous improvement. › Have, or develop, staff capability and stability in whanaungatanga, management, technical and financial skills needed to implement commissioning. › Support community leadership development, and the range of community supports needed for Commissioning for Pae Ora.
	Measuring <ul style="list-style-type: none"> › Gain feedback from service users and whānau as part of monitoring work on consumer experience and service quality (Health Quality & Safety Commission). › Focus on accountability of providers for both cost and quality, including: <ul style="list-style-type: none"> - achieving outcomes for service users and whānau - reducing inappropriate care that is not delivering for service users and whānau. 	<ul style="list-style-type: none"> › Gather good information on patterns of service use, quality and cost of services. › Have good data systems to monitor performance and outcomes at local levels. › Understand the range of other investments, and where other levers (eg, regulation) could support better outcomes than commissioning alone.
System conditions	Designing <ul style="list-style-type: none"> › Have clear legal frameworks for: <ul style="list-style-type: none"> - joint commissioning - pooling budgets - flexible use of budgets. › Incentives align with commissioning aims. 	<ul style="list-style-type: none"> › Have clear roles and responsibilities. › Have enabling governance structures.
	Delivering <ul style="list-style-type: none"> › Address any requirements that might prevent cooperation between providers. › Assess barriers to: <ul style="list-style-type: none"> - entry for potential Māori health providers - funding and tendering for kaupapa Māori services. 	<ul style="list-style-type: none"> › Integrate services and collaborate strategically across health and social sector agencies.

	National level	Regional and local levels
Measuring	<ul style="list-style-type: none">› Have common performance measures that drive continuous improvement at the system and provider levels.› Use common strengths-based outcome measures. (A capability approach is enabling, whereas historical deficit reporting stigmatises some groups.)	<ul style="list-style-type: none">› Use common performance and outcome measures across agencies.› Develop measures for the ‘big shifts’ that commissioning is seeking. This can move funding and resources to prevention and capability building as key contributors to improved equity of outcomes.› Measure the cost of late action, or avoidable costs, to assess overall system performance.

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Appendices

Appendix 1: What needs to change

Commissioning for Pae Ora means we need to change how we trust, think and act in relation to commissioning, as well as how we assess and improve what we do.

Focus for change	Key changes
Trust	<ul style="list-style-type: none"> › Commissioners need to invest in relationships with communities, providers and potential providers. › We allow time for whanaungatanga to develop and to build relationships of trust. › At the start, we build trust on a clear foundation of the purpose of the relationships, any non-negotiables and external requirements (eg, legislation, budget processes and requirements, ministerial expectations). › We communicate other preconditions clearly.⁴⁶ › We maintain trust with open and timely communication, respond flexibly to emerging issues or opportunities, and support each other when things don't go as well as planned.
Think	<ul style="list-style-type: none"> › Te Tiriti principles reflect what works when commissioning for better and enduring outcomes. › Te ao Māori contains kawa (knowledge) and tikanga (ways of working) that will improve outcomes. › We see whānau as having strengths and capabilities. › 'What matters to whānau' shapes system and service design, delivery and improvement. › We are accountable to Māori.
Act	<ul style="list-style-type: none"> › We work together, and rebuild trust between whānau, communities, providers and funders. › We will be learning partners and find out what we need to do better. › We will challenge the status quo and do new things. This will feel uncomfortable for many and a relief to others as we finally do what Māori have been wanting for decades. › We'll work to manage risks and our leadership teams will have our backs.
Fund	<ul style="list-style-type: none"> › To make real change, funding shifts to focus on both: <ul style="list-style-type: none"> - 'what matters to whānau' and - prevention (active protection) over time. › We commission for a longer term.

⁴⁶ For example, if an aim is to demonstrate the impact and/or social cost–benefit of an initiative, providers need to deliver it with enough intensity and/or for long enough to a sufficient number of people to allow meaningful comparison (either of the same people before and after, or with matched comparison groups or propensity analysis). They also need time to build up to the required number of people and achieve the outcomes intended.

Focus for change	Key changes
Deliver	<ul style="list-style-type: none"> › We enable services to become more holistic, collaborative and integrated. › We enable providers to practise mātauranga Māori and rongoā Māori. › Services deliver what matters to whānau and are enabled to stop doing work that doesn't.
Assess	<ul style="list-style-type: none"> › Outcomes measure what is meaningful to whānau. › Providers shape monitoring and accountability requirements with funders, so they report useful information that contributes to continuous improvement. › Te ao Māori outcomes framework and Māori health research build understanding of what works and why. › Investments are underpinned by evidence of what works (or what is promising) with clearly articulated reasons on what improvements can be expected and measured (for people and for public value).⁴⁷
Improve	<ul style="list-style-type: none"> › The evidence of 'what works for whānau' reshapes services and other investments. › We can reshape or stop services and other investments that no longer deliver what matters to whānau. We use clear processes with good lead-in times so providers and communities are not put at risk. › Over time, funding moves upstream to prevention. › We identify where other levers, such as regulation, are needed (eg, to address food environments).
Build	<ul style="list-style-type: none"> › We build teams with the technical skills⁴⁸ and skills in whānau and community engagement to commission well, including understanding of te ao Māori, tikanga Māori and te reo Māori. › We take time to build and maintain relationships. We budget for more kanohi ki te kanohi meetings. › Working with providers, we develop tools and resources that help them meet accountability and reporting requirements with minimal effort. › We understand gaps in the provider market. We actively build the capacity and capability of existing Māori health providers, as well as support new providers as they set up. › We help build community leadership and capability to shape investments, influence decision-making and manage resources.

⁴⁷ Methods include using:

- › 'theories of change', which set out **how** and **why** a desired change is expected to come about. See Evaluation Hub. nd. A theory of change. URL: evaluationhub.education.govt.nz/theory-of-change/a-theory-of-change/ (accessed 15 September 2022).
- › logic maps or intervention logics. See Ministry of Transport (2021).

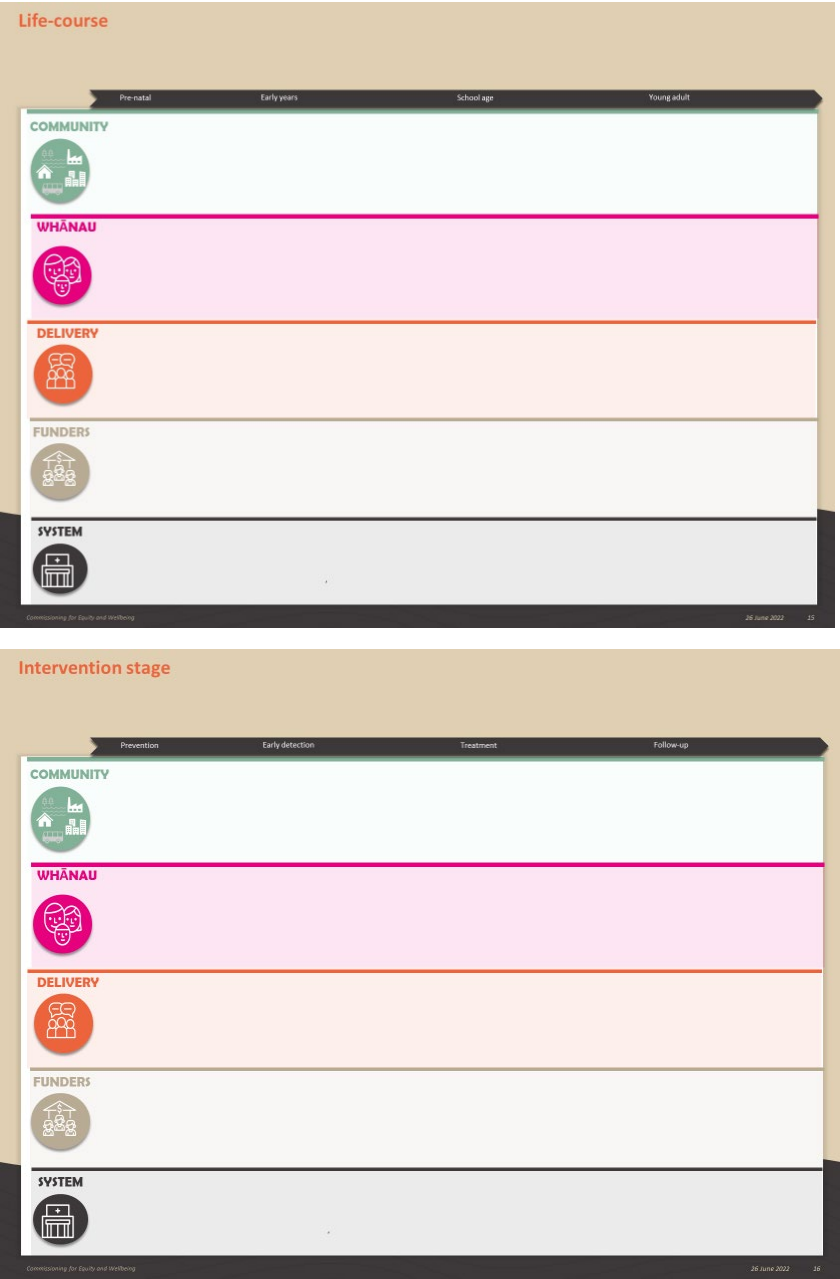
⁴⁸ Among the skills needed are skills in Te Tiriti o Waitangi, equity and needs analysis, co-design, service design, prioritisation, procurement and contracting, risk management, monitoring and evaluation, continuous improvement, decommissioning and change management.

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Appendix 2: Using Commissioning for Pae Ora for investment planning

As well as guiding commissioning, Commissioning for Pae Ora can support planning for investments across the life course, for different types of investments and across the broader social sector.

The templates below can help with such planning.



Appendix 3: Developing models of care

The model of care will shape how the service is designed and delivered, so it must be an evidence-informed, agreed model that will meet the needs of the people, whānau and community that the designing and planning stage of commissioning has identified. Given the health sector cannot solve complex health and social issues on its own, models of care need to have a broader wellbeing focus.

The *Commissioning Framework for Mental Health and Addiction* (Ministry of Health 2016) developed a model of care where people and whānau are central to the health system, outcomes are equitable, and there are no artificial barriers between mental health, addiction, other parts of health and other parts of people's lives. This means the approach is much broader, taking social determinants of health into account. It is also able to bring everyone together — across whānau, iwi, hapū, communities, social networks and agencies, and across government.

To be successful, models of care need to:	
People Whānau Communities	<ul style="list-style-type: none"> › ensure service users and whānau shape the purpose › take a holistic approach to achieving pae ora and include services outside the health sector › ensure services are accessible, affordable, high quality, culturally safe and effective
Delivery	<ul style="list-style-type: none"> › underpin service delivery with a robust framework that reflects clinical and non-clinical aspects of care › focus on resilience and recovery › use data to inform practice
Commissioners	<ul style="list-style-type: none"> › have equitable funding models that underpin them and focus on shifting investment from upstream services to prevention over time › prioritise services and responses that reflect evidence and promote the development of best practice (defined as practice that is dynamic, evidence-informed, innovative and open to change) › prioritise services and responses that are culturally competent as well as clinically competent and that reflect Whānau Ora
System conditions	<ul style="list-style-type: none"> › use surveillance of health and diseases to develop funding models, service planning and development, alongside broader demographics › be able to relate to other models of care across sectors and at different levels of operation (national, regional, local)

To be successful, models of care need to:	
	<ul style="list-style-type: none"> › span a range of services, including public health, primary, secondary and tertiary services, those provided by NGOs and those provided in the community › be developed in partnership, using a multidisciplinary and inclusive approach, as all those who will be involved in service delivery need to understand both the model and the principles that underpin it › have clear roles and responsibilities and explore philosophical differences, as these will have an impact on service delivery if not resolved. <p>Developing some types of response may lead to an overarching model of care that reflects a whole-of-system approach. In other cases, it may be more appropriate to have a model that reflects individual service-level expectations.</p>

Appendix 4: Examples of other commissioning frameworks

Whānau Ora commissioning agencies and district health boards have developed their own commissioning frameworks. A review of commissioning across the social sector is also addressing this area. This appendix gives an overview of this work in Aotearoa New Zealand, as well as an Alaskan framework for Alaska Native and American Indian communities.

Social Sector Commissioning

The Social Sector Commissioning work programme (jointly led by the Ministry of Social Development and Oranga Tamariki) reports to Cabinet on what is needed to improve the quality, effectiveness and integration of commissioning across the social sector. Both Commissioning for Pae Ora and the Commissioning for Equity and Wellbeing framework are aligned to, learning from and influencing the Social Sector Commissioning work.

For more information, see the Ministry of Social Development's update on the Future of Social Sector Commissioning work programme and the recently published Social Sector Commissioning 2022-2028 Action Plan. URL: msd.govt.nz/about-msd-and-our-work/publications-resources/planning-strategy/social-sector-commissioning (accessed 2 November 2022).

Te Pou Matakana

The Māori Commissioning Report (Te Pou Matakana 2014) highlights the importance of looking at approaches that serve Māori and actively seek positive change within a Māori health framework. The review notes that although there is no definitive funding model designed specifically for Māori, Tā Mason Durie has proposed several frameworks and guiding principles that can inform funding and help define funding outcomes from a Māori health perspective.

Whānau Ora commissioning

Te Puni Kōkiri (2013) presents its Whānau Ora Results Commissioning Framework on a one-page table that has 5 high-level outcomes. Contracted commissioning agencies will decide on commissioned activities to develop and support initiatives that deliver measurable results for whānau and families in line with the Government's high-level Whānau Ora outcomes.

In the context of Whānau Ora, Te Puni Kōkiri (2013) describes commissioning as:

the process of identifying the aspirations of whānau and families and investing in a portfolio of new or existing programmes or initiatives expected to best deliver progress towards Whānau Ora outcomes, as well as the monitoring, evaluation and review of these investments.

Strategic partnerships between iwi and the Crown

Te Rūnanga-Ā-Iwi-O-Ngāpuhi (TRAION) and Oranga Tamariki signed a Strategic Partnership Agreement in December 2018. The agreement formalises, records and promotes a strategic partnership and working relationship that meets the parties' shared goals, aspirations and visions.

Oranga Tamariki and TRAION have had a long working relationship in Tai Tokerau. Through TRAION's subsidiaries Ngāpuhi Iwi Social Services and Te Hau Ora o Ngāpuhi, it has been delivering frontline social services to tamariki and whānau who live in the rohe of or whakapapa to Ngāpuhi.

Ngāpuhi Iwi Social Services provide the largest portion of contracted services for Ngāpuhi and are Aotearoa New Zealand's largest Māori social service provider. The Strategic Partnership Agreement has enhanced the already trusting relationship and provides both parties with clear goals and direction. This has enabled TRAION to design, create and implement services that are specifically for whānau Māori, such as Mahuru.⁴⁹

Mahuru has won 2 separate awards: an Indigenous Service Award from the Australia and New Zealand School of Government in Melbourne and the Most Innovative Procurement Award at last year's New Zealand Procurement Excellence Awards in Auckland.

⁴⁹ Oranga Tamariki. nd. Ngāpuhi partnership. URL: orangatamariki.govt.nz/about-us/how-we-work/strategic-partnerships-with-Māori/ngapuhi/ (accessed 15 September 2022).

Nuka System of Care, Alaska

Southcentral Foundation is a non-profit health care organisation serving a population of around 60,000 Alaska Native and American Indian people in Southcentral Alaska. It supports the community through the Nuka System of Care (where 'nuka' is an Alaska Native word for strong, giant structures and living things).

The Nuka System of Care incorporates key elements of the patient-centred medical home model, with multidisciplinary teams providing integrated health and care services in primary care centres and the community, coordinating with a range of other services. This work is combined with a broader approach to improving family and community wellbeing that extends well beyond the coordination of care services. For example, Nuka's Family Wellness Warriors programme aims to tackle domestic violence, abuse and neglect across the population through education, training and community engagement.

Nuka offers traditional Alaska Native healing alongside other health and care services, and all of its services aim to build on the culture of the Alaska Native community.

The Southcentral Foundation keeps listening to its community members, goes away to find ways of meeting their needs and then returns to feed back its progress. It has not always been able to achieve everything that members wanted, and has to be transparent and realistic about the limitations it is working with. But because it listens, feeds back and is honest with its members, the local community understands that they are core partners in the transformation and delivery of care — 'walking with' the Southcentral Foundation through some challenging decisions.

Appendix 5: Commissioning case studies⁵⁰

	Case study name	Description
Purpose and understanding	Te Pūtahitanga o Te Waipounamu direct whānau commissioning	This case study captures insights from innovative commissioning approaches that support whānau to develop their own solutions.
	A community-led response to long-term conditions: Warm Exchange Plus (WE+) in Counties Manukau	The community led the development of WE+, one of the 5 Te Ranga Ora prototype collectives in Counties Manukau. It aims to tackle long-term conditions, like diabetes and heart disease.
	Mana Whaikaha: flexible funding as part of a broader transformation	This case study looks at how flexible funding options support the transformation of the disability support system to improve outcomes for disabled people and their whānau.
Planning and designing Sourcing and investing	Equity-focused commissioning in 3 areas: Lakes, Hawke's Bay and Tairāwhiti	These examples of equity-focused commissioning of services have support from the district health boards in Lakes, Hawke's Bay and Tairāwhiti districts.
	Innovative procurement process to encourage diversity in kaupapa Māori mental health providers	The Mental Health Directorate at Manatū Hauora used innovative approaches to procurement to encourage new kaupapa Māori providers into the mental health sector. For example, providers could make video applications in te reo Māori.
Delivering, monitoring and evaluating	National Telehealth service: long-term and cross-sector commissioning	The National Telehealth service is a long-term, cross-sector contract to create a flexible telehealth environment that can evolve and respond to new opportunities and changing contexts (eg, COVID-19).
	Healthy Families: investing in communities to improve health and wellbeing	Healthy Families NZ takes a cross-sector and community development approach to improving health and wellbeing.

⁵⁰ Reports on all of these case studies will be available over time at health.govt.nz.

