A person wearing a white t-shirt, dark shorts, and a bicycle helmet is riding a road bike on a wooden boardwalk. The boardwalk has a curved path and is bordered by a metal railing. In the background, a city skyline is visible under a clear blue sky, featuring several tall buildings, including a prominent blue glass skyscraper. A large yellow rectangular area is on the left side of the image, containing text. A large, diagonal, semi-transparent watermark reading 'PROACTIVELY RELEASED' is overlaid across the center of the image.

# Manatū Hauora: Future-focused Ministry

April 2023



Building a better  
working world

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## Executive Summary



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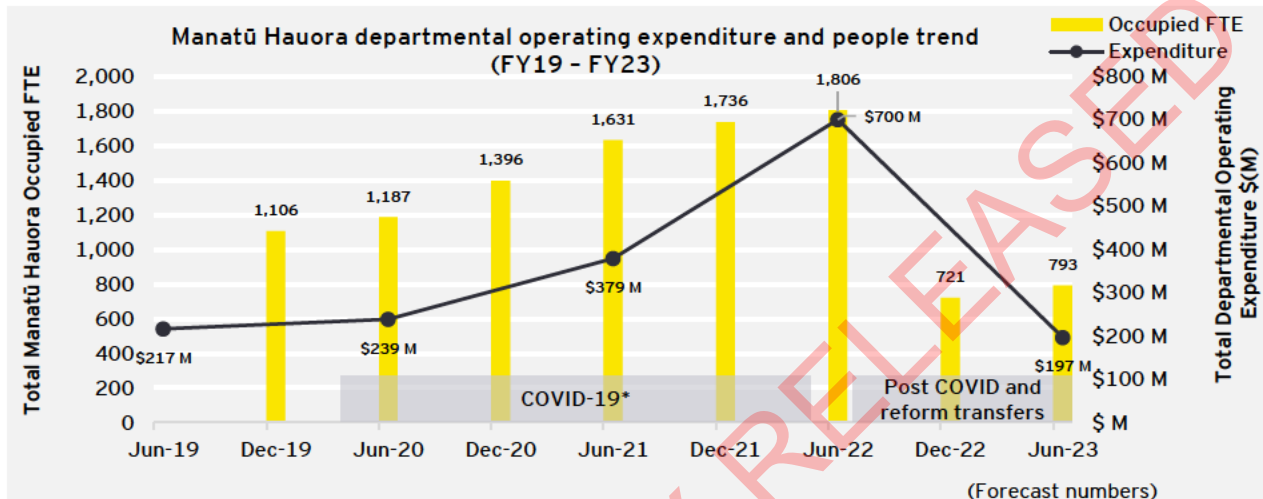


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## a) Background

Over the last four years, Manatū Hauora has had a period of near continual change, through scaling up to lead the COVID-19 response, and then the transfer of nearly 1,000 people and associated functions to new entities as part of the health reform. The following graph shows how these changes affected the departmental operating expenditure and resourcing profile of Manatū Hauora since June 2019.



In June 2020, the Government committed to a long-term reform programme to build a health system that meaningfully achieves pae ora/ healthy futures for all through fundamental changes to how the health system is designed, operated, and overseen. The new system operating model agreed by Cabinet in March 2021 introduced new national health entities and refocused the core roles of Manatū Hauora to stewardship, strategy, policy, regulation, monitoring, and an additional responsibility in regards to Public Health.

As system steward and a lead government agency, Manatū Hauora plays a leading role in delivering on the intent of reform, and in leading New Zealand's response to global trends affecting governments and health systems. Now that new entities are largely up and running, Manatū Hauora must turn its attention to optimising its own operating position to become a more future-focused Ministry that can deliver on these responsibilities.

## b) Current state analysis

The current state analysis reflects engagement with over 30 stakeholders, Manatū Hauora documentation and artefacts, leading practice for government and high-performing organisations, and the intent of the health reform.

### Operating budget and resourcing profile

Analysis showed that the current operating budget and resourcing profile of Manatū Hauora has not yet been aligned to reflect it's refocused roles. This is at least in part due to legacy and the rapid changes that the organisation has had to deal with over the last four years.

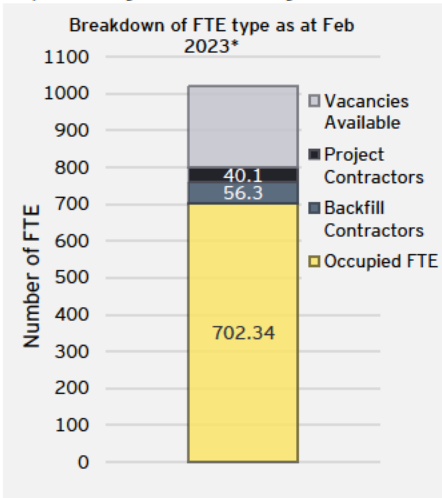
**702.34 FTE**  
occupied FTE

+

**56.30 FTE**  
backfill contractors

As at February 2023, Manatū Hauora had 702.34 occupied FTE plus 56.30 FTE backfill contractors and 40.10 FTE project contractors. It also had 220.38 FTE budgeted vacancies. Many of these are no longer needed and have been unfilled for some time.

The FY23 forecast departmental operating expenditure for Manatū Hauora is \$196.8M of which 44% (\$85.8M) is forecast for permanent staff salaries. This is a similar departmental operating expenditure to prior to COVID-19, despite a smaller and more focused set of responsibilities.



Reference: Manatū Hauora financial data on historic departmental expenditure from FY19, HR data on FTE and headcount from Dec 2019, HR outyear forecasts to FY26



# Executive summary

## c) Current state analysis continued

### Use of contractors

Through COVID-19 Manatū Hauora used more contractor resources to rapidly boost capacity. While spend has reduced, Manatū Hauora still has a large number of contractors across the organisation (96.40 FTE). Manatū Hauora is forecast to spend \$33.3M on contractors in FY23, which equates to ~26% of the total forecast personnel expenditure. Analysis highlighted that many contractors are being used to deliver core business as usual activities, rather than providing temporary capacity or expertise.

### Vacancies within Manatū Hauora

Currently, 22% of budgeted FTE positions are vacant within Manatū Hauora, and many of these have been vacant for some time. This has resulted in a budgeted structure which does not reflect the actual structure and is, in practice, unaffordable. Feedback suggests that the budget associated with available vacancies that are no longer needed is being used for other purposes which makes accurate whole of organisation planning, budgeting, and oversight difficult. This raises considerations for Manatū Hauora to undertake a more strategic and whole of organisation approach to resource allocation and workforce planning.

### Size of Corporate, Government and Executive services

There is significant duplication of effort and activity in the delivery of Corporate, Government and Executive services across Manatū Hauora with these activities being delivered by 229.82 FTE (including 9.55 FTE backfill contractors) across the Corporate Services directorate, Government and Executive Services directorate and the Offices of the Deputy-Director Generals. Manatū Hauora is forecast to spend 29% (\$56.9M) of its departmental operating expenditure on administrative and support services in FY23 which is significantly higher than the New Zealand public sector average of 18% as benchmarked by Treasury (2017).

### System leadership

Stakeholders commented that there is a need for Manatū Hauora to be a more active steward, taking a longer term view of the health system and being more involved in cross agency initiatives across health and government. There is also a need for Manatū Hauora to take a more active leadership role across the health system in delivering the intent of reform.

Manatū Hauora needs to move away from its operational, day-to-day view to take overarching/big-picture view as steward of the system.

### Culture

Staff commented that current culture feels overly hierarchical and is marked by varying levels of trust and autonomy. For example, staff said that the internal oversight processes for delivering work felt overly bureaucratic with most work funnelling up to the Deputy-Director Generals via a complex sign off process. This limits the organisations ability to deliver high-quality work at pace and reduces ownership.

### Capabilities

Analysis and feedback identified that while there are teams and pockets of very high capability within Manatū Hauora, there are also a range of capability gaps in relation to the refocused roles of Manatū Hauora that are impacting the quality of outputs and overall organisational performance. Key gaps identified include:

- Te Tiriti and equity for Māori and how this is strategically and practically applied in the work of Manatū Hauora.
- Horizon scanning and future-focused strategic thinking to proactively respond to emerging opportunities and challenges.
- Reform leadership and direction
- Māori capability across Manatū Hauora and how this capability is accessed and connected across teams.
- How Manatū Hauora accesses and uses clinical leadership and expertise.
- System performance and monitoring capability in relation to refocused roles.
- Data analytics and insights capability to support a more evidence-led approach to delivering core roles.
- Capability needed to effectively steward the reform programme.
- Relationship and stakeholder management to support stronger relationships internally and externally.

Continued overleaf....

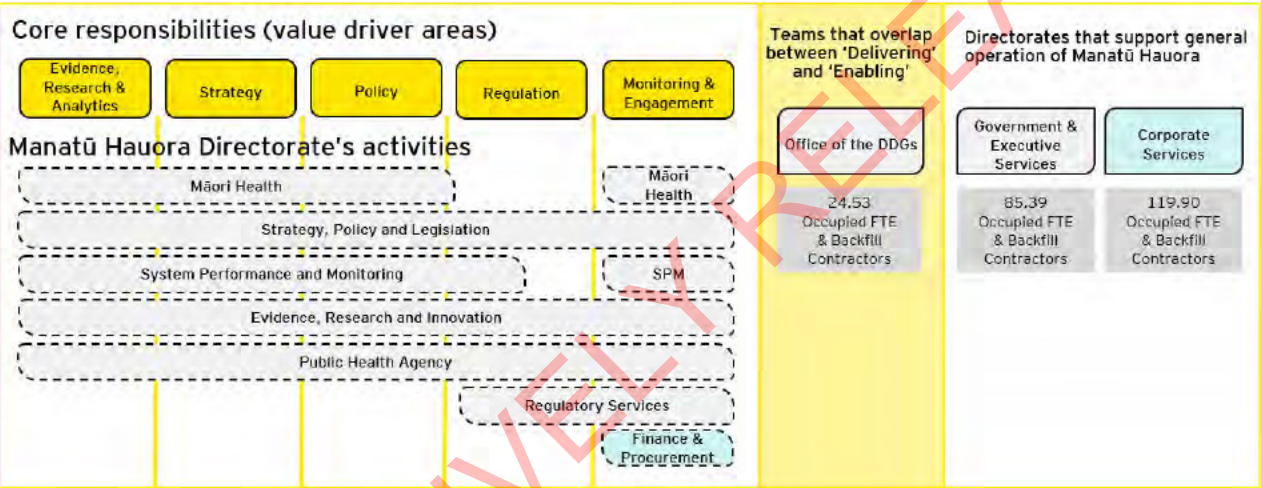
# Executive summary

## c) Current state analysis continued

### Internal ways of working

Staff expressed a desire for the organisation to move away from the rigidity of directorates to arrangements that better support integrated programme/project delivery and cross-functional working. Stakeholders commented that there are good examples of communities of practice that are working well to bring people with similar skills and capabilities together but these are not formalised or consistent. Additionally, the current approach to organisational planning tends to be “bottom-up”, with directorates developing their own business plans that are then brought together into a single, whole of organisation view. This misses opportunities to make enterprise-level choices about priorities and use of resources and can cause duplication between directorates.

The analysis below shows this duplication of activities. It illustrates the activities that teams within each directorate are leading against the core responsibilities (value driver areas) of Manatū Hauora. The analysis found that while directorates in Manatū Hauora are in theory largely organised by function, the majority of teams (45 out of 53 as per the directorate validated information) performed activities that cut across multiple value driver areas. In particular, teams are building their own capability to undertake activities outside their core responsibilities, rather than utilising the specialist capability that already exists within Manatū Hauora e.g. directorates leading their own recruitment processes.



### External ways of working

Stakeholders commented that there are examples where Manatū Hauora, Te Whatu Ora, and Te Aka Whai Ora are collaborating effectively, especially at a Chief Executive level, but that this is not consistent throughout all levels of the organisation. Additionally, there is some uncertainty about the delineation of roles and responsibilities between entities on cross-entity responsibilities.

The current ways of working misses opportunities to make the most efficient use of capability across the health sector, and risks entity outputs and services not being optimally aligned to broader system goals. Stakeholders expressed a desire for Manatū Hauora to take more of an active role as system steward in providing clarity over the delineation of accountabilities and in driving stronger relationships between entities

“ Chief Executive relationships are based on mutual respect and promote the free sharing of information. However, this needs to be built at lower levels too. ”

# Executive summary

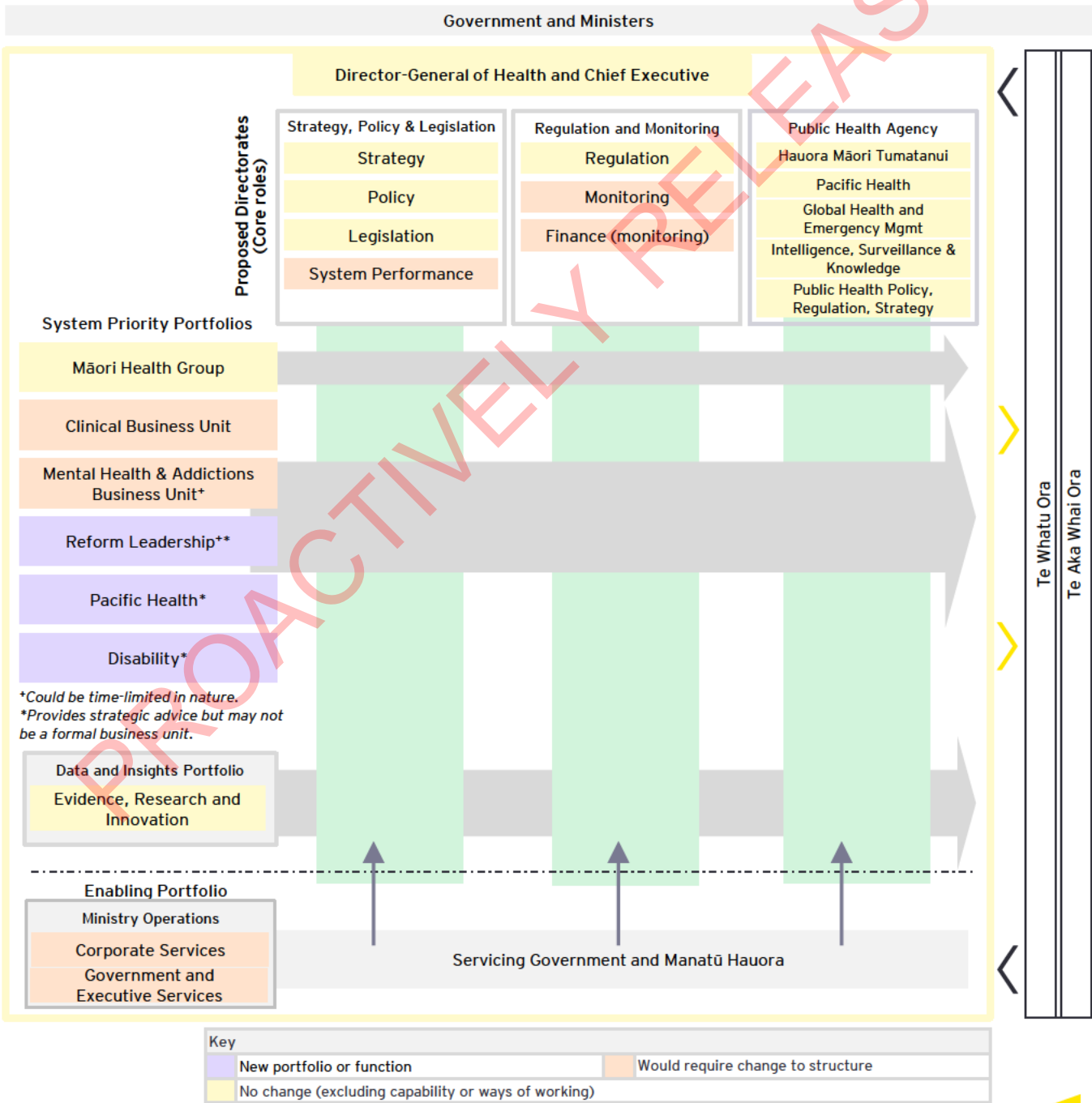
## d) Recommendations

The below summarises recommendations for how Manatū Hauora could evolve to become a more future-focused Ministry across six interconnected areas. These recommendations are based on the current state assessment, the reform intent, global trends, and leading practice for public sector and high-performing organisations.

1

### Design and structure

Manatū Hauora should consider reorganising into a cross-functional 'matrix' structure that drives collaboration and strikes a balance between creating centres of capability and distributing this to where it is most needed. The proposed design is shown conceptually below. It proposes using directorates to focus effort on the core roles as agreed by Cabinet; creating a series of System Priority Portfolios, where high priority specialist skills and knowledge sit; embedding System Performance with Strategy and Policy functions; and creating an Enabling Portfolio that delivers Corporate, Government and Executive Services as part of a single 'Ministry Operations' directorate. This proposed design would need to be supported by a shift in the culture and new ways of working.





# Executive summary

2

## *Stewardship and leadership*

Manatū Hauora should take a stronger, more definitive, and proactive stewardship role in the health system and across government. This means providing more clarity on the refocused role of Manatū Hauora for its stakeholders, driving and embedding the reform agenda in line with Cabinet intent, and more actively stewarding health across government and other sectors to improve population health.

3

## *Internal ways of working*

Manatū Hauora should aim to reset its organisational culture and adopt new ways of working to support a future-focused Ministry. This includes adopting and scaling service delivery models such as communities of practice, centres of expertise, and business partnering to share resources, capability and expertise across teams and health entities. It also includes actively empowering current and emerging leaders to work to their full potential through more accountability and simpler oversight processes, and establishing a more cohesive approach to organisational planning.

4

## *External relationships*

Manatū Hauora should actively strengthen its relationships with Te Whatu Ora, Te Aka Whai Ora, and other health agencies. It should drive cross-agency agreement on the delineation of roles and responsibilities and how capabilities are shared between them. Manatū Hauora should pay specific attention to how it works with Te Aka Whai Ora on shared responsibilities given its substantive role to lead the health system's focus on Māori.

5

## *Capabilities*

Manatū Hauora should uplift key capabilities to support it to become a future focused Ministry and effectively deliver on its refocused roles. Key areas of capability uplift include Te Tiriti and equity, horizon scanning, future-focused strategic thinking, reform stewardship, relationship and stakeholder engagement, data analytics and insights, clinical leadership and expertise, Māori health, and system performance and monitoring.

6

## *Sizing*

Future sizing should consider the other recommendations on new ways of working and proposed matrix organisational design. Based on high-level analysis and benchmarks, Manatū Hauora should consider improving the efficiency of processes, resizing Corporate, Government and Executive functions, and repurposing existing vacancies to fill the necessary capability gaps. Manatū Hauora should consider working toward overall size of 550-600 FTE (including contractors) over the next three years.

### **Manatū Hauora: 'A future-focused Ministry'**

These recommendations would better support a future-focused, agile, lean Manatū Hauora that would operate as an exemplary system steward across health and the wider public sector. Its size and structure would support it to focus on discharging its core roles, underpinned by a detailed understanding of Te Tiriti, leading practice, global trends, population health need and system performance.

The relationships between Manatū Hauora, Te Whatu Ora and Te Aka Whai Ora would be strong, collaborative and complementary and the one-system ethos would be displayed in the ways that they partner on shared responsibilities and share expertise and resources. Manatū Hauora would be focused on leading, influencing, collaborating and partnering, rather than operating, to guide the health system toward common goals.

New ways of working would be grounded in a culture of collaboration and cohesion. People and teams would work in a cross-functional manner, sharing capabilities and resources across team and entity boundaries to make the most optimal use of specialist expertise. People and leaders at all levels would be empowered to lead and perform to their fullest potential.

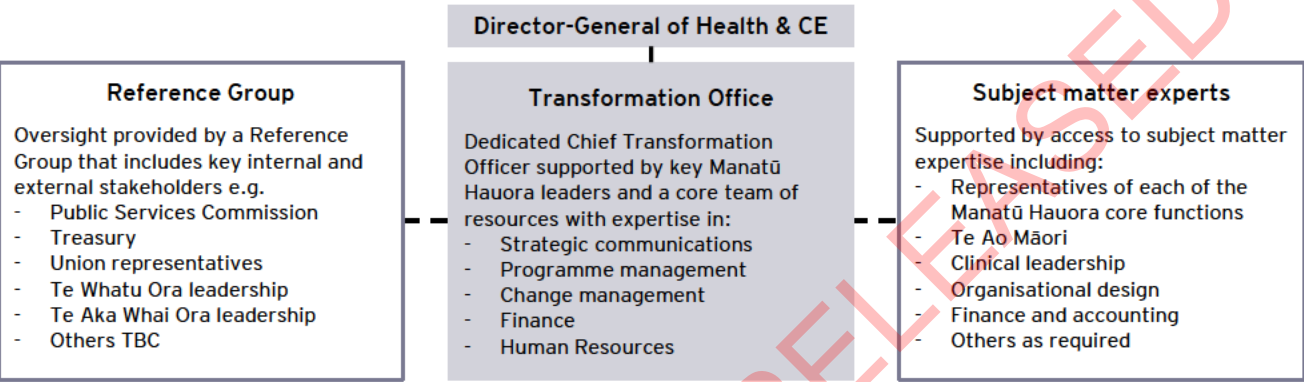
Manatū Hauora would continue to evolve and move forward in a cohesive manner, with a clear line of sight from its purpose and core roles to the activities and outputs of the teams and directorates. With a clear view of its key deliverables and activities, Manatū Hauora would be able to effectively and strategically manage its workforce and capabilities, leaning on other entities and utilising temporary capability in a more planned way.

# Executive summary

## e) Roadmap and change approach

These recommendations could be delivered through a programme of change that balances focus on short, medium, and long-term transformation activities to deliver early value and momentum. A programme of this nature should be driven by Manatū Hauora leadership but resourced in a way that doesn't compromise the delivery of business-as-usual work, including delivering the wider reform agenda. It should put people at the centre by creating a purposeful vision, empowering people from across the organisation and sector to be involved, supporting them during the change, and providing strong leadership and direction.

To support this, Manatū Hauora should consider establishing a dedicated Transformation Office to lead and drive the change over the next 12 months and beyond, as outlined below.



The Transformation Office would manage a number of workstreams, alongside its own programme of work, that could be led by key stakeholders within Manatū Hauora. These workstreams work closely together to deliver a cohesive programme of work. Proposed workstreams and their purpose are outlined below:

Transformation Office	<ul style="list-style-type: none"><li>• Programme management, including benefit realisation, risk, and dependency management.</li><li>• Managing overall engagement of Manatū Hauora staff and the wider health sector.</li></ul>
Leadership and Culture	<ul style="list-style-type: none"><li>• Developing future-focused leaders across Manatū Hauora and re-affirming Manatū Hauora as system steward.</li><li>• Designing and resetting the organisational culture.</li></ul>
Organisational Design	<ul style="list-style-type: none"><li>• Detailed design of the new organisational structures and associated new ways of working.</li><li>• Completing formal consultation on proposals as required.</li></ul>
People, Capabilities, and Partners	<ul style="list-style-type: none"><li>• Confirming future capability requirements and how these could be sourced.</li><li>• Developing more effective working relationships with partners.</li></ul>
Manatū Hauora Size and Budget	<ul style="list-style-type: none"><li>• Confirming and working toward an optimal size and budget over the next two years.</li><li>• Identifying and implementing opportunities to optimise the efficiency of processes.</li></ul>

There could also be function-specific work programmes but given the scale of change, these should be carefully considered to maintain business continuity.

## Background and Context



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# Background

This section sets out a) the purpose of this report, b) the background to the review and c) an overview of the approach.

## a) Purpose

In late 2022, EY was engaged by the Director-General of Health to provide independent advice on how Manatū Hauora should operate in the future given the health reform and wider contextual changes. This report contains the results of EY's analysis into the current functions, capabilities, and ways of working of Manatū Hauora and how these might need to change. It sets out what a future-focused Ministry should 'look' and 'feel like' based on leading practice and the intent of the reform, an analysis of the current operating position of Manatū Hauora, a series of recommendations for change across 6 key areas of focus, and a proposed implementation plan.

## b) Background

Manatū Hauora has been operating in a challenging and disruptive context in recent years as a result of a number of pressures. In particular, the response to COVID-19 and the health reform necessitated significant change to the capabilities, ways of working, and resourcing profile of the organisation. Manatū Hauora led the health system's response to COVID-19, which required up to 2,000 additional employees and contractors to manage the national response. In 2021, the health reform refocused the roles of Manatū Hauora to focus on stewardship, strategy, policy, monitoring, and regulation. This necessitated the transfer of a significant number of operational people and functions to Te Whatu Ora and Te Aka Whai Ora. Following this transfer, Manatū Hauora developed Tikanga Whakahaere, its interim operating model, recognising that this would need to evolve as the new system operating model was embedded. Now that new entities are largely up and running, Manatū Hauora must turn its attention to optimising its own operating position. Expectations from Ministers, the workforce, and communities to deliver on the promises of reform are high and Manatū Hauora, as a steward of the health system, plays a leading role in the transformation. Manatū Hauora needs to rapidly transform its operating position to effectively deliver its refocused roles and to better enable it to respond to global trends that are affecting governments and health systems all over the world.

## c) High-level timeline

Below the high-level timeline to the review. The review builds on the significant body of work that had already been undertaken by Manatū Hauora and wider government, and reflects the perspectives of both internal and external stakeholders as well as global leading practice. Please note that the Cancer Control Agency was outside the scope of this review. More detailed information on the overall approach to the review is included in Appendix A.

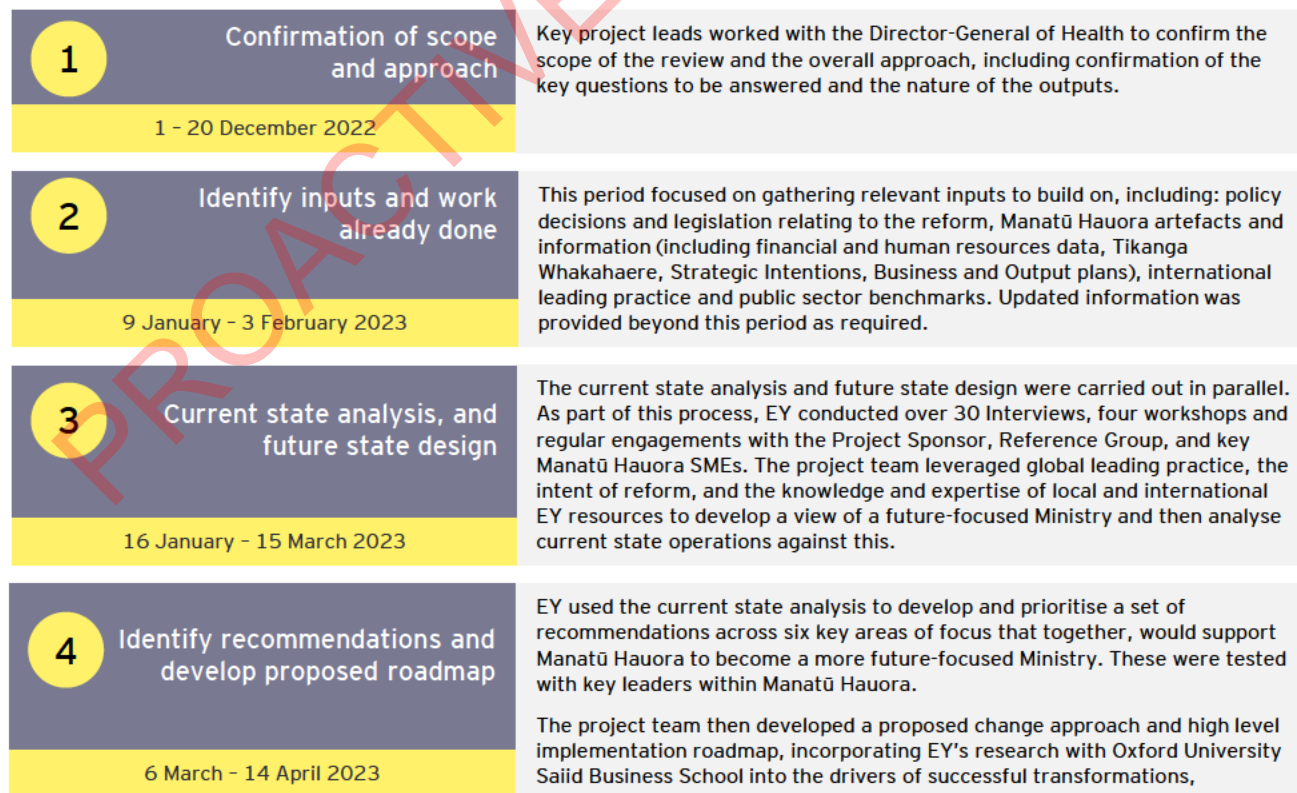


Figure 1: Approach to Manatū Hauora function and capability review

# Context

This section sets out a) the context of the Health and Disability System Review and COVID-19, b) how governments are responding to global trends, c) how healthcare is responding to global trends, d) how New Zealand's health system is changing through the reform, and e) what this means for a future-focused Ministry.

## a) The Health and Disability System Review and COVID-19

In 2018, the Minister of Health commissioned the Health and Disability System Review to identify opportunities to improve the performance, structure and sustainability of the system, with a goal of achieving equity of outcomes and contributing to wellness for all, particularly Māori and Pacific peoples. The report set out a clear case for change and found that:

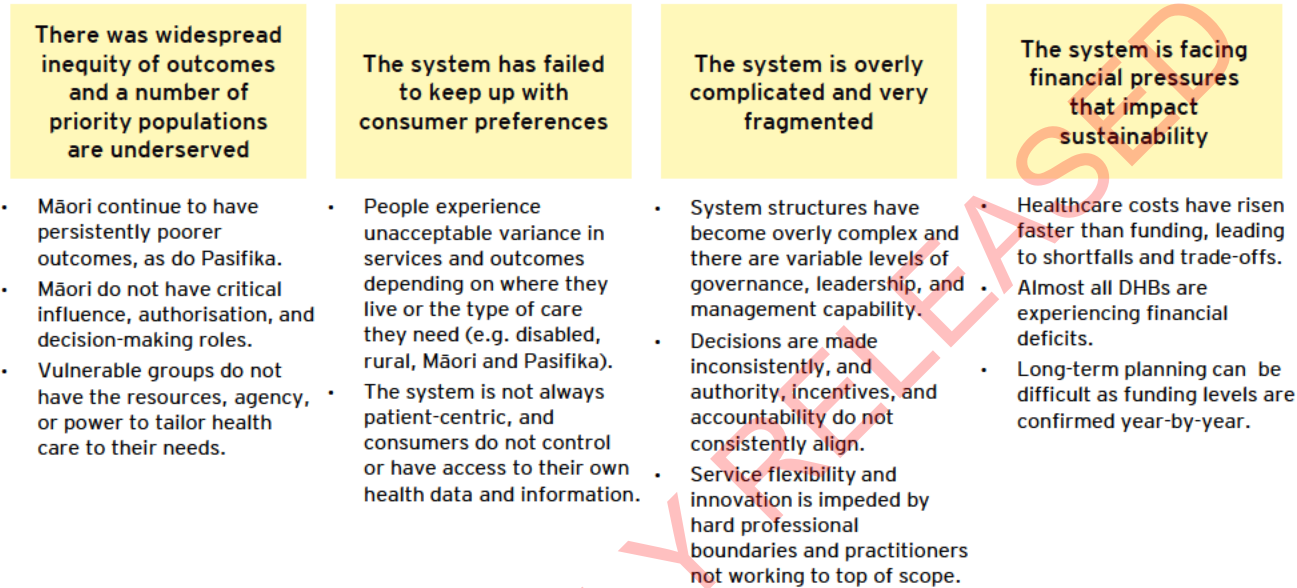


Figure 2: Opportunities identified in the The Health and Disability System Review

These weaknesses were further identified during the COVID-19 pandemic as the health system was forced to respond at pace to a completely new threat and deliver a nationally consistent response. This highlighted the difficulty associated with the variation in operating environments between District Health Boards and the lack of national governance and decision making. During this period, Manatū Hauora stepped in to lead the national COVID-19 response which necessitated a rapid capability and capacity uplift to meet the demand.

## b) How governments are responding to global trends

Globally, changes in technology, demographics, and climate are forcing governments to change how they operate. This is exacerbated by the economic conditions created through the ongoing supply chain and workforce issues that came out of the COVID-19 pandemic and the current geo-political landscape. At the same time, many governments responded to the COVID-19 pandemic with more innovative and agile service delivery models, highlighting potential new ways of working that could better serve the public going forward.

In response to global trends, governments around the world have adopted three major areas of focus:



Figure 3: International governments' response to global trends

# Background and context

## c) How healthcare is responding to global trends

Globally, the traditional models of healthcare are also changing in response to demographic and socioeconomic changes, workforce shortages, changing consumer expectations, requirements for greater capital efficiency, new demands for technology, and an increasing focus on improving equity. These trends are driving a new health model centred on engaged consumers, powered by data and digital.

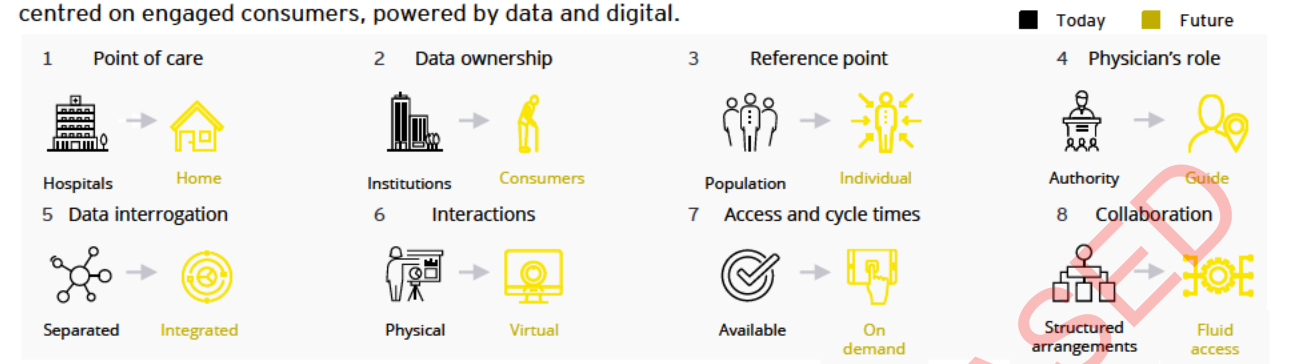


Figure 4: Global trends in healthcare

In new health care models:

- The reference point for clinical interactions sits at a consumer level to deliver hyper-personalised care supported by big data
- Health care services are becoming accessible closer to home and through virtual interaction
- Consumers own more of their data and are increasingly able to access it on demand and the health system is increasingly using data to drive population level health improvements
- The clinician's role is evolving to be more guiding and less authoritative
- Health systems are more collaborative, with data moving more fluidly across functions and departments

## d) How New Zealand's health system is responding to local challenges and global trends

In June 2020, the Government committed to undertaking a long-term programme of reform, drawing on the recommendations of the Health and Disability System Review. The vision was to build a health system that meaningfully achieves **pae ora/healthy futures for all**: where people live longer in good health, have improved quality of life, and where there is equity between all groups. In order to achieve this vision, the reform programme identified five key system shifts that will be required, alongside many other changes:




Figure 5: New Zealand health system response to challenges and trends

Delivering these system shifts requires fundamental changes to how the health system is designed, operated, and overseen. In March 2021, Cabinet agreed to a new system operating model that describes the key entities and their respective roles and responsibilities, but deliberately left the detailed design and implementation of organisational structures and ways of working to the sector to own and deliver. The principle elements of the new system operating model described in the March 2021 Cabinet paper include:

- Manatū Hauora will be strengthened in its role as the steward of the health system, leading on strategy and policy.
- Te Whatu Ora (Health New Zealand) will be established as the operational lead for health services, undertaking planning and commissioning, monitoring performance, and driving innovation.
- Te Aka Whai Ora (The Māori Health Authority) will be established to drive a focus on hauora Māori in the system, working jointly with Manatū Hauora and Health NZ to agree strategies, plans and priorities.
- The Public Health Agency (within Manatū Hauora) and the national public health service (within Te Whatu Ora) should be established to focus on strengthening health protection and health promotion and to improve public health knowledge, research and intelligence.



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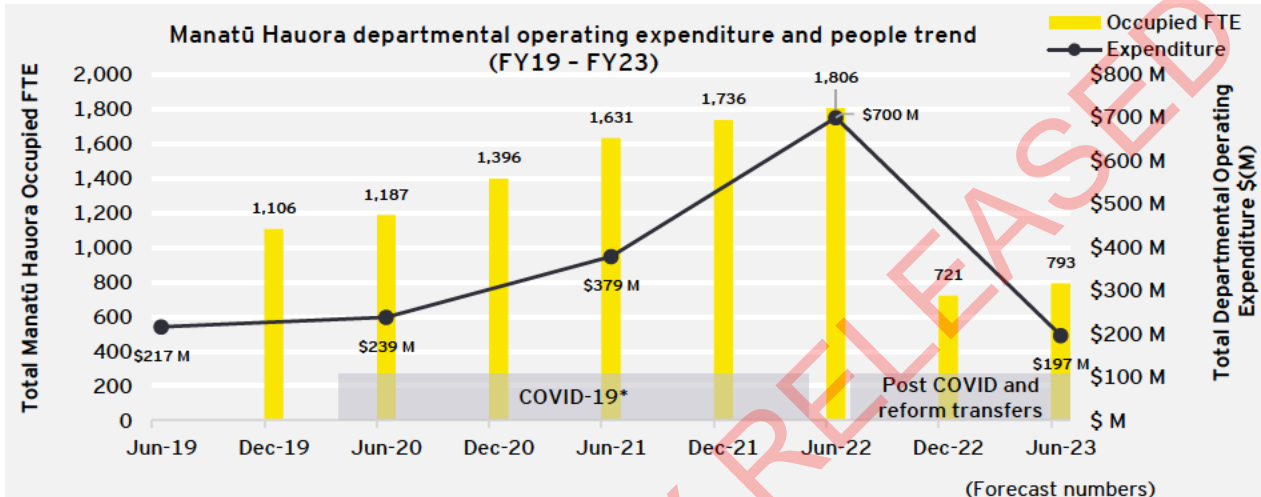


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## a) Background

Over the last four years, Manatū Hauora has had a period of near continual change, through scaling up to lead the COVID-19 response, and then the transfer of nearly 1,000 people and associated functions to new entities as part of the health reform. The following graph shows how these changes affected the departmental operating expenditure and resourcing profile of Manatū Hauora since June 2019.



In June 2020, the Government committed to a long-term reform programme to build a health system that meaningfully achieves pae ora/ healthy futures for all through fundamental changes to how the health system is designed, operated, and overseen. The new system operating model agreed by Cabinet in March 2021 introduced new national health entities and refocused the core roles of Manatū Hauora to stewardship, strategy, policy, regulation, monitoring, and an additional responsibility in regards to Public Health.

As system steward and a lead government agency, Manatū Hauora plays a leading role in delivering on the intent of reform, and in leading New Zealand's response to global trends affecting governments and health systems. Now that new entities are largely up and running, Manatū Hauora must turn its attention to optimising its own operating position to become a more future-focused Ministry that can deliver on these responsibilities.

## b) Current state analysis

The current state analysis reflects engagement with over 30 stakeholders, Manatū Hauora documentation and artefacts, leading practice for government and high-performing organisations, and the intent of the health reform.

### Operating budget and resourcing profile

Analysis showed that the current operating budget and resourcing profile of Manatū Hauora has not yet been aligned to reflect it's refocused roles. This is at least in part due to legacy and the rapid changes that the organisation has had to deal with over the last four years.

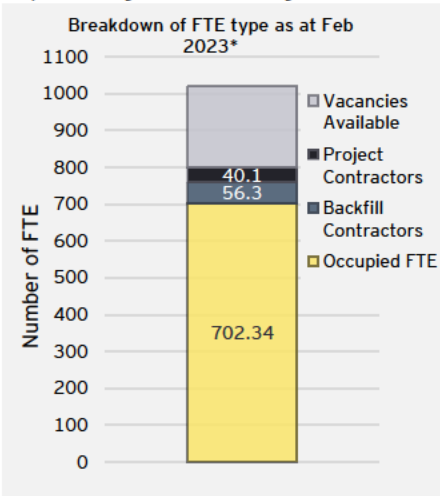
702.34 FTE  
occupied FTE

+

56.30 FTE  
backfill contractors

As at February 2023, Manatū Hauora had 702.34 occupied FTE plus 56.30 FTE backfill contractors and 40.10 FTE project contractors. It also had 220.38 FTE budgeted vacancies. Many of these are no longer needed and have been unfilled for some time.

The FY23 forecast departmental operating expenditure for Manatū Hauora is \$196.8M of which 44% (\$85.8M) is forecast for permanent staff salaries. This is a similar departmental operating expenditure to prior to COVID-19, despite a smaller and more focused set of responsibilities.



Reference: Manatū Hauora financial data on historic departmental expenditure from FY19, HR data on FTE and headcount from Dec 2019, HR outyear forecasts to FY26



# Executive summary

## c) Current state analysis continued

### Use of contractors

Through COVID-19 Manatū Hauora used more contractor resources to rapidly boost capacity. While spend has reduced, Manatū Hauora still has a large number of contractors across the organisation (96.40 FTE). Manatū Hauora is forecast to spend \$33.3M on contractors in FY23, which equates to ~26% of the total forecast personnel expenditure. Analysis highlighted that many contractors are being used to deliver core business as usual activities, rather than providing temporary capacity or expertise.

### Vacancies within Manatū Hauora

Currently, 22% of budgeted FTE positions are vacant within Manatū Hauora, and many of these have been vacant for some time. This has resulted in a budgeted structure which does not reflect the actual structure and is, in practice, unaffordable. Feedback suggests that the budget associated with available vacancies that are no longer needed is being used for other purposes which makes accurate whole of organisation planning, budgeting, and oversight difficult. This raises considerations for Manatū Hauora to undertake a more strategic and whole of organisation approach to resource allocation and workforce planning.

### Size of Corporate, Government and Executive services

There is significant duplication of effort and activity in the delivery of Corporate, Government and Executive services across Manatū Hauora with these activities being delivered by 229.82 FTE (including 9.55 FTE backfill contractors) across the Corporate Services directorate, Government and Executive Services directorate and the Offices of the Deputy-Director Generals. Manatū Hauora is forecast to spend 29% (\$56.9M) of its departmental operating expenditure on administrative and support services in FY23 which is significantly higher than the New Zealand public sector average of 18% as benchmarked by Treasury (2017).

### System leadership

Stakeholders commented that there is a need for Manatū Hauora to be a more active steward, taking a longer term view of the health system and being more involved in cross agency initiatives across health and government. There is also a need for Manatū Hauora to take a more active leadership role across the health system in delivering the intent of reform.

Manatū Hauora needs to move away from its operational, day-to-day view to take overarching/big-picture view as steward of the system.

### Culture

Staff commented that current culture feels overly hierarchical and is marked by varying levels of trust and autonomy. For example, staff said that the internal oversight processes for delivering work felt overly bureaucratic with most work funnelling up to the Deputy-Director Generals via a complex sign off process. This limits the organisations ability to deliver high-quality work at pace and reduces ownership.

### Capabilities

Analysis and feedback identified that while there are teams and pockets of very high capability within Manatū Hauora, there are also a range of capability gaps in relation to the refocused roles of Manatū Hauora that are impacting the quality of outputs and overall organisational performance. Key gaps identified include:

- Te Tiriti and equity for Māori and how this is strategically and practically applied in the work of Manatū Hauora.
- Horizon scanning and future-focused strategic thinking to proactively respond to emerging opportunities and challenges.
- Reform leadership and direction
- Māori capability across Manatū Hauora and how this capability is accessed and connected across teams.
- How Manatū Hauora accesses and uses clinical leadership and expertise.
- System performance and monitoring capability in relation to refocused roles.
- Data analytics and insights capability to support a more evidence-led approach to delivering core roles.
- Capability needed to effectively steward the reform programme.
- Relationship and stakeholder management to support stronger relationships internally and externally.

Continued overleaf....

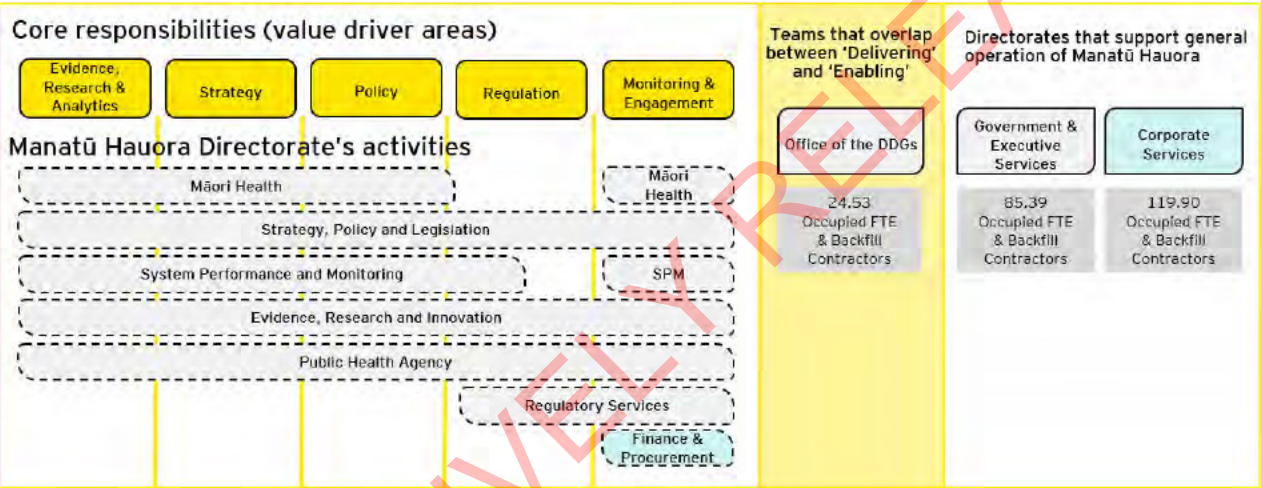
# Executive summary

## c) Current state analysis continued

### Internal ways of working

Staff expressed a desire for the organisation to move away from the rigidity of directorates to arrangements that better support integrated programme/project delivery and cross-functional working. Stakeholders commented that there are good examples of communities of practice that are working well to bring people with similar skills and capabilities together but these are not formalised or consistent. Additionally, the current approach to organisational planning tends to be “bottom-up”, with directorates developing their own business plans that are then brought together into a single, whole of organisation view. This misses opportunities to make enterprise-level choices about priorities and use of resources and can cause duplication between directorates.

The analysis below shows this duplication of activities. It illustrates the activities that teams within each directorate are leading against the core responsibilities (value driver areas) of Manatū Hauora. The analysis found that while directorates in Manatū Hauora are in theory largely organised by function, the majority of teams (45 out of 53 as per the directorate validated information) performed activities that cut across multiple value driver areas. In particular, teams are building their own capability to undertake activities outside their core responsibilities, rather than utilising the specialist capability that already exists within Manatū Hauora e.g. directorates leading their own recruitment processes.



### External ways of working

Stakeholders commented that there are examples where Manatū Hauora, Te Whatu Ora, and Te Aka Whai Ora are collaborating effectively, especially at a Chief Executive level, but that this is not consistent throughout all levels of the organisation. Additionally, there is some uncertainty about the delineation of roles and responsibilities between entities on cross-entity responsibilities.



Chief Executive relationships are based on mutual respect and promote the free sharing of information. However, this needs to be built at lower levels too.



The current ways of working misses opportunities to make the most efficient use of capability across the health sector, and risks entity outputs and services not being optimally aligned to broader system goals. Stakeholders expressed a desire for Manatū Hauora to take more of an active role as system steward in providing clarity over the delineation of accountabilities and in driving stronger relationships between entities

# Executive summary

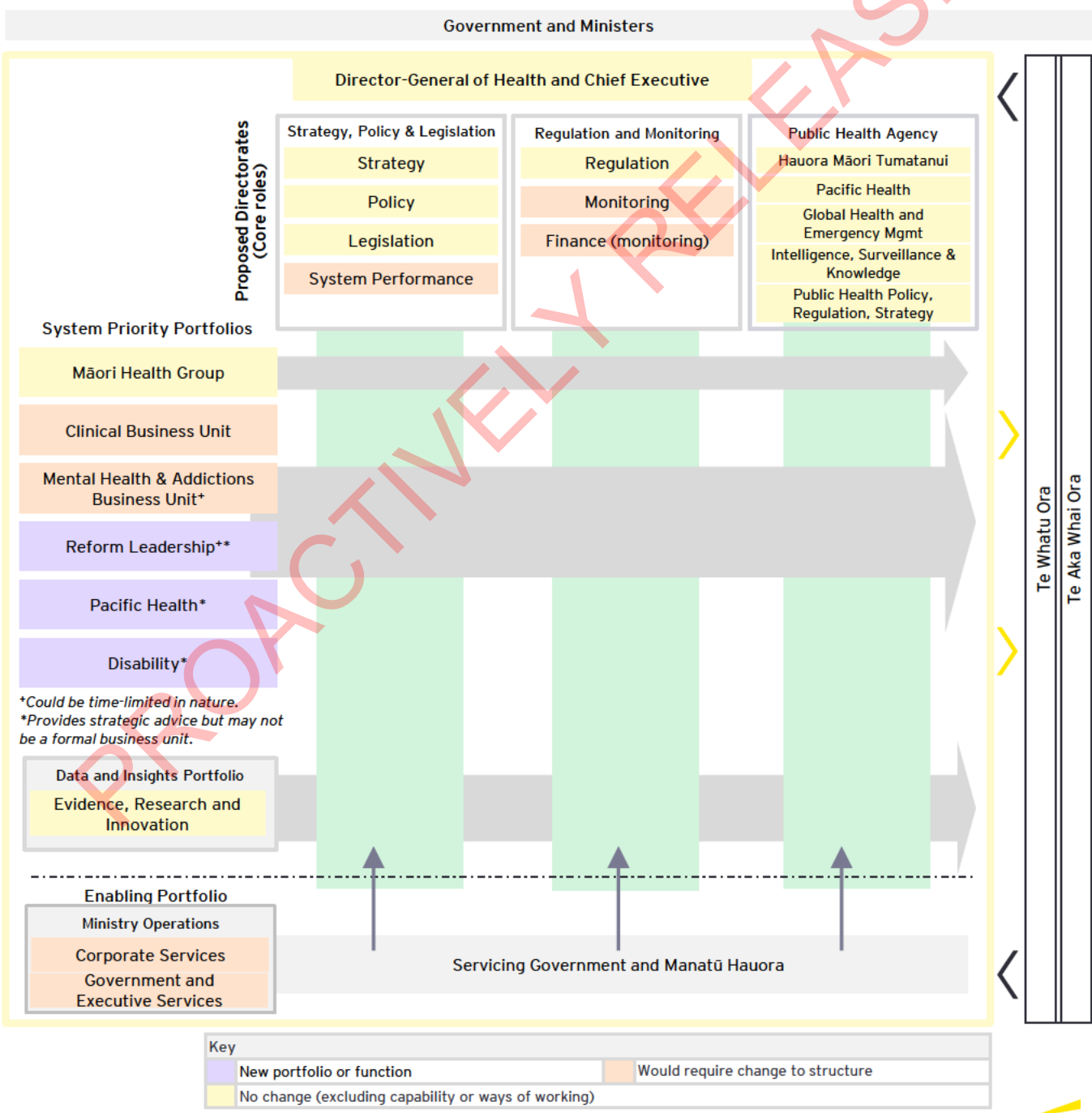
## d) Recommendations

The below summarises recommendations for how Manatū Hauora could evolve to become a more future-focused Ministry across six interconnected areas. These recommendations are based on the current state assessment, the reform intent, global trends, and leading practice for public sector and high-performing organisations.

1

### Design and structure

Manatū Hauora should consider reorganising into a cross-functional 'matrix' structure that drives collaboration and strikes a balance between creating centres of capability and distributing this to where it is most needed. The proposed design is shown conceptually below. It proposes using directorates to focus effort on the core roles as agreed by Cabinet; creating a series of System Priority Portfolios, where high priority specialist skills and knowledge sit; embedding System Performance with Strategy and Policy functions; and creating an Enabling Portfolio that delivers Corporate, Government and Executive Services as part of a single 'Ministry Operations' directorate. This proposed design would need to be supported by a shift in the culture and new ways of working.



# Executive summary

2

## *Stewardship and leadership*

Manatū Hauora should take a stronger, more definitive, and proactive stewardship role in the health system and across government. This means providing more clarity on the refocused role of Manatū Hauora for its stakeholders, driving and embedding the reform agenda in line with Cabinet intent, and more actively stewarding health across government and other sectors to improve population health.

3

## *Internal ways of working*

Manatū Hauora should aim to reset its organisational culture and adopt new ways of working to support a future-focused Ministry. This includes adopting and scaling service delivery models such as communities of practice, centres of expertise, and business partnering to share resources, capability and expertise across teams and health entities. It also includes actively empowering current and emerging leaders to work to their full potential through more accountability and simpler oversight processes, and establishing a more cohesive approach to organisational planning.

4

## *External relationships*

Manatū Hauora should actively strengthen its relationships with Te Whatu Ora, Te Aka Whai Ora, and other health agencies. It should drive cross-agency agreement on the delineation of roles and responsibilities and how capabilities are shared between them. Manatū Hauora should pay specific attention to how it works with Te Aka Whai Ora on shared responsibilities given its substantive role to lead the health system's focus on Māori.

5

## *Capabilities*

Manatū Hauora should uplift key capabilities to support it to become a future focused Ministry and effectively deliver on its refocused roles. Key areas of capability uplift include Te Tiriti and equity, horizon scanning, future-focused strategic thinking, reform stewardship, relationship and stakeholder engagement, data analytics and insights, clinical leadership and expertise, Māori health, and system performance and monitoring.

6

## *Sizing*

Future sizing should consider the other recommendations on new ways of working and proposed matrix organisational design. Based on high-level analysis and benchmarks, Manatū Hauora should consider improving the efficiency of processes, resizing Corporate, Government and Executive functions, and repurposing existing vacancies to fill the necessary capability gaps. Manatū Hauora should consider working toward overall size of 550-600 FTE (including contractors) over the next three years.

### ***Manatū Hauora: 'A future-focused Ministry'***

These recommendations would better support a future-focused, agile, lean Manatū Hauora that would operate as an exemplary system steward across health and the wider public sector. Its size and structure would support it to focus on discharging its core roles, underpinned by a detailed understanding of Te Tiriti, leading practice, global trends, population health need and system performance.

The relationships between Manatū Hauora, Te Whatu Ora and Te Aka Whai Ora would be strong, collaborative and complementary and the one-system ethos would be displayed in the ways that they partner on shared responsibilities and share expertise and resources. Manatū Hauora would be focused on leading, influencing, collaborating and partnering, rather than operating, to guide the health system toward common goals.

New ways of working would be grounded in a culture of collaboration and cohesion. People and teams would work in a cross-functional manner, sharing capabilities and resources across team and entity boundaries to make the most optimal use of specialist expertise. People and leaders at all levels would be empowered to lead and perform to their fullest potential.

Manatū Hauora would continue to evolve and move forward in a cohesive manner, with a clear line of sight from its purpose and core roles to the activities and outputs of the teams and directorates. With a clear view of its key deliverables and activities, Manatū Hauora would be able to effectively and strategically manage its workforce and capabilities, leaning on other entities and utilising temporary capability in a more planned way.

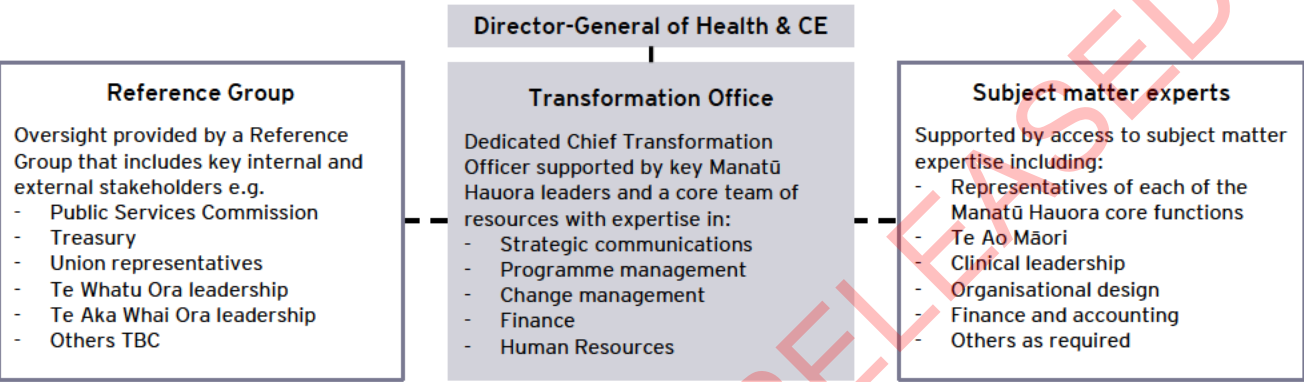


# Executive summary

## e) Roadmap and change approach

These recommendations could be delivered through a programme of change that balances focus on short, medium, and long-term transformation activities to deliver early value and momentum. A programme of this nature should be driven by Manatū Hauora leadership but resourced in a way that doesn't compromise the delivery of business-as-usual work, including delivering the wider reform agenda. It should put people at the centre by creating a purposeful vision, empowering people from across the organisation and sector to be involved, supporting them during the change, and providing strong leadership and direction.

To support this, Manatū Hauora should consider establishing a dedicated Transformation Office to lead and drive the change over the next 12 months and beyond, as outlined below.



The Transformation Office would manage a number of workstreams, alongside its own programme of work, that could be led by key stakeholders within Manatū Hauora. These workstreams work closely together to deliver a cohesive programme of work. Proposed workstreams and their purpose are outlined below:

Transformation Office	<ul style="list-style-type: none"><li>• Programme management, including benefit realisation, risk, and dependency management.</li><li>• Managing overall engagement of Manatū Hauora staff and the wider health sector.</li></ul>
Leadership and Culture	<ul style="list-style-type: none"><li>• Developing future-focused leaders across Manatū Hauora and re-affirming Manatū Hauora as system steward.</li><li>• Designing and resetting the organisational culture.</li></ul>
Organisational Design	<ul style="list-style-type: none"><li>• Detailed design of the new organisational structures and associated new ways of working.</li><li>• Completing formal consultation on proposals as required.</li></ul>
People, Capabilities, and Partners	<ul style="list-style-type: none"><li>• Confirming future capability requirements and how these could be sourced.</li><li>• Developing more effective working relationships with partners.</li></ul>
Manatū Hauora Size and Budget	<ul style="list-style-type: none"><li>• Confirming and working toward an optimal size and budget over the next two years.</li><li>• Identifying and implementing opportunities to optimise the efficiency of processes.</li></ul>

There could also be function-specific work programmes but given the scale of change, these should be carefully considered to maintain business continuity.

## Background and Context



Building a better  
working world

# Background

This section sets out a) the purpose of this report, b) the background to the review and c) an overview of the approach.

## a) Purpose

In late 2022, EY was engaged by the Director-General of Health to provide independent advice on how Manatū Hauora should operate in the future given the health reform and wider contextual changes. This report contains the results of EY's analysis into the current functions, capabilities, and ways of working of Manatū Hauora and how these might need to change. It sets out what a future-focused Ministry should 'look' and 'feel like' based on leading practice and the intent of the reform, an analysis of the current operating position of Manatū Hauora, a series of recommendations for change across 6 key areas of focus, and a proposed implementation plan.

## b) Background

Manatū Hauora has been operating in a challenging and disruptive context in recent years as a result of a number of pressures. In particular, the response to COVID-19 and the health reform necessitated significant change to the capabilities, ways of working, and resourcing profile of the organisation. Manatū Hauora led the health system's response to COVID-19, which required up to 2,000 additional employees and contractors to manage the national response. In 2021, the health reform refocused the roles of Manatū Hauora to focus on stewardship, strategy, policy, monitoring, and regulation. This necessitated the transfer of a significant number of operational people and functions to Te Whatu Ora and Te Aka Whai Ora. Following this transfer, Manatū Hauora developed Tikanga Whakahaere, its interim operating model, recognising that this would need to evolve as the new system operating model was embedded. Now that new entities are largely up and running, Manatū Hauora must turn its attention to optimising its own operating position. Expectations from Ministers, the workforce, and communities to deliver on the promises of reform are high and Manatū Hauora, as a steward of the health system, plays a leading role in the transformation. Manatū Hauora needs to rapidly transform its operating position to effectively deliver its refocused roles and to better enable it to respond to global trends that are affecting governments and health systems all over the world.

## c) High-level timeline

Below the high-level timeline to the review. The review builds on the significant body of work that had already been undertaken by Manatū Hauora and wider government, and reflects the perspectives of both internal and external stakeholders as well as global leading practice. Please note that the Cancer Control Agency was outside the scope of this review. More detailed information on the overall approach to the review is included in Appendix A.

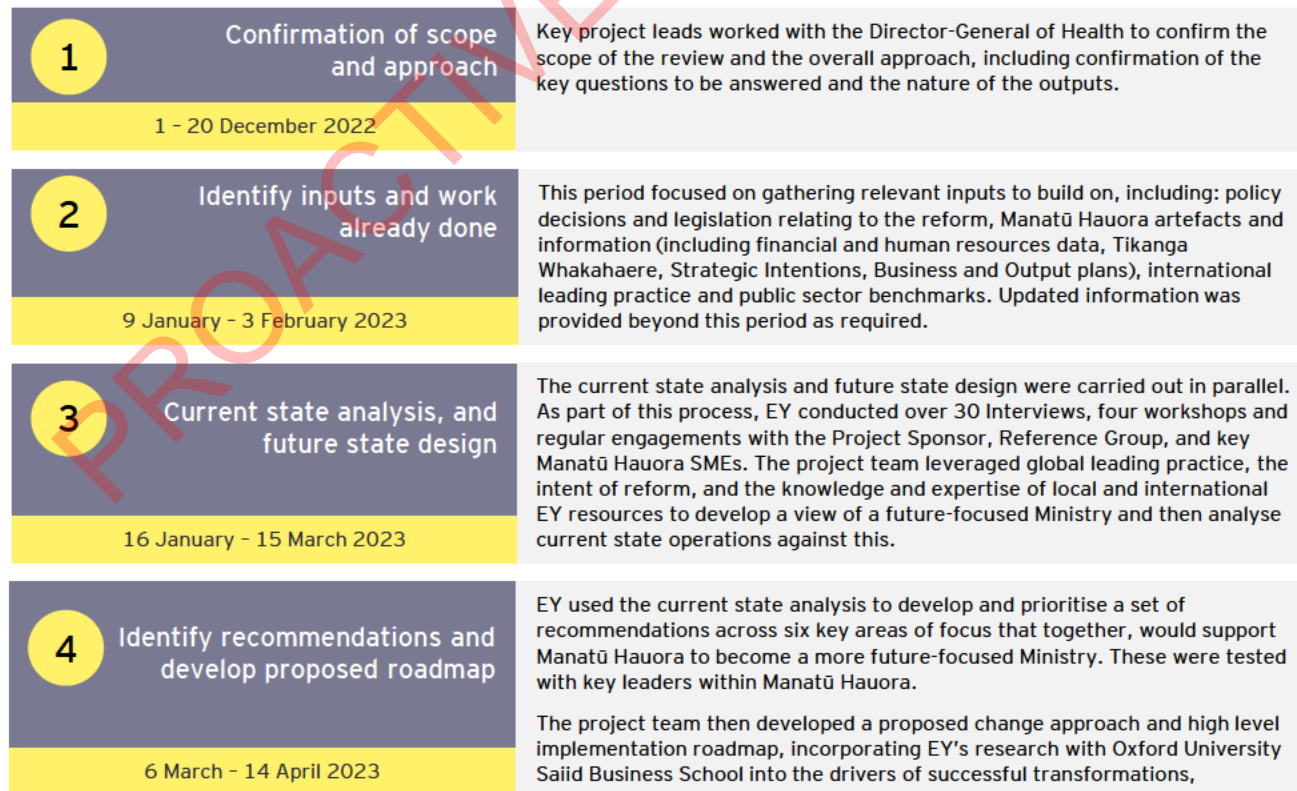


Figure 1: Approach to Manatū Hauora function and capability review

# Context

This section sets out a) the context of the Health and Disability System Review and COVID-19, b) how governments are responding to global trends, c) how healthcare is responding to global trends, d) how New Zealand's health system is changing through the reform, and e) what this means for a future-focused Ministry.

## a) The Health and Disability System Review and COVID-19

In 2018, the Minister of Health commissioned the Health and Disability System Review to identify opportunities to improve the performance, structure and sustainability of the system, with a goal of achieving equity of outcomes and contributing to wellness for all, particularly Māori and Pacific peoples. The report set out a clear case for change and found that:

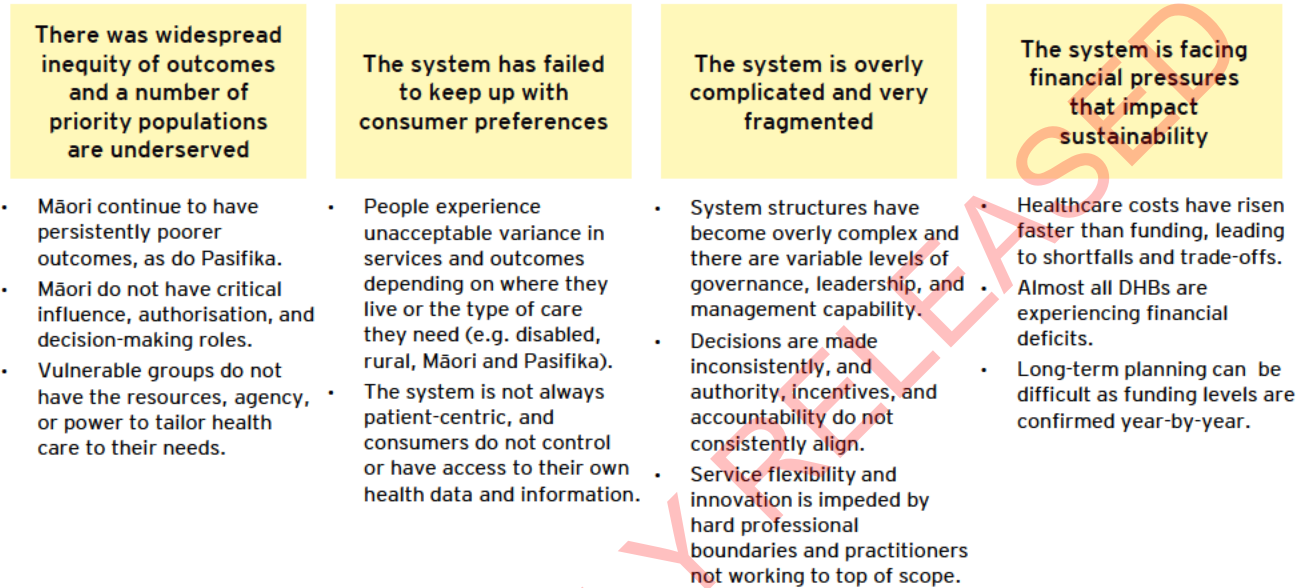


Figure 2: Opportunities identified in the The Health and Disability System Review

These weaknesses were further identified during the COVID-19 pandemic as the health system was forced to respond at pace to a completely new threat and deliver a nationally consistent response. This highlighted the difficulty associated with the variation in operating environments between District Health Boards and the lack of national governance and decision making. During this period, Manatū Hauora stepped in to lead the national COVID-19 response which necessitated a rapid capability and capacity uplift to meet the demand.

## b) How governments are responding to global trends

Globally, changes in technology, demographics, and climate are forcing governments to change how they operate. This is exacerbated by the economic conditions created through the ongoing supply chain and workforce issues that came out of the COVID-19 pandemic and the current geo-political landscape. At the same time, many governments responded to the COVID-19 pandemic with more innovative and agile service delivery models, highlighting potential new ways of working that could better serve the public going forward.

In response to global trends, governments around the world have adopted three major areas of focus:



Figure 3: International governments' response to global trends



# Background and context

## c) How healthcare is responding to global trends

Globally, the traditional models of healthcare are also changing in response to demographic and socioeconomic changes, workforce shortages, changing consumer expectations, requirements for greater capital efficiency, new demands for technology, and an increasing focus on improving equity. These trends are driving a new health model centred on engaged consumers, powered by data and digital.

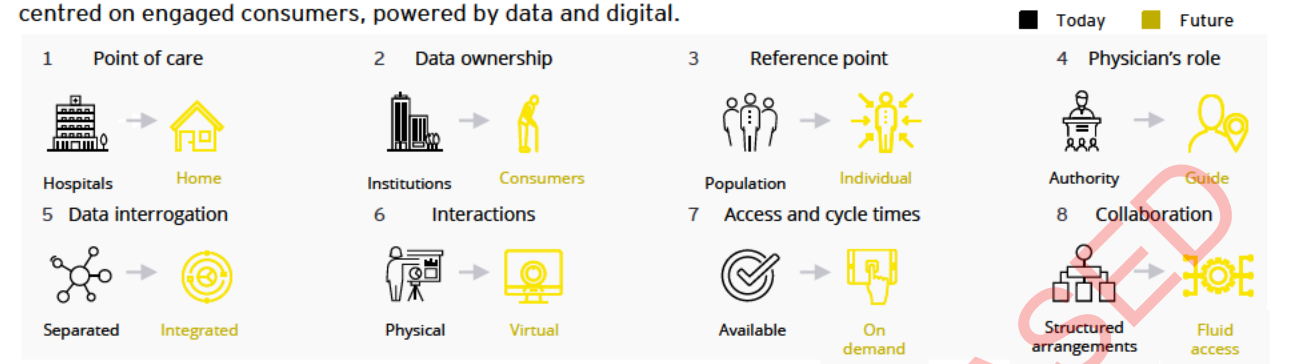


Figure 4: Global trends in healthcare

In new health care models:

- The reference point for clinical interactions sits at a consumer level to deliver hyper-personalised care supported by big data
- Health care services are becoming accessible closer to home and through virtual interaction
- Consumers own more of their data and are increasingly able to access it on demand and the health system is increasingly using data to drive population level health improvements
- The clinician's role is evolving to be more guiding and less authoritative
- Health systems are more collaborative, with data moving more fluidly across functions and departments

## d) How New Zealand's health system is responding to local challenges and global trends

In June 2020, the Government committed to undertaking a long-term programme of reform, drawing on the recommendations of the Health and Disability System Review. The vision was to build a health system that meaningfully achieves **pae ora/healthy futures for all**: where people live longer in good health, have improved quality of life, and where there is equity between all groups. In order to achieve this vision, the reform programme identified five key system shifts that will be required, alongside many other changes:



Figure 5: New Zealand health system response to challenges and trends

Delivering these system shifts requires fundamental changes to how the health system is designed, operated, and overseen. In March 2021, Cabinet agreed to a new system operating model that describes the key entities and their respective roles and responsibilities, but deliberately left the detailed design and implementation of organisational structures and ways of working to the sector to own and deliver. The principle elements of the new system operating model described in the March 2021 Cabinet paper include:

- Manatū Hauora will be strengthened in its role as the steward of the health system, leading on strategy and policy.
- Te Whatu Ora (Health New Zealand) will be established as the operational lead for health services, undertaking planning and commissioning, monitoring performance, and driving innovation.
- Te Aka Whai Ora (The Māori Health Authority) will be established to drive a focus on hauora Māori in the system, working jointly with Manatū Hauora and Health NZ to agree strategies, plans and priorities.
- The Public Health Agency (within Manatū Hauora) and the national public health service (within Te Whatu Ora) should be established to focus on strengthening health protection and health promotion and to improve public health knowledge, research and intelligence.

## Background and context

### e) What this means for a future-focused Ministry

As the steward of the health system and a lead government agency, Manatū Hauora plays a key role in leading New Zealand's response to international trends affecting governments and health and in delivering the vision of reform.

*As a future-focused Ministry, Manatū Hauora should:*

- Set itself up to be able to continually transform in response to local and global drivers of change.
- Set a strategic direction that reflects global trends that will affect our health system and economy; local health need today and into the future; the priorities of consumers, whānau, the workforce, and industry; and new ways of working that could disrupt how health services are delivered.
- Be a leader in digital government, leading the adoption of digital service models and embedding digital-first approaches into strategy, policy, and monitoring frameworks. Have a clear focus on bridging the digital divide for Māori and other communities that have historically been poorly serviced.
- Be rigorous in improving capital efficiency, taking a long-term view of investment and value that is grounded in equity.
- Have a focused, highly-skilled, and motivated workforce with the right mix of capabilities to provide for strong representation of Māori and other groups and to effectively and sustainably deliver the refocused roles.
- Be a global leader in equity of access and inclusivity, particularly for Māori for upholding Te Tiriti obligations. This includes being a leader in internal diversity and inclusion practices.
- Be connected into the wide public sector and into local communities and include Māori leadership, consumer, community, and whānau voices in the design and improvement of system settings.

### The roles of a future-focused Ministry

The March 2021 Cabinet paper describes the roles and responsibilities of Manatū Hauora in the new system operating model as:

- System steward leading health across government and lead advisor to government on matters relating to health.
- Primary source of strategy and policy functions for the system, in partnership with Te Aka Whai Ora where it relates to hauora Māori, setting national direction and priorities for the system as a whole and for specific components.
- System monitor on its overall performance including the performance of the system entities within it
- Leading on legislative and regulatory settings.
- Securing and monitoring Vote Health funding.
- Not being a significant commissioner of services, with responsibilities for commissioning frontline health services transferring to Te Whatu Ora and Te Aka Whai Ora.

The following pages outline the key features of what 'good' could look like for each of the five core roles (Stewardship, Strategy, Policy, System performance and monitoring, and Regulation) roles based on Manatū Hauora ELT input, literature and leading practice, interviews, workshops, Manatū Hauora Gap Change Plan, Strategic Intentions, and Tikanga Whakahaere. This is not an exhaustive list but is instead intended to paint a picture of how these roles could evolve over the next 3-5 years.

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- Have a focused, highly-skilled, and motivated workforce with the right mix of capabilities to provide for strong representation of Māori and other groups and to effectively and sustainably deliver the refocused roles.
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# A future-focused Ministry: Stewardship

The steward of a health system has responsibility over the health and wellbeing of the population and the health system as a whole. It can be thought of as the leader of the health system, providing long-term direction and translating government intent into action.

**The March 2021 Cabinet Paper describes the role of Manatū Hauora as follows:**

Manatū Hauora must strengthen its role as the steward of the health system, leading on strategy and policy in collaboration with Te Whatu Ora and Te Aka Whai Ora. Manatū Hauora will manage a continual process of review and oversight across the system as a whole, and support the formal accountability of organisation to the Minister. Manatū Hauora will set and review parameters and settings in which the system operates, including legislative and regulatory settings.

## What does a good\* stewardship role look like for Manatū Hauora?



**Translating government intent into action; Equity-focused, Te Tiriti embedded**  
As steward, Manatū Hauora must translate government intentions into meaningful and impactful actions. In doing so, they should focus on the strategic and practical application of Te Tiriti across all functions and activities and on resolving inequities of access and health outcomes for Māori and other groups.



**Clarity, credibility, visionary**  
Providing a clear long-term vision, with a consistent and cohesive direction for the health system, and wider public sector. This should be based on whole-of-system performance, led with confidence, and challenge the status quo where needed.



**Grounded in evidence, international best practice, and deep sector knowledge**  
Consistently performs global horizon scanning seeking global learning and leading practice. Collects, disseminates and uses intelligence to influence decision making. To do this effectively, the steward needs access to holistic whole-of-system data, a deep understanding of the health sector and how it operates.



**Intersectoral leadership and partnership**  
Partnering with and influencing other entities across the wider public sector toward common performance outcomes. Builds relationships with organisations and communities including Iwi, Māori and Māori communities to address societal factors that impact health.



**Drives system performance and is accountable to the public whilst fostering a culture of trust and confidence**  
Monitoring and regulating the system and entities to drive high performance, compliance and improvements. Fosters a culture of trust and confidence, built on strong two-way communication and collaborative ways of working across entities. Draws on the emerging focus of accountability to Māori that is captured in the Pae Ora (Healthy Futures) Act 2022.



**Ensures a system design that optimises population outcomes**  
Constantly re-evaluates how the overall health system design contributes to population health outcomes. Holds the system accountable for delivering agreed outcomes. Provides clarity in the roles and responsibilities of the health system actors.

\* Key features of what 'good' could look like for each of these roles based on Manatū Hauora ELT input, literature review, leading practice, interviews, workshops, Manatū Hauora Capability Gap Change Plan, Strategic Intentions, and Tikanga Whakahaere.



# A future-focused Ministry: *Strategy*

Manatū Hauora is tasked with providing strategy for both Manatū Hauora and the system as a whole, setting the long-term vision, overall direction, aims and objectives for the health and well-being of New Zealand. Strategy sets the high-level parameters for how the direction is achieved through long-term investment priorities and system levers and guides to collective action towards the vision.

**The March 2021 Cabinet Paper describes the role of Manatū Hauora as follows:**

The strategic role of Manatū Hauora strategic includes the development of national direction and priorities for the whole health system and for strategically important priority areas e.g. mental health. The strategic role of Manatū Hauora should extend outside the health system, reflecting the wider drivers and impacts of population health.

## What does a **good\*** strategy role look like for Manatū Hauora?




**Leads health strategy across government**  
Takes an active leadership role in all government strategies that influence health outcomes, and influences other strategies across government. Health strategies refer to the long-term view of system priorities and direction of travel and do not materially change based on the government of the day.



**Equity-focused, Te Tiriti embedded**  
Inherent focus on resolving inequities for Māori and other population groups. Honouring Te Tiriti across all aspects of strategy while partnering with Te Aka Whai Ora and Māori with joint responsibilities in strategy design and development, drawing upon insight and priorities from Iwi Māori Partnership Boards, and Māori community leadership.



**Deep institutional knowledge**  
Good strategy shops have strong intellectual property and institutional knowledge. This includes the ability to translate system performance monitoring into meaningful and deliberate strategies, which reflect system needs and priorities.




**Strategy is developed in partnership with wider government**  
Strategy development is inclusive of all partners across the system including Te Aka Whai Ora and Iwi Māori Partnership Boards and includes the wider determinants of health. Manatū Hauora strategy influences and is informed by wider government strategies. Where jointly accountable, shares leadership in developing strategies e.g. Hauora Māori Strategy with Te Aka Whai Ora.



**Hand-in-glove with other internal functions of Manatū Hauora**  
Strategy must be pragmatic and grounded in system performance. Strategy must integrate with policy, monitoring, and regulation to ensure it is aligned, that the strategy is measurable, and that it can be delivered by the system.



**Strategies are informed by horizon scanning, data and evidence from a global context**  
Strategy function of Manatū Hauora is globally connected, justifying strategies with data, evidence, and global insights. The strategic function can effectively interpret leading practice material from other jurisdictions and translate meaning and functionality into the context of the New Zealand health system.



**Strategy purpose, planning, and implementation**  
System strategies are aspirational with a clear purpose and direction of travel, and inspire the sector toward common ambitions. Strategies should be intergenerational, describing a long-term future view.

\* Key features of what 'good' could look like for each of these roles based on Manatū Hauora ELT input, literature review, leading practice, interviews, workshops, Manatū Hauora Capability Gap Change Plan, Strategic Intentions, and Tikanga Whakahaere.


# A future-focused Ministry: Policy

The policy function of Manatū Hauora must **translate strategy into the tools, rules, requirements and legislation** to achieve the overall direction. Drawing on policy-making capabilities – including **engagement, evidence and evaluation, design thinking, innovation, and behavioural insights** – policy advises on the most effective combination of system levers to support the required actions.


**The March 2021 Cabinet Paper describes the role of Manatū Hauora as follows:**

The Manatū Hauora is the primary source of policy functions for the system, setting national direction and providing ongoing policy development and support for government priorities. The policy function covers the health system as a whole, as well as policy for specific priority groups, services or enablers which affect investment decisions and wider priorities. Where policy relates to Māori, Te Aka Whai Ora has a co-leadership role in the development and approval of national policy for Māori.


## What does a **good\*** policy role look like for Manatū Hauora?




**Leverages system and sector knowledge and methods**  
The policy function maintains and accesses deep knowledge about the performance of the system, including the drivers of performance, the system levers in place to improve it, and how policy can influence levers to promote change. The policy function can deploy a range of methods and tools as needed, such as behavioural insights and design thinking.




**Gives effect to Te Tiriti o Waitangi**  
All policy must give effect to Te Tiriti. This requires Manatū Hauora to have both deep understanding of te ao Māori and effective partnerships with Te Aka Whai Ora, Iwi, Māori, and Iwi Māori Partnership Boards throughout the policy process.




**Balancing the proactive and reactive**  
There is a long-term forward looking policy programme underpinned by knowledge of future trends and need. This focus is balanced against a more short-medium term focus on the priorities of today. This requires the ability to be agile, and to prioritise and re-direct efforts based on priorities (incl. Ministerial priorities).




**Focus on resolving inequities**  
Policy must inherently focus on resolving inequities for Māori and for all disadvantaged groups. Policy teams must have the capability to develop partnerships and consult with affected groups in order to deliver effective, and meaningful policy that tackles inequities.



**Policy is informed by quality data and evidence**  
Policy decisions are informed by both qualitative and quantitative data and evidence on future health needs and emerging trends. Data and evidence are used as levers to promote dialogue and collaboration across government. Policy is pragmatic, and grounded in quality data and evidence, including where it exposes inequity and incorporates insights from a Māori perspective.




**Collaboration with stakeholders, Iwi, Māori, consumers, and the social sector**  
Engages effectively with wider stakeholders throughout the policy process. Formal mechanisms and processes support Māori Community and consumer engagement to inform policy decisions. Integrates expertise across Government, providing cohesive and informed policy decisions with input from social sector.



**Evaluation and improvement with established feedback loops**  
Continuous evaluation of policies and programmes is embedded in how the function operates. Insights from evaluation leads to genuine improvements. The effectiveness of policy is measured by its impact on system performance and this is used to better inform future policy priorities.

\* Key features of what 'good' could look like for each of these roles based on Manatū Hauora ELT input, literature review, leading practice, interviews, workshops, Manatū Hauora Capability Gap Change Plan, Strategic Intentions, and Tikanga Whakahaere.




# A future-focused Ministry: System Performance and Monitoring

Manatū Hauora has a role in both monitoring and improving system performance, and entity performance.


**The March 2021 Cabinet Paper describes the role of Manatū Hauora as follows:**

The role of Manatū Hauora is in monitoring overall health system performance, and in monitoring the performance of the boards of national health entities in managing entity performance and organisational health. Manatū Hauora also has a key system leadership role in working across government, supporting joined-up policy-making to address the social determinants of health. The national health entities themselves are responsible for monitoring their own performance and progress against priorities and expectations.


## What do good\* System Performance and Monitoring roles look like for Manatū Hauora?




**Digitally-enabled to support a 'smart' monitor**  
Data collection is digitally-enabled and gives Manatū Hauora continual access to up-to-date data and insights. Monitoring processes use AI and analytics capability to highlight deviation from expectations, freeing up Manatū Hauora resources to focus on exception monitoring and interventions.



**Uses specialist expertise so that monitoring aligns with protocols and regulation**  
Monitoring has access to specialist expertise e.g. Māori health, Mental Health & Addictions, Investment and Infrastructure, to align with and consider bespoke protocols, regulation, and expectations.



**Government and Minister accountability to the public**  
Ministers are formally and regularly updated on the conditions and outputs from monitoring efforts to support decision making. There are clear levers in place which allow Ministers to be made aware of any urgent findings requiring intervention. Government is accountable to the public with budgets drawn from the tax payers dollar.



**Fosters a 'one-system' culture with entities working together toward common goals**  
There is collective buy-in to the overall system outcomes and how monitoring supports collective action toward these. The monitoring system drives a high-trust culture of transparency, collaboration, and improvement across entities. Strong relationships allow for influence and deeper insights.

While System Performance and Monitoring are separate activities, both should be undertaken in connection and collaboration with each other, and together should be part of a coherent monitoring framework.

System performance	Monitoring
This is about generating insights to understand how the whole health system works together to deliver system and population outcomes, identify risks, issues, and opportunities in the system. These insights can then be used to improve the performance of the system as a whole and to inform strategic direction, policy, legislation, and investment.	This is about generating insights to understand the organisational health of entities and the performance of their Boards against agreed expectations, including service delivery e.g. capital spend. The process has access to a clear set of levers if expectations aren't met, including, if necessary, formal intervention.
<b>For example:</b> <i>Monitoring overall health expenditure compared to international benchmarks and outcomes</i>	<b>For example:</b> <i>Monitoring Entity budget variance against expectations (surplus / deficit)</i>
<i>Monitoring future workforce capability and capacity compared to population health needs</i>	<b>Vs</b> <i>Measuring staff turnover as an indication of organisational culture</i>
<i>Monitoring system risks that may impact on effective delivery of strategic intentions</i>	<i>Confirming that Boards have effective risk management strategies in place and monitoring against these</i>

The following page outlines additional key features of what good\* system performance and monitoring looks like for Manatū Hauora.

*Continued overleaf....*

\* Key features of what 'good' could look like for each of these roles based on Manatū Hauora ELT input, literature review, leading practice, interviews, workshops, Manatū Hauora Capability Gap Change Plan, Strategic Intentions, and Tikanga Whakahaere.

# A future-focused Ministry: System Performance and Monitoring

## What does a **good\*** System Performance role look like for Manatū Hauora?



**Takes a strategic view of the system to improve collective performance**  
Looks at all entities and layers of the system to build an understanding of how the whole system performs together including across wider government. Incorporates formal processes through which information generated by monitoring informs improvements to system performance methodologies and outcomes.



**Focus on the key system level outcomes that drive performance**  
The monitoring function should remain focused on a small focused set of system level outcomes that truly influence population health, rather than a broad suite of measures. Monitoring assesses not only outcomes, but how the outcomes are achieved and the barriers to improvement.



**Underpins system stewardship**  
System performance should underpin the stewardship role of Manatū Hauora providing the basis for strategic direction setting, policy, legislation, and investment. It should also inform how Manatū Hauora collaborates across health and government improve performance and population outcomes.



**Builds trust through transparency and collaboration**  
System performance should primarily use soft levers to influence and encourage the system to improve performance. It should adopt a culture of transparency and regular reporting that builds understanding and trust in the process. Manatū Hauora should collaborate efficiently with Te Aka Whai Ora on monitoring system performance for Māori and the key elements that influence it.

## What does a **good\*** Monitoring role look like for Manatū Hauora?



**Transparent monitoring framework and escalation pathways**  
Framework clearly sets out what will be monitored, how this connects to the wider system priorities, and what the intervention levers are for underperformance. There are clearly defined and transparent trigger points and escalation pathways.



**Supports the Boards to improve with regular actionable insights**  
Monitoring supports Boards to improve Entity performance by providing regular insights into performance and where appropriate advice on improvements. Monitoring function relies mostly on soft levers to encourage improvement but has access to more formal intervention levers as required.



**Clear on its accountabilities and core role**  
Manatū Hauora should focus on strategic monitoring of entity performance and intervention by exception, and support health entities to take ownership of their own operational monitoring and improvement, as intended by the reform.



**Monitoring framework is contextualised**  
The monitoring framework and process is developed in consultation with the relevant entities and reflects their context. Monitoring framework aligns with and feeds into the context of wider system performance.

\* Key features of what 'good' could look like for each of these roles based on Manatū Hauora ELT input, literature review, leading practice, interviews, workshops, Manatū Hauora Capability Gap Change Plan, Strategic Intentions, and Tikanga Whakahaere.



# A future-focused Ministry: Regulation

Regulation sets the **criteria and parameters that entities of the healthcare system are expected to work within**. The regulatory function sets the formal guidelines and processes in which entities work together to in pursuit of common goals or outcomes. Regulatory functions include **service and provider regulation, therapeutic products regulation, and servicing a range of ministerial and statutory committees** tasked with improving health outcomes.

The March 2021 Cabinet Paper describes the role of Manatū Hauora as follows:

Manatū Hauora will set and review the key parameters and settings for the system. Including legislative and regulatory settings and the ongoing design of the system model. Regulatory functions ensure equitable access to safe and effective services and treatments, delivers value for money, protects public health, and supports system actions to innovate.

## What does a good\* Regulatory role look like for Manatū Hauora?



**Focus on Te Tiriti and equity**  
A good regulatory function must consider Te Tiriti obligations and also accommodate diversity and needs of different groups, organisations and environments.



**Continuous improvement enabled by optimised levers**  
Data-informed regulation effectively uses information to inform decision-making, understand risks, enhance planning and enable targeted actions. Risks are understood and identified, with a proportionate regulatory strategy to manage them that utilises a range of appropriate levers.



**Balances independence and influence**  
Regulatory function has autonomy to operate independently from other core functions to safeguard regulation but retains strong relationships and influence. Regulatory function works with other Manatū Hauora functions and actors across the system to optimise the regulatory environment and to understand the impact of regulation on functions and entities.



**Fit-for-purpose, delivering benefits and positive outcomes**  
Actively looks for global trends or impacts and reviews and amends regulation accordingly. Continuously reviews existing regulation to evaluate if it is fit-for-purpose. Managing risk through regulation is balanced against enabling high-performance. New regulation drives benefits that are aligned with system priorities.



**Role and responsibilities, transparency and predictability**  
The regulatory role of Manatū Hauora and the value it brings is understood by the public and the sector. Clearly defined regulatory roles help optimise collaboration and efficient processes. Processes have clear minimum standard expectations that are aligned and produce predictable and consistent outcomes.



**Agile and flexible regulation supported by a quality workforce**  
Regulatory frameworks are flexible enough to be responsive and can be adjusted at speed in order to support a changing environment. The regulatory workforce has deep sector knowledge and understanding.

\* Key features of what 'good' could look like for each of these roles based on Manatū Hauora ELT input, literature and leading practice, interviews, workshops, Manatū Hauora Gap Change Plan, Strategic Intentions, and Tikanga Whakahaere.

Current State



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# Current state overview

This section presents an overview of the current state of Manatū Hauora. It a) summarises how Manatū Hauora has changed over the last four years and then sets out an overview of b) the organisation’s size and structure, c) how budgets are allocated, and d) how the current state is experienced by staff and stakeholders. The overview is followed by the current state analysis. *Please note that the people and budget/expenditure numbers mentioned in this report do not include the Cancer Control Agency unless otherwise specified.*

## a) How Manatū Hauora has changed over the last four years

When considering the current state, it is important to understand and acknowledge the challenging operating context that Manatū Hauora has experienced over the last four years as this has had significant implications on the organisation’s size, culture and ways of working. The following graph outlines the changes in occupied FTE and departmental operating expenditure of Manatū Hauora since June 2019. At its peak in June 2022, Manatū Hauora was 68% larger (excluding contractors) than in June 2019. In addition to the 1,806 FTE at the peak, Manatū Hauora had a further circa 1,000 contractors in place.

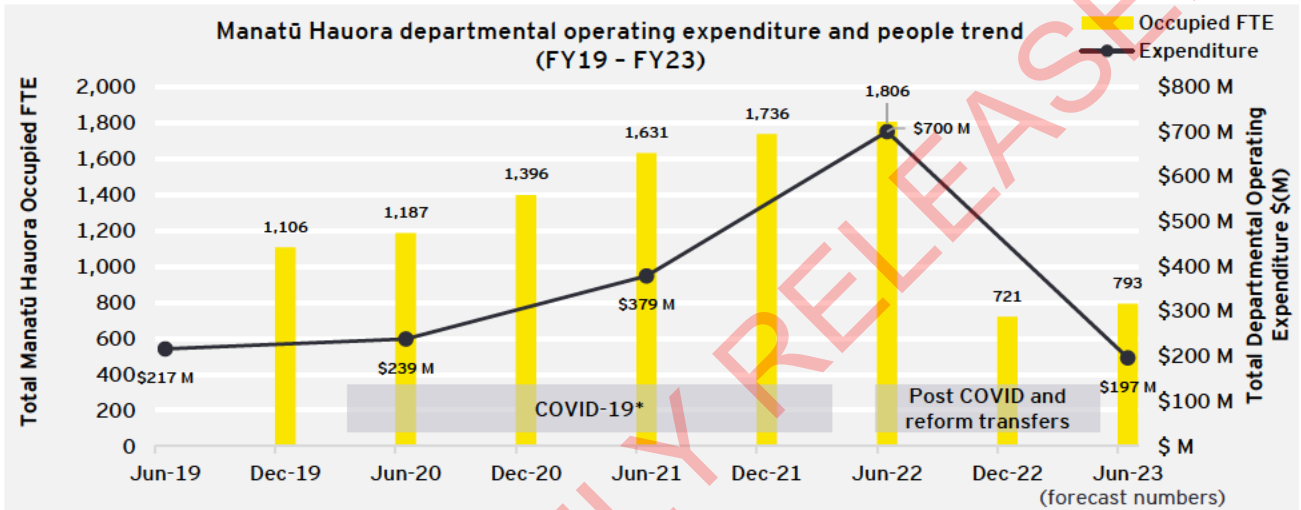


Figure 6: Manatū Hauora departmental operating expenditure and people trend  
\*Please note that COVID-19 is reflected on the above chart from when it was reported in New Zealand in early 2020 to when the Prime Minister ruled that New Zealand would no longer be undertaking lock downs in early 2022.

### The impact of COVID-19

Manatū Hauora led the health system’s response to COVID-19, which required Manatū Hauora to rapidly change its size, focus, and ways of working. Manatū Hauora recruited more contractor and non-permanent resources to boost capability and capacity and adopted more reactive ways of working to respond to changing priorities.

### The impact of Health Reform

In March 2021, Cabinet agreed to a new system operating model which introduced new entities and refocused the role of Manatū Hauora. Manatū Hauora was no longer a significant commissioner of health services or involved in the day-to-day operations of the health system. The new entities were initially set up as departmental agencies within Manatū Hauora and then formally established with the passing of the Pae Ora (Healthy Futures) Act 2022 on 1 July 2022. In the proceeding months Manatū Hauora transferred approximately 900 FTEs (along with their associated roles, functions and budgets) to Te Whatu Ora or Te Aka Whai Ora. This was a significant and very rapid change for Manatū Hauora who were still leading the COVID-19 response.

### Manatū Hauora post-functions transfer

Since July 2022 and the formation of the entities, additional people and functions have transferred to the new entities as they continue to establish themselves. *Tikanga Whakahaere* was introduced on 1 July 2022 as the interim operating model for Manatū Hauora with the understanding that this would need to be updated in time. As at February 2023, Manatū Hauora has 758.64 FTE (including 56.30 FTE backfill contractors) and is forecast to have 793.35 FTE (permanent and temporary) by June 23.

Manatū Hauora has experienced a period of near constant change over the last four years which has impacted the organisation significantly. As the reform programme progresses, Manatū Hauora must organise its own operating position to build a more future-focused Ministry that can deliver on the promise of reform and respond to emerging issues and challenges.

# Current state overview

## b) Organisation size and structure

As at 28<sup>th</sup> February 2023, Manatū Hauora had 702.34 occupied FTEs plus another 56.30 FTEs backfill contractors. It also had 40.10 FTEs project contractors. The overall structure for Manatū Hauora is composed of 1008.86 budgeted FTEs of which 220.38 FTEs are available vacancies.

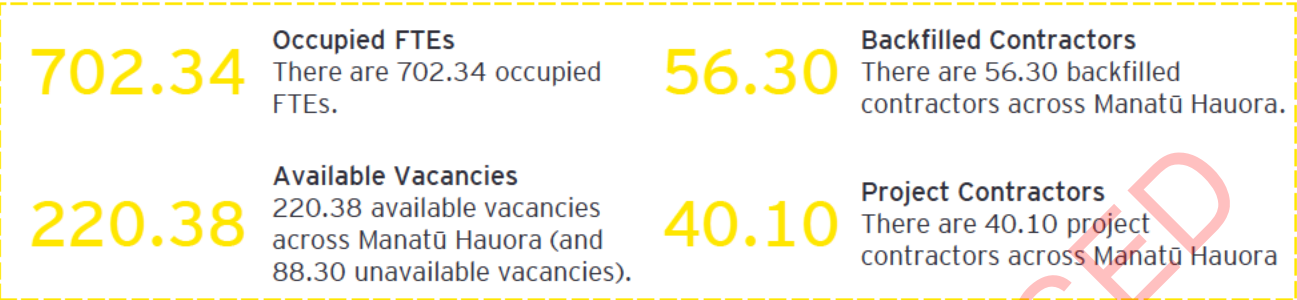


Figure 7: Manatū Hauora organisation size and structure

Manatū Hauora is comprised of eight directorates that include 56 teams. The below diagram outlines the directorates and teams including their sizes as at 28<sup>th</sup> February 2023. Note that the FTE values presented are the sum of the occupied FTE and backfill contractors. Please refer to Appendix B for supplementary information on the directorates and teams within Manatū Hauora.

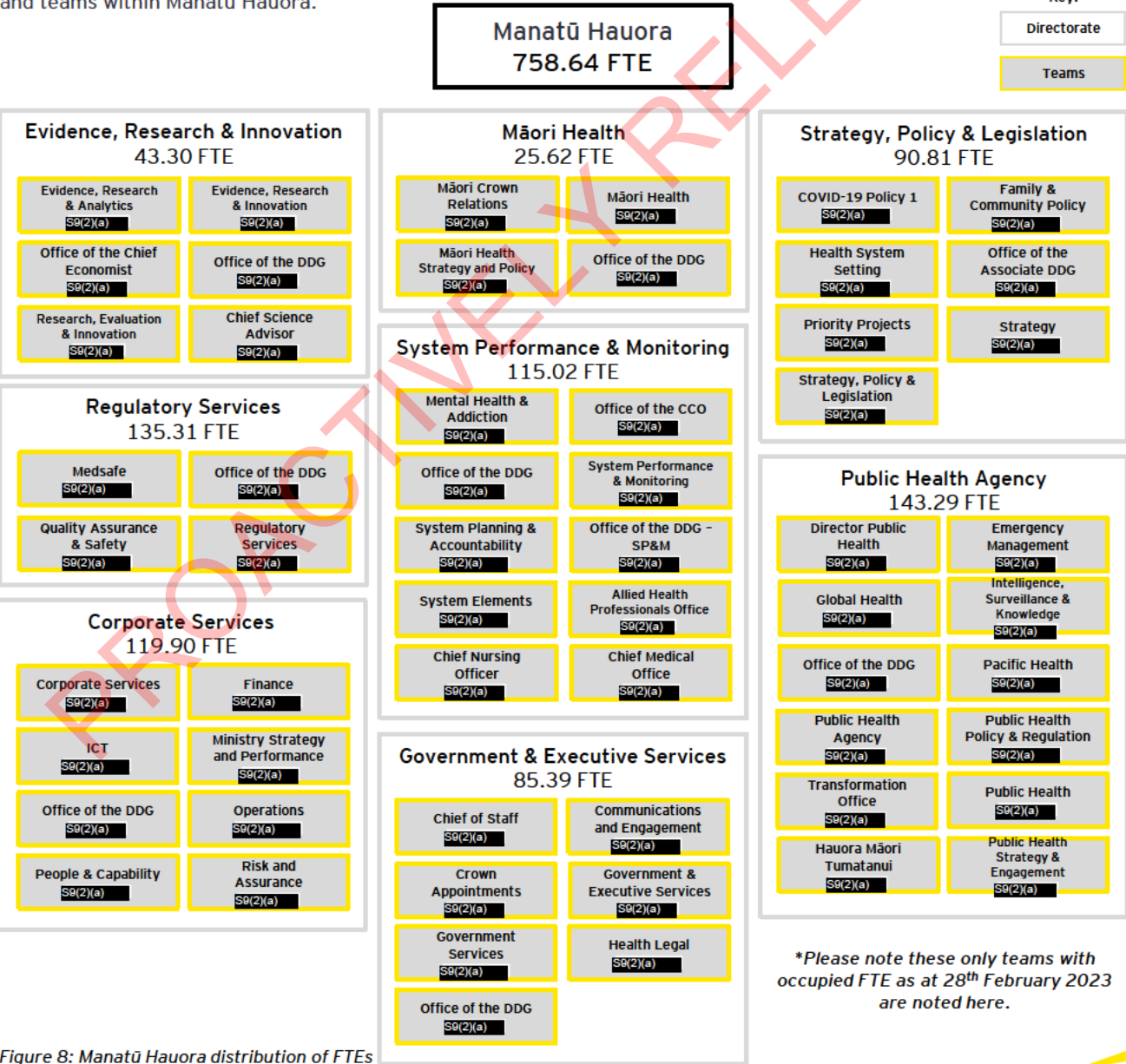


Figure 8: Manatū Hauora distribution of FTEs



# Current state overview

## c) Budget

The below figure shows how Vote Health Appropriations flow through to departmental expenditure and the forecast departmental operating expenditure for Manatū Hauora in FY23 based on the March Baseline Update (MBU).

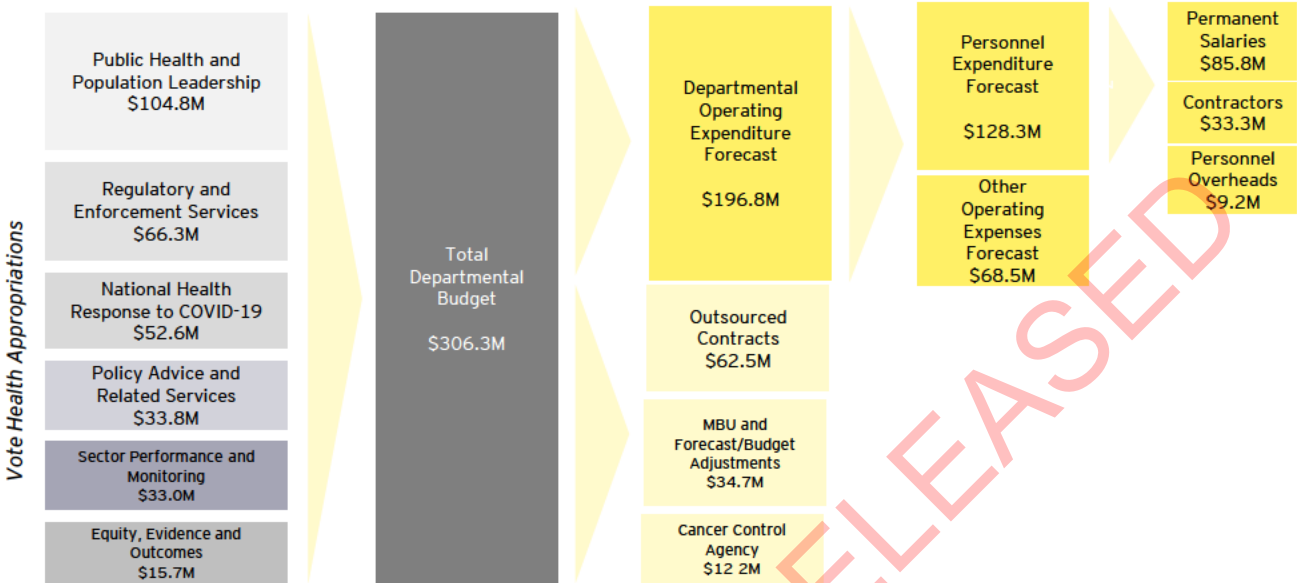


Figure 9: Manatū Hauora budget breakdown

For FY2023, budgets were allocated to each directorate in a 'bottom-up' approach, taking the number of FTE for each directorate and then calculating the allocated budget accordingly within a pre-determined envelope that accounted for any deficits based on changes to the operating structure. This has not always been the approach taken by Manatū Hauora, and may vary in the future. The Finance Team have plans to consider more effective ways of developing whole of organisation budgets going forward. There are also plans to reduce the overall departmental operating budget of Manatū Hauora to \$136.7M by FY26.

The below figure breaks down the FY23 forecast departmental operating expenditure for Manatū Hauora as at MBU by directorate. Note that this excludes the Cancer Control Agency and outsourced contracts.

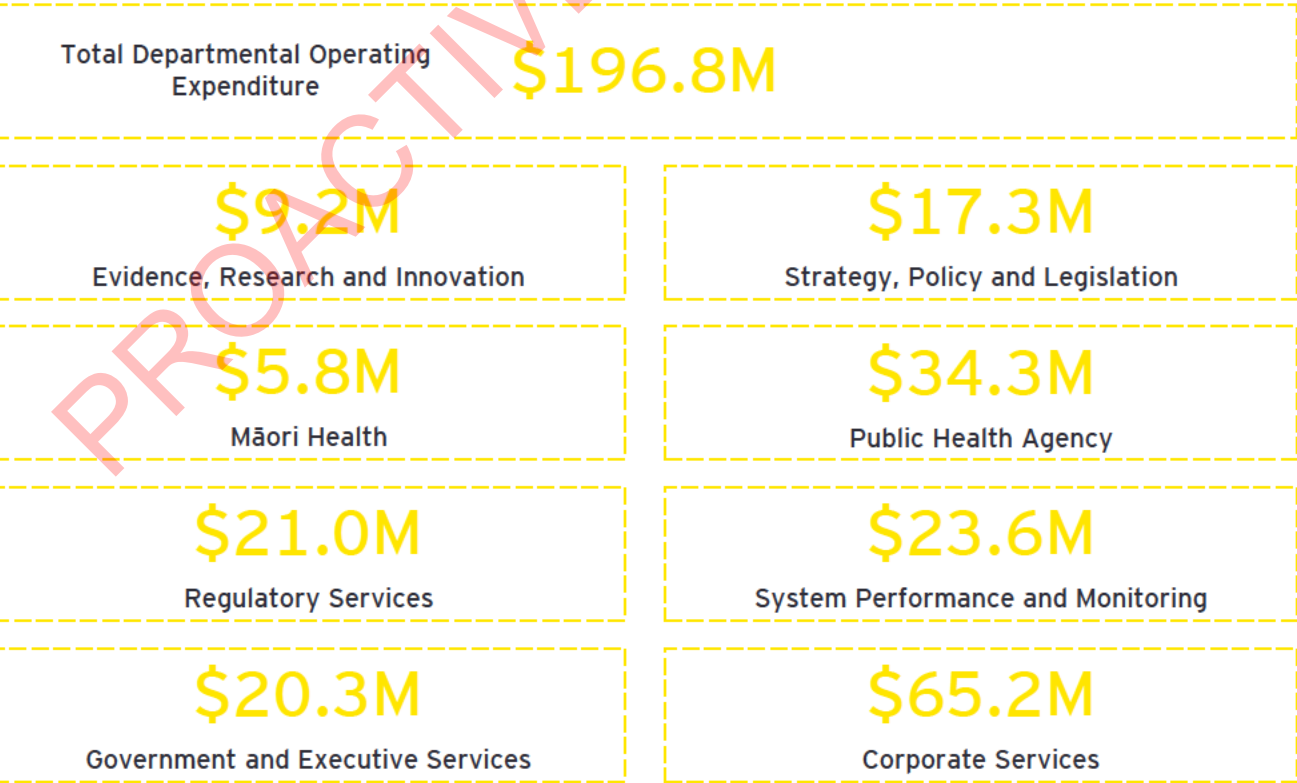


Figure 10: Manatū Hauora FY23 forecast departmental operating expenditure by directorate

## Current state overview

### d) How the current state is experienced – stakeholder interviews

EY completed over 30 interviews with internal and external stakeholders as well as a number of workshops and informal engagements to understand how the current state and ways of working within Manatū Hauora were experienced. This highlighted several common themes on what is working well and what could be improved for a future-focused Ministry. These are summarised below.



#### System Leadership

- There is a desire for Manatū Hauora to **take a stronger and more definitive leadership role in the reformed system**. This includes **stewarding the reform** so the health sector and stakeholders have a clear understanding of the reforms intent, the system design features, and what the transition path looks like.
- There is a need for Manatū Hauora to be a more active steward, taking a long-term view of the health system and **being more active in influencing and enabling health agencies** to operate more effectively.
- There is an opportunity to **increase the presence and involvement of Manatū Hauora in cross agency initiatives** and to strengthen its role in stewarding health across the wider government agenda.



#### Ways of Working

- There is strong commitment and positive attitudes towards **honouring and giving effect to Ti Tiriti o Waitangi across Manatū Hauora** but stakeholders commented that the execution of this is variable.
- **Te Aka Whai Ora is still establishing themselves** which is having an impact on the effectiveness of joint working arrangements for joint responsibilities.
- Stakeholders and staff felt that there was **varying levels of trust and autonomy** which was hindering the effectiveness of Manatū Hauora as a whole and could feel disempowering for staff.
- There is a **need for greater clarity in the roles and responsibilities** of the directorates of Manatū Hauora and how these work together.
- There is support of the **functional focus of the interim operating model**, Tikanga Whakahaere, but stakeholders raised that it has not been fully embedded and the practicality of how it works is not widely understood.
- Internal stakeholders raised that the current **organisational structure creates operational silos and limits Manatū Hauora being connected and cohesive**.
- There are examples where Manatū Hauora, Te Whatu Ora and Te Aka Whai Ora are beginning to work effectively together e.g. **data tripartite agreement and mental health and addictions**. However, there is also a desire for this to be strengthened.
- There are **strong relationships with other entities at the Chief Executive level**, but collaboration, partnership and alignment is **variable at Tier 2 and 3 levels**.
- Stakeholders are supportive of the intent for Manatū Hauora to **adopt a more evidence led approach to developing strategy and policy** and highlighted an opportunity to strengthen how the Evidence, Research and Innovation function supports this.



#### Capability and Expertise

- Stakeholders raised the need to **improve core competencies across Manatū Hauora to improve the variable quality of outputs and delivery**.
- There is a need to **build more Māori capability across Manatū Hauora** and strengthen how this capability is utilised by directorates.
- Stakeholders raised that **Manatū Hauora will need different capability in order to effectively steward the reform programme**.
- There is support for Manatū Hauora to **strengthen how they access and use clinical leadership and expertise as part of core work**.
- There is a desire for the Monitoring function to **have a more refined focus**.
- There is a desire for Manatū Hauora to be **more outwardly seeking of expertise and advice**, including engaging with national and global experts and panels. Relationships, structures and processes are seen as critical enablers to be able to access these resources efficiently and effectively.
- There is a need to **uplift the data analytics and insights capability** to support evidence-based approaches across Manatū Hauora.
- There are good examples of **communities of practice that are working well to bring people with similar skills and capabilities together across disparate teams**; for example, the policy community of practice. However, stakeholders commented that these are informal and variable.

## Current state overview

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### d) How the current state is experienced continued – Kōrero Mai Employee Experience Survey

In 2022, Manatū Hauora undertook the Kōrero Mai Employee Experience Survey to understand the internal employee experience and how this has changed since 2020. This highlighted a number of positive findings as well as some key areas for improvement which are outlined below.

#### Processes and Procedures

Employees reported that:

- ▶ The systems and processes don't optimally enable cross-functional working (e.g., workflow and communication management).
- ▶ There is a feeling that the sign-out process for work is too bureaucratic, complicated and time heavy.
- ▶ Many of the policies and processes need to be reviewed so they are fit-for-purpose.
- ▶ Middle leaders do not have much decision-making power or autonomy over matters they are responsible for.

#### Collaboration and Culture

Employees reported that:

- ▶ There is a siloed approach and people are not aware of what others are working on, resulting in limited collaboration and innovation.
- ▶ There are few opportunities to engage with others or contribute to wider work programmes.
- ▶ There is a sense of competition between groups.
- ▶ There is a lack of trust that others will do what they are required to do/responsible for.
- ▶ There is a lack of connection between individual roles and responsibilities and the bigger picture of Manatū Hauora.

#### System Leadership

Employees reported that:

- ▶ There is no clear vision or direction that sets out how Manatū Hauora will deliver on Pae Ora.
- ▶ There is a need to outline how Manatū Hauora operates as a leader across the system.

These findings show that there are opportunities to improve the organisational success of Manatū Hauora through a more collaborative environment that empowers staff, a more clearly defined purpose and vision for the future, and clearer and more fit-for-purpose processes.

## Current state analysis

This and the remaining pages of this section summarises the analysis of current ways of working, structure, capabilities, size and budget of Manatū Hauora in relation to becoming a future-focused Ministry. It reflects stakeholder engagement, leading practice for government agencies and high-performing organisations, and the intent of reform. More detail on the current state analysis can be found in Appendix B.

*Please note that the Public Health Agency was excluded from any in depth analysis due to its recent establishment. Current state analysis also excludes the Cancer Control Agency.*

The current state analysis is broken down into six key areas:

- |                                     |                              |
|-------------------------------------|------------------------------|
| 1 Purpose and role of Manatū Hauora | 4 Structure and organisation |
| 2 Internal ways of working          | 5 Capabilities               |
| 3 External ways of working          | 6 Size and budget            |

### Purpose and role

#### 1. The purpose and role of Manatū Hauora

In the reformed health system, Manatū Hauora is strengthened in its role as the steward of the health system and no longer has a significant commissioning or operational focus. Given the significance of this change, it is important that Manatū Hauora is designed and resourced in a manner that reflects this shift and that stakeholders and staff have a clear understanding of the scope of this refocused role.

Manatū Hauora is not active enough as a system leader and as owner of the reform agenda for Government. Additionally, there is confusion over its refocused role.

Internal and external stakeholders highlighted that there is a lack of clarity about the scope of the stewardship role of Manatū Hauora in the reformed health system. There was particular confusion around how its role and responsibilities align with other entities and how Manatū Hauora intends to discharge its stewardship role within the health sector and wider government agencies.

Manatū Hauora needs to move away from its operational, day-to-day view to take overarching/big-picture view as steward of the system.

Stakeholders highlighted that Manatū Hauora could be more active its stewardship role and do more to lead the health system and create an environment and culture that enables and supports other entities to perform at a high level. This was seen as particularly important in this early phase of the reform with stakeholders commenting that Manatū Hauora should do more to drive the reform agenda including supporting Te Whatu Ora and Te Aka Whai Ora to settle into and take ownership of their substantive roles.

Stakeholders also expressed a desire for Manatū Hauora to be a more active steward of health across government, actively leading and influencing other entities to tackle the social and other determinants of health, and to lead and support broader government wellbeing priorities.



## Current state analysis – Internal ways of working

### 2. Internal ways of working

This section presents an analysis of the internal ways of working within Manatū Hauora focusing on a) the internal culture and collaboration, b) internal oversight of delivery and c) internal organisational planning.

#### a) Culture and internal collaboration

The internal culture of Manatū Hauora does not promote effective collaboration and cross-functional ways of working, and can feel hierarchical.

Stakeholders commented that the current culture feels overly hierarchical and is marked by silos and varying levels of trust and autonomy. Additionally, the culture and supporting processes, structures, and governance arrangements do not consistently promote effective cross-functional ways of working.



The fundamental thing is leadership and culture. A culture shift is required to move towards a more 'one-system ethos and establish the change in the role of Manatū Hauora.

Internal interviews indicated that Manatū Hauora adopted a more hierarchical and risk-averse culture during COVID-19 in response to the increased public scrutiny and highly pressured workload associated with leading the national response. Post COVID-19, this approach has remained despite the refocused role of Manatū Hauora. Staff noted that this does not empower staff to perform to their highest potential.

Internal stakeholders indicated a desire for a culture that allows them to work fluidly across teams and directorates and encourages the sharing of capabilities to promote a 'one organisation approach'. Although this was the intent of Tikanga Whakahaere, interviews reflected that this cultural shift has not yet occurred. Collaboration is inconsistent but there are some examples of effective cross-functional working. For example, in the development of policy - in addition to the core Policy team, there are policy resources embedded in directorates e.g. the Public Health Agency who work effectively in an informal community of practice to share resources, learnings, capabilities and insights.

There was general feeling of fatigue amongst internal stakeholders following the last two years of change and highly pressured COVID-19 response. While most stakeholders supported the need for change, some expressed concern about the impact of further change on people's wellbeing.

#### b) Internal oversight of delivery

The current internal oversight processes for delivering work are complex and limit the organisations ability to deliver high-quality work at pace.

A strong interview theme that emerged was the need to review what felt to staff like an overly bureaucratic and hierarchical approach to commissioning and delivering work. Staff commented that most work funnels up to the Deputy-Director Generals and the Director-General via a complex sign off process involving a large number of stakeholders. This felt inefficient and there was a concern amongst staff that it could potentially be masking and even perpetuating poor performance as the 'work lead' is not ultimately accountable for the final output. There was also a concern that this process leads to poorer quality outputs as work loses its focus through extended review. Staff commented that the governance and oversight processes caused some leaders to feel dissatisfied and demotivated as a result of a lack of responsibility, trust and autonomy.

#### c) Internal organisational planning

The current enterprise planning processes is not as cohesive as it could be and misses opportunities to make strategic prioritisation and resourcing decisions.

Interviews raised that the current approach to organisational planning for Manatū Hauora tends to be "bottom-up", with directorates developing their own business plans that are then brought together into a single whole of organisation view. Staff commented that this is a complex and time-consuming process that requires a significant amount of rework to align business plans. This approach introduces a risk that the outputs of teams are disconnected from each other and from the wider Manatū Hauora strategy which ultimately impacts the overall capability of Manatū Hauora to deliver against its priorities. It also risks Manatū Hauora missing opportunities to make enterprise-level prioritisation decisions, and deliberately sharing resources and activities across teams.

## Current state analysis – External ways of working

### 3. External ways of working

This section presents an analysis of the external ways of working between Manatū Hauora, Te Whatu Ora and Te Aka Whai Ora focusing on a) relationships with external partners and b) the roles and responsibilities between entities.

#### a) Relationships with external partners

The relationships between entities needs to be strengthened at all levels of the organisation to drive a 'one-system' ethos and ensure cross agency matters are effectively resolved.

The reformed system operating model relies on the strength of the relationships between the health system entities to drive the 'one-system' ethos and resolve cross agency matters. Interviews highlighted that at a Chief Executive level, relationships with Te Whatu Ora and Te Aka Whai Ora are strong and there is good communication and collaboration.

“

Chief Executive relationships are based on mutual respect and promote the free sharing of information. However, this needs to be built at lower levels too.

”

However, at a Tier 2 and 3 level, relationships are not as strong and there is a need to build trust, connectivity, and a common purpose. External stakeholders commented that it is difficult to know who the right person is to engage with for each subject area and that different people gave different responses which undermines the cohesiveness and credibility of advice. There is also a need to build stronger relationships across wider health entities including Pharmac, HQSC, and ACC. The current variability in the strength of relationships undermines the ability of system leaders to effectively manage cross-agency matters and risks misalignment of entity activity and overall system direction and priorities.

#### b) Roles and responsibilities between entities

There is uncertainty about the delineation of roles and responsibilities between entities which limits the effectiveness of the system as a whole.

Internal and external stakeholders have expressed that there needs to be a clearer understanding and agreement of the roles and responsibilities between health entities. In particular there is a need to provide further clarity in the delineation of roles and responsibilities for functions where more than one entity has a role e.g. in relation to policy, capital, employment relations, system performance, and monitoring.

“

There is still some work to be done to get everyone working within the boundaries of what Manatū Hauora is supposed to be doing in comparison to the other entities

”

Although cross agency leadership sits with Manatū Hauora, there is still a blurring of responsibilities with cross agency delivery. This leads to duplication of activities and capabilities between entities and a sense that the health system is not working together toward common priorities. There is a need to ensure the appropriate mechanisms are in place to ensure decisions relating to cross-entity matters can be effectively resolved and communicated.

Interviews also raised a need for more clarity around the delineation of responsibilities between Manatū Hauora and Te Aka Whai Ora in relation to hauora Māori strategy, policy and monitoring, and how they work together to deliver cohesive outputs and share capability.

## Current state analysis – Structure and organisation

### 4. Structure and organisation

This section presents an analysis of the structure and organisation of functions within Manatū Hauora including a) the organisation structure as a whole, b) System Performance and Monitoring and c) Mental Health and Addictions.

*Note: Tikanga Whakahaere, the interim operating model was put in place in July 2022 with the intent to drive cross-functional, collaborative ways of working. However, implementation of this was paused pending the outcomes of this review.*

#### a) Organisational structure

Directorates tend to operate in silos and do not always make best use of organisation-wide capability and expertise. There is significant duplication in activity between teams.

Tikanga Whakahaere captured all the core functions and roles that Manatū Hauora needs going forward, but these are not organised as effectively as they could be in the context of a future-focused Ministry. Internal stakeholders raised that the current structure does not feel to have been “deliberately designed”, but rather reflects the functions and teams that were left post-function transfer.

“

Cross-functional ways of working are essential to reduce silos across directorates and teams and promote collaborative ways of working.

”

Stakeholders expressed a desire for the organisational structure to move away from the rigidity of directorates to arrangements that better support integrated programme/project delivery and cross-functional working focused on core priorities. Stakeholders commented that directorates largely operate in silos which can lead to inconsistencies in process and advice, and duplication of capabilities and activities.

Multiple stakeholders raised concerns about the duplication of activity across teams with many examples of teams building their own capability to undertake activities that are outside their core responsibilities, rather than utilising the specialist capability that already exists within Manatū Hauora e.g. directorates leading their own recruitment processes. The value chain analysis below highlights this overlap and duplication of activities. It shows the activities that teams within each directorate are leading against the core responsibilities (value driver areas) of Manatū Hauora. The analysis found that while directorates in Manatū Hauora are in theory largely organised by function, the majority of teams (45 out of 53 based on the directorate validated information) performed activities that cut across multiple value driver areas (which are akin to functional areas). While some overlap of activities across functional areas is expected in any operating model, with a functionally focused operating model (i.e. Tikanga Whakahaere) duplication should be minimised. This analysis also shows the duplication in activities and focus between the Offices of the DDGs and directorates that support general operation of Manatū Hauora. For further detail about the value chain analysis please refer to Appendix B.

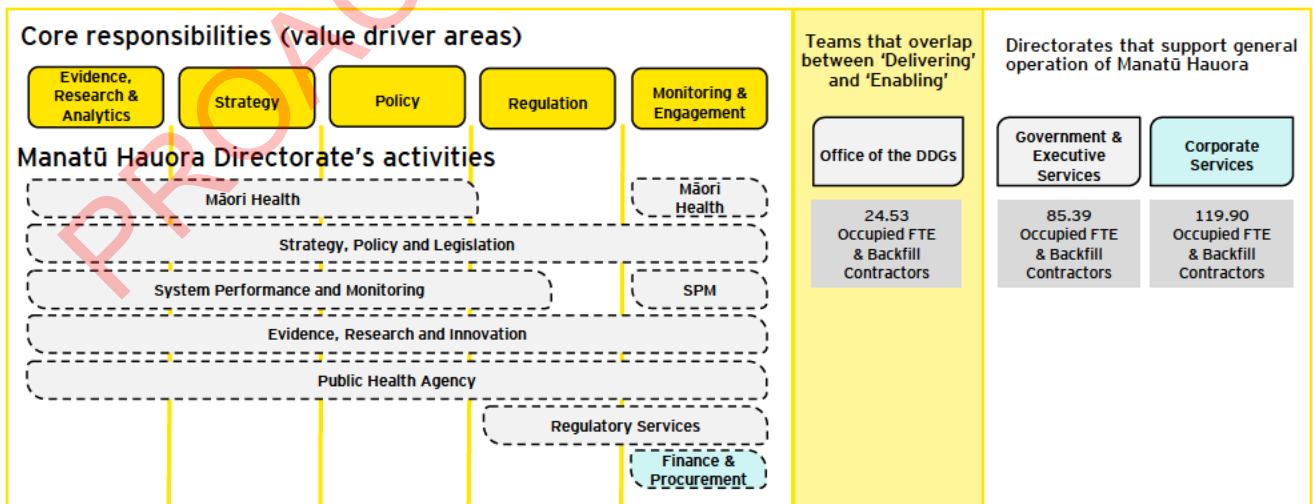


Figure 11: Manatū Hauora organisational structure

Stakeholders also commented that specialist capabilities such as Māori health, clinical expertise and data analytics are not being optimally or consistently used by all functions which can reduce the quality and relevance of the outputs produced by Manatū Hauora.

## Current state analysis – Structure and organisation

### b) System Performance and Monitoring

There is not enough distinction between system performance and monitoring which leads to a blurring of responsibilities and undermines system performance.

The System Performance and Monitoring directorate is largely unchanged in its make-up and capability from pre-COVID-19 despite a significant change in its purpose in the reformed environment. They are currently leading a significant piece of work to design the overall system performance and monitoring framework for Manatū Hauora and the wider sector, and to describe the capabilities and processes that would be required to support this. There are plans in place to evolve the directorate in line with this work, but these have not yet been implemented.

Monitoring and system performance are different functions that should be separated.

Currently, there is not enough distinction between system performance and monitoring which has led to a blurring of responsibilities and insufficient focus on system performance within Manatū Hauora. Both internal and external stakeholders highlighted a lack of clarity about the roles and responsibilities of individuals and teams involved in monitoring both within Manatū Hauora and across other agencies. This has led to inconsistent messaging, duplication of activity and insufficient focus on strengthening the capabilities and approach to both.

The reform introduced new national health entities and these are yet to fully step into, and take accountability for their internal monitoring role despite more than 9 months of transition. This has resulted in a high burden of operational monitoring activities for the System Performance and Monitoring directorate within Manatū Hauora with most of the effort over the last 9 months being focused on monitoring the operational performance of entities, rather than system performance.

A central focus of the system steward role of Manatū Hauora is to monitor and understand the performance of the system as a whole to influence and drive improvements. The knowledge and insights from this must also underpin strategy and policy development. Stakeholder interviews and analysis of the directorate Business and Output plans suggest that Manatū Hauora has not fully embraced its responsibility in relation to system performance, nor the opportunity system performance presents for Manatū Hauora to enhance its stewardship role. This is partly due to capability constraints. (Refer to page 34 for further details).

### c) Mental Health and Addiction

The Mental Health and Addictions team is lacking visibility and influence within Manatū Hauora.

The Mental Health and Addiction Team performs a critical function for a key priority area for the health system and government. The team's current location within the System Performance and Monitoring directorate is a result of a legacy structure, rather than a reflection on its core roles with the current 48.82 FTE (occupied FTE and backfill contractors) undertaking activities across strategy, policy, regulation and monitoring.

Stakeholders expressed a desire to keep these capabilities together to ensure a critical mass of expertise. However, stakeholders also commented that the current structure does not give the priority area enough visibility at ELT and does not optimally support the team to influence other directorates work programmes. However, despite this, the team is largely collaborating well across Manatū Hauora. The team also works well with Te Whatu Ora, with strong relationships and a clear delineation of responsibilities between the two entities.



## Current state analysis – Capabilities

### 5. Capabilities

This section summarises the key capability gaps within Manatū Hauora across a) general capability, b) Māori capability, c) data analytics and insights capability, d) clinical expertise, e) system performance and monitoring capability and f) reform stewardship capability.

#### a) General capability

There are a range of capability gaps across Manatū Hauora that impact on the quality of deliverables and organisational performance.

The current state analysis identified that while there are teams and pockets of very high capability within Manatū Hauora, there are also a range of capability gaps in relation to the refocused roles of Manatū Hauora. Key internal stakeholders noted that capability and quality of delivery is variable across Manatū Hauora. Examples were raised of poor-quality deliverables going to the Executive Leadership Team, even though multiple teams and directorates had been involved in the review process. The analysis showed that Manatū Hauora would benefit from improved quality assurance practices and a general uplift in capability across:

- Te Tiriti and equity
- Future-focused strategic thinking
- Relationship and stakeholder management
- Contemporary health system knowledge

The analysis also showed that there were also a number of specific capabilities that needed to be strengthened including Māori capability, data analytics and insights, clinical expertise, monitoring and reform stewardship.

#### b) Māori capability

Manatū Hauora does not have adequate access to Māori capability and capacity to support the effective delivery of its core roles.

There is not enough experienced people who can stand back and take a whole of systems view.

Māori capability needs to be established and empowered and act as a key component of the decision making process.

Current state analysis showed that Māori and Tāngata Tiriti capability is not consistently accessible or optimally used across Manatū Hauora. Internal stakeholders commented that there is, within Manatū Hauora, an acknowledgement and commitment to prioritise the obligations under Te Tiriti o Waitangi and the health and wellbeing needs of Māori. However, stakeholders also highlighted the need for more tangible action and progress and that directorates need to have a greater focus gearing up to deliver Te Tiriti and equity for Māori.

Currently, the majority of Māori capability (26.62 FTE occupied FTE and contractors) sits within the Māori Health directorate with additional 5 occupied FTE that specifically relate to Māori advisory in four other directorates (2 x Public Health Agency, 1 x Evidence, Research and Innovation, 1 x Strategy, Policy and Legislation and 1 x System Performance and Monitoring). Given the central focus that Te Tiriti and equity for Māori has in the reformed system, Manatū Hauora has insufficient internal capability in terms of Māori leadership, guidance, and expertise. Stakeholders highlighted that despite the limited capacity, most directorates have a strong relationship with the Māori Health directorate. Some directorates, for example, the Strategy, Policy and Legislation directorate also have strong relationships with Te Aka Whai Ora who provide some Māori expertise and leadership.

New Zealand is a small country and the health system has limited Māori capability in general. This makes it critical that Manatū Hauora optimise how it strengthens internal Māori capability, how it distributes and uses this capability between directorates, how it leverages other capability that is embedded in the sector, and how it works in partnership with Te Aka Whai Ora given their substantive system role for Māori health. Manatū Hauora should consider how all Māori capability remains connected and aligned through new ways of working. There is also a need to improve cultural competency and the practical application of Te Tiriti and equity requirements across all staff within Manatū Hauora.

## Current state analysis – Capabilities

### c) Data analytics and insights

Manatū Hauora does not have adequate access to data analytics and insights capability to drive an evidence-led approach across all roles and functions.

Current state analysis showed that the data analytics capability within Manatū Hauora needs to be strengthened and better leveraged to drive an evidence-based approach to all roles and functions.

It was noted that the current Evidence, Research and Innovation function mostly focuses on generating and sharing research

evidence, and there is less focus on the generation of insights from the operational data and information readily available across the system. These insights are a crucial input to support an evidence-led approach across all its roles and functions.

Utilising and analysing these types of data requires different capabilities and expertise compared to research evidence generation and analysis shows that this capability needs strengthening. Manatū Hauora could formalise arrangements to access this capability from other entities to bolster internal capability and consider how it uses technology to support and automate access to up-to-date data and insights. An enhanced analytical capability is also critical to support Manatū Hauora to more effectively discharge its monitoring and system performance roles as described over the page.

Analysis showed that while Manatū Hauora is committed to an evidence-led approach, it could focus more on how it uses data and insights to inform strategy, policy, regulation and monitoring, as well as to lead and influence other system entities.

“

Manatū Hauora needs access to good whole of system data and to use it in meaningful ways.

”

### d) Clinical expertise

There is high-quality clinical capability within Manatū Hauora and the wider sector but this is not optimally leveraged.

There was widespread agreement of the value and need for clinical expertise and input across all roles and responsibilities of Manatū Hauora. This is particularly important for the role of Manatū Hauora as system steward.

“

Manatū Hauora needs to establish its own clinical capability that meets the requirements of the new role and works cohesively across all entities.

”

Stakeholders commented positively on the high quality of clinical capability and expertise within Manatū Hauora. However, there were concerns about the capacity of clinical expertise to support activities and work programmes across Manatū Hauora. Currently, internal clinical expertise is not consistently embedded in directorate work programmes, and there is minimal expertise being sourced from the sector. Stakeholders indicated a desire for Manatū Hauora to improve how it bolsters access to clinical capability from within the sector and how internal clinical expertise is used more effectively across teams.

## Current state analysis - Capabilities

### e) System performance and Monitoring

System performance and monitoring capability needs to be reviewed and strengthened to support Manatū Hauora as an effective steward and monitor.

Internal stakeholders highlighted that the System Performance and Monitoring directorate has not yet fully embraced its intended role to deliver the strong, systematic and defensible insights and commentary expected of a high-performing monitoring function. The directorate has plans to evolve its activities and capability, but currently there is some uncertainty around the core purpose of this function and around the delineation between system performance monitoring and monitoring.

Monitoring capability is not currently fit-for-purpose. It needs to be matured with pace to take a big-picture, whole of system view.

Stakeholders suggested a need to focus on system performance and monitoring as distinct functions, and to allocate resources accordingly. While the two are interconnected areas, they serve different purposes. There was consensus among stakeholders that there is a need to improve monitoring capability in general across both areas. For system performance, there is a need to develop capabilities that can take a more strategic, long-term, and whole of system view of performance and who can influence other entities across the system to improve. For monitoring, there is a need to refocus effort away from the in-depth operational monitoring toward more exception based monitoring and the generation of actionable insights to support Boards to uplift performance.

Stakeholders also commented that there is a need to work more effectively with Te Aka Whai Ora on the joint monitoring role for hauora Māori and that there is still lack of clarity in the alignment of roles and responsibilities between the two entities.

### f) Reform stewardship

Manatū Hauora is not optimally owning and driving the reform agenda as system steward.

Stakeholders commented Manatū Hauora is not owning and driving the reform agenda as effectively as it could be given its role as system steward.

Stakeholders are looking to Manatū Hauora for leadership and direction of the new system settings but felt that Manatū Hauora was not fully embracing this role.

Manatū Hauora should own the reform and how the reformed system should be operating.

The Director-General of Health has recently made a temporary Tier 2 appointment to support this, but there will be a need to dedicate more capability and resources to drive the agenda, particularly considering the early stage of reform.

# Current state analysis - Size and budget

## 6. Size and budget

This section presents an analysis of the size and budget of Manatū Hauora and sets out the a) size and budget over time, b) the current personnel overview as at February 2023, c) the size of the Corporate Services directorate, Government and Executive Services directorate and Offices of the Deputy-Director General teams and d) the variation in personnel spend across directorates.

### a) Size and budget over time

Following COVID-19 and the reform, Manatū Hauora has not yet revised its size and budget to reflect its refocused role.

As described earlier, Manatū Hauora has significantly changed in size and budget over the past few years as a result of COVID-19 and the reform. The reforms refocused the roles of Manatū Hauora and significantly narrowed the scope of responsibilities. However, Manatū Hauora has not yet aligned its resourcing profile and budget to reflect its refocused roles. This is at least in part due to legacy and the rapid changes that the organisation has had to deal with over the last four years.

\$196.8M

Total departmental operating expenditure forecast for FY23  
 The FY23 forecast departmental operating expenditure for Manatū Hauora is \$196.8M of which 44% (\$85.8M) is forecast for staff salaries.

Despite a smaller but more focused set of responsibilities, and the transfer of almost 1000 staff to new entities, the overall size and budget of Manatū Hauora is similar to that of prior to COVID-19:

\$217.0M

Total departmental operating expenditure for FY19  
 Pre-COVID-19 for FY19, Manatū Hauora had a departmental operating expenditure of \$217.0M of which 48% (\$103.8M) was spent on staff salaries.

There are existing forecasts to decrease operational budget to FY26, this should be done in an intentional way that reflects the needs and requirements of a future-focused Ministry.

### b) Overall personnel information

The resource distribution across Manatū Hauora does not reflect its core system roles and responsibilities. There are a large number of vacancies and the use of contractors is not optimal.

The current personnel and resource allocation and distribution across Manatū Hauora doesn't optimally reflect its core system roles and responsibilities. For example, Figure 12 shows that 33% of total forecast personnel expenditure is allocated to Government and Executive Services and Corporate Services, with only 13% allocated to Strategy, Policy and Legislation and 4% for Māori Health despite these being core responsibilities. This is in part a result of the retention of legacy resources and activities post COVID-19 and reform transfer, but now that entities are largely established, Manatū Hauora should be reconsidering its resource distribution across core roles. Currently, resources and budgets are largely allocated to directorates, there is an opportunity to consider how budgets and resources could instead be allocated across priority outcomes.

Note: The Public Health Agency as a branded business unit has the highest forecast personal expenditure. While there will always be opportunities for efficiency within directorates, the high forecast spend reflects its recent establishment and the importance of its new role in stewarding public health.

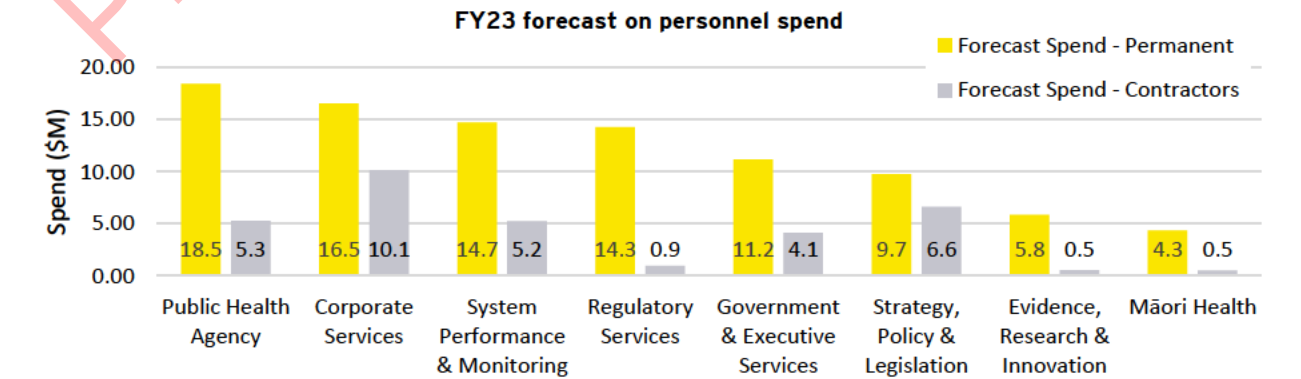


Figure 12: Manatū Hauora FY23 forecast on personnel spend



# Current state analysis - Size and budget

## b) Overall personnel information continued...

### Vacancies within Manatū Hauora

Internal stakeholders commented that Manatū Hauora needs to move towards managing its workforce more strategically, both in relation to permanent employees and contractors.

Currently, 22% of budgeted FTE positions within Manatū Hauora are vacant, and many of these have been vacant for some time. This has resulted in a budgeted structure that doesn't reflect the actual structure and is, in practice, unaffordable. The distribution of these across the organisation is shown in Figure 13 to the right. Feedback suggests that the budget associated with available vacancies that are no longer needed is being used for other purposes and as such, there is some reluctance to close these vacancies. This makes accurate business planning, oversight, and budgeting difficult. There is an opportunity for Manatū Hauora to move towards more effective whole of organisation planning and resource allocation.

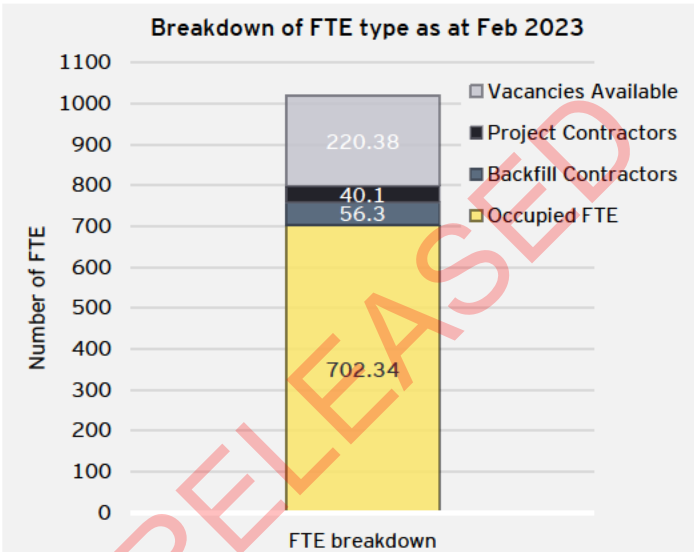


Figure 13: Manatū Hauora FTE type breakdown

### Contractors within Manatū Hauora

As described previously, the COVID-19 response required Manatū Hauora to use more temporary and contractor resources to rapidly boost capacity. While spend has significantly reduced following functions transfer, Manatū Hauora still has a large number of contractors across the organisation. As at February 2023, there are 96.40 FTE of contractors, of which 42% (40.10 FTE) are project contractors and 58% (56.30 FTE) backfill contractors.

Manatū Hauora is forecast to spend \$33.3M for contractors in FY23, which equates to roughly 26% of the total forecast personnel expenditure. The below table shows the expenditure of permanent staff salaries and contractors over time. Note that the figures in the table include the Cancer Control Agency.

	Financial year-end						
	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Total salaries/wages (\$000)	108,060	110,358	115,886	124,983	166,070	214,987	92,016
Contractors/consultants (\$000)	20,335	21,042	18,981	25,410	54,235	150,092	34,004*
Total	128,395	131,400	134,867	150,393	220,305	365,079	126,021

\*The Contractors/consultants figure for 2022/23 does not include the consultants fees whereas other years do.

Table 1: Manatū Hauora spend on salaries and contractors/consultants over time

Leading practice suggests that contractors should mostly be used as 'surge capacity' or for short term projects, with the permanent workforce focused on core responsibilities. However, analysis shows that across Manatū Hauora, some contractors are being used to deliver business-as-usual activities or backfill permanent roles. Stakeholders expressed a desire for Manatū Hauora to have a clearer and more strategic workforce strategy and plan. This should include a review of how contractors (and consultants) are used to ensure both efficient use of capital, and to support Manatū Hauora to develop and invest in its permanent workforce.

# Current state analysis - Size and budget

## c) Corporate Services, Government and Executive Services and Offices of the Deputy-Director General

The combined spend on Corporate, Government and Executive services is higher than it should be and there is significant duplication between teams.

Corporate and executive services are delivered by the Corporate Services Directorate (CS), Government and Executive Services Directorate (GES) and the Offices of the Deputy-Director General (ODDGs) which support each directorate with administrative and support services. The Government and Executive Services Directorate also has a key responsibility to support the government of the day and discharge the organisation’s public service obligations e.g. responding to OIAs and PQs.

As at February 2023, the combined sizes of CS, GES, and ODDGs (in other directorates) is currently 229.82 FTE including 9.55 FTE backfill contractors. This is 30% of the current Manatū Hauora size (occupied FTE and backfill contractors). Excluding ODDGs whose costs are incorporated into the relevant directorates’ operating expenditure, Manatū Hauora is forecast to spend 43% of its departmental operating expenditure on CS and GES directorates in FY23 (refer to Figure 14), this is 37% if facilities costs are excluded.

**43%** In FY23, Manatū Hauora is forecast to spend 43% of the departmental operating expenditure on the Corporate Services and Government and Executive Services directorates.

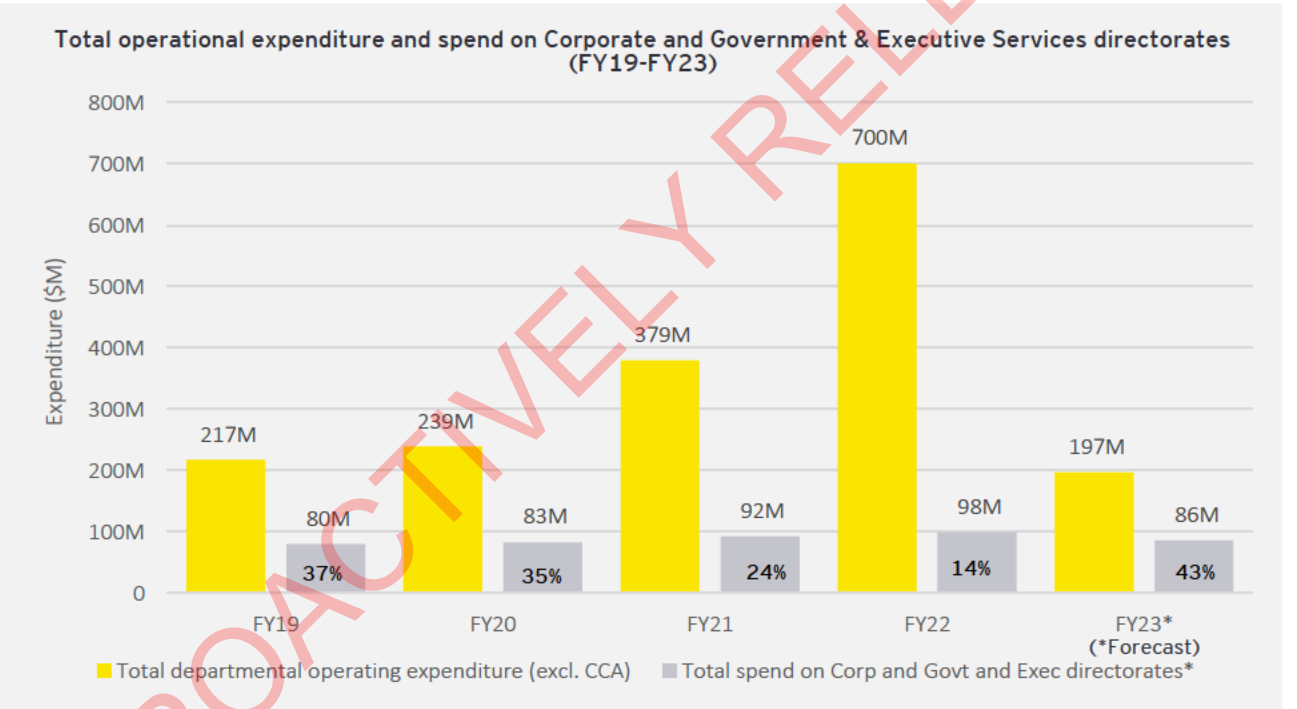


Figure 14: Total spend on Corporate and Government & Executive Services Directorates (FY19-FY23)

This is a significant proportion of the total budget, and higher than would be expected given New Zealand public sector benchmarks of 18% (overleaf) and the narrower scope of responsibilities for Manatū Hauora in the new system operating model. Stakeholders across Manatū Hauora did acknowledge the need to resize these functions and commented that the current state is largely due to legacy capacity post the COVID-19 response.

Continued overleaf....



## Current state analysis – Size and budget

### c) Corporate Services, Government and Executive Services and Offices of the Deputy-Director General continued...

#### Treasury Benchmarking on Administrative and Support Services Expenditure

Up until 2017, the Treasury led a yearly programme to benchmark all costs associated with administrative and support services across the New Zealand public service. The benchmarking covers five functions:

1. Human Resources
2. Finance
3. ICT
4. Procurement
5. Corporate and Executive Services (Communications and external relations; Legal; Information management; Audit and risk management; Strategy and planning; Enterprise Portfolio Management Office; Other corporate costs)

In FY17, Manatū Hauora reported that **32% of its departmental operating expenditure** was being spent on the above functions in running of Manatū Hauora. This **ranked the highest of the 23 public sector agencies in New Zealand**. The **average spend across the public sector was 18%** and the **median was 14%** of total operating expenditure.

If Manatū Hauora were to spend in line with the public sector average for the relevant functions outlined above, this would equate to a reduction of \$21.5M based on current forecast expenditure figures for FY23.

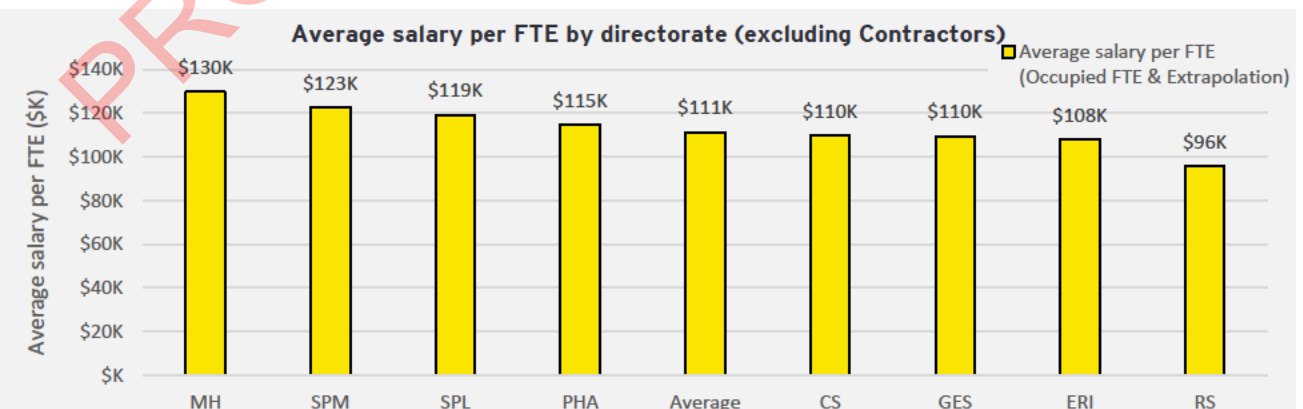
The review of activities and outputs of the ODDGs highlighted significant duplication between ODDGs and CS and GES directorates as all three deliver activities focused on the internal operations of Manatū Hauora. Examples include business planning, recruitment, relationship and communication management with the Minister's offices, weekly reporting, coordinating key products/outputs across directorates and supporting machinery of government processes like Official Information Act requests. There are no formal guidelines or expectations for how ODDGs should be used and as a result, there is significant variation in the scope of their roles. Some ODDGs have, over time, taken on managerial and administrative tasks that are actually the responsibility of directorate people managers because of capability and capacity constraints. There are also inconsistencies in the size of ODDGs across Manatū Hauora, and the ODDG sizes are not proportionate to the overall sizes of directorates.

Considering the large spend on ODDGs, CS, and GES and the significant duplication between the three, Manatū Hauora needs to review the structure, size, and scope of Corporate, Government and Executive functions as a whole to best support the organisation deliver its core roles.

### d) Variation across directorates

There is variation in the seniority of roles between directorates that is not necessarily deliberate or optimal.

Figure 15 shows the variation in expected average salary per FTE for FY23 by directorate. This reflects the varying levels of seniority across the directorates as directorates with a higher spend per FTE are likely to have more senior roles. Variation is expected as some directorates may need more senior roles to provide technical expertise or leadership, e.g. the Māori Health directorate, and others where the roles are more operational in nature will have a lower average salary e.g. for Corporate Services. However, because Manatū Hauora does not have a strategic whole-of-organisational workforce plan, some of this variation is not intentional. For example, the Evidence, Research and Insights directorate currently has the second lowest salary per FTE within Manatū Hauora. As Manatū Hauora develops its analytics capability, consideration should be given to bringing on more senior and specialised expertise.



\*Note this is based on salaries only and does not include overheads and other costs

Figure 15: Average salary per FTE by directorate

# Current state analysis

This page summarises the key findings from the current state analysis across six areas.

## 1. Purpose and role of Manatū Hauora

- Manatū Hauora is not active enough as a system leader across health and wider government.
- Manatū Hauora should be more active in driving the reform agenda.
- There is confusion internally and with the wider sector about the scope and nature of the refocused roles of Manatū Hauora.

## 2. Internal Ways of Working

- The internal culture of Manatū Hauora does not promote effective collaboration and cross-functional ways of working, and can feel hierarchical.
- The current internal oversight processes for delivering work are complex and limit the organisations ability to deliver high-quality work at pace.
- The current enterprise planning processes is not as cohesive as it could be and misses opportunities to make strategic prioritisation and resourcing decisions.

## 3. External Ways of Working

- The relationships between entities needs to be strengthened at all levels of the organisation to drive a 'one-system' ethos and ensure cross agency matters are effectively resolved.
- There is uncertainty about the delineation of roles and responsibilities between entities which limits the effectiveness of the system as a whole.

## 4. Structure and Organisation

- Directorates tend to operate in silos and do not always make best use of organisation-wide capability and expertise. There is significant duplication in activity between teams.
- There is not enough distinction between system performance and monitoring which leads to a blurring of responsibilities and undermines system performance.
- The Mental Health and Addictions team is lacking visibility and influence within Manatū Hauora.

## 5. Capabilities

- There are a range of capability gaps across Manatū Hauora that impact on the quality of deliverables and organisational performance.
- Manatū Hauora does not have adequate access to Māori capability and capacity to support the effective delivery of its core roles.
- Manatū Hauora does not have adequate access to data analytics and insights capability to drive an evidence-led approach across all roles and functions.
- There is high-quality clinical capability within Manatū Hauora and the wider sector but this is not optimally leveraged.
- System performance and monitoring capability needs to be reviewed and strengthened to support Manatū Hauora as an effective steward and monitor.
- Manatū Hauora is not optimally owning and driving the reform agenda as system steward.

## 6. Size and Budget

- Following COVID-19 and the reform, Manatū Hauora has not yet revised its size and budget to reflect its refocused role.
- The resource distribution across Manatū Hauora does not reflect its core system roles and responsibilities. There are a large number of vacancies and the use of contractors is not optimal.
- The combined spend on Corporate, Government and Executive services is higher than it should be and there is significant duplication between teams.
- There is variation in the seniority of roles between directorates that is not necessarily deliberate or optimal.



Future change recommendations



Building a better  
working world

# Recommendations overview

This section outlines the recommendations for how Manatū Hauora could evolve from its current operations to become more future-focused across six interconnected areas. The recommendations are informed by the current state assessment, the reform intent, global trends, and leading practice for public sector and high-performing organisations.

## Recommendations summary

1

### Stewardship and leadership

Manatū Hauora should take a stronger, more definitive and proactive stewardship and leadership role in the health system and across government. This means providing clarity in the refocused role of Manatū Hauora for its stakeholders, driving and embedding the reform agenda in line with Cabinet intent, and more actively stewarding health across government and other sectors to improve population health.

2

### Design and structure

Manatū Hauora should consider reorganising into a cross-functional matrix structure that uses directorates to focus effort on the core roles as agreed by Cabinet; creates a series of System Priority Portfolios, where high priority specialist skills and knowledge sit; embeds System Performance with Strategy and Policy; and creates a single Ministry Operations directorate for all Corporate, Government and Executive Services. This proposed design would need to be supported by a shift in the culture and new ways of working.

3

### Internal ways of working

Manatū Hauora should aim to reset its organisational culture and adopt new ways of working to support a future-focused Ministry. This includes adopting and scaling service delivery models that share resources, capability and expertise across teams and health entities, actively empowering emerging and future leaders to work to their full potential, and establishing a cohesive approach to organisational planning and delivery.

4

### External relationships

Manatū Hauora should actively strengthen its relationships with Te Whatu Ora and Te Aka Whai Ora. It should drive cross-agency agreement on the delineation of roles and responsibilities and work with other entities to formalise how capabilities are shared between them. Manatū Hauora should pay specific attention to how they works with Te Aka Whai Ora on shared responsibilities given its substantive role to lead the health system's focus on Māori.

5

### Capabilities

Manatū Hauora should uplift key capabilities to support its refocused roles. Key areas of capability uplift include Te Tiriti and equity, horizon scanning, future-focused strategic thinking, reform stewardship, relationship and stakeholder engagement, data analytics and insights, clinical leadership and expertise, Māori health and system performance and monitoring.

6

### Sizing

Future sizing should consider the other recommendations on new ways of working and proposed matrix organisational design. Based on high-level analysis and benchmarks, Manatū Hauora should consider improving the efficiency of processes, resizing Corporate, Government and Executive functions, and repurposing existing vacancies to fill the necessary capability gaps. Manatū Hauora should consider working toward overall size of 550-600 FTE (including contractors) over the next three years.

# Recommendations overview

## How the recommendations could support Manatū Hauora to become a future-focused Ministry

Combined, these recommendations are designed to support Manatū Hauora to become a leading government agency in New Zealand with a strong international reputation as an exemplary system steward and leader that works well across health and wider public sector agencies. Manatū Hauora would display the hallmarks of a high-performing organisation. It would be future-focused, agile, and lean, holding a critical mass of specialist and technical capability to credibly steward health across government and the health system. It would be able to proactively respond to future opportunities and quickly adapt and respond to unforeseen challenges.

It's size and structure would support it to be focused on discharging its core purpose - stewardship, its core roles as intended by Cabinet - strategy, policy, monitoring, regulation, and its core responsibilities with the Public Health Agency. Manatū Hauora would be focused on leading, influencing, collaborating and partnering, rather than operating, to guide the health system toward common outcomes. The core capabilities within and accessible to Manatū Hauora would support it to deliver these roles in an efficient, effective, and sustainable way.

Delivery of its core roles would be underpinned by a detailed understanding and knowledge of the New Zealand context, leading practices, global trends in health and government, population health need, and the performance of the system. In particular, Manatū Hauora would embed Te Ao Māori and equity considerations in all of its work and keep them at the forefront of how the system operates and how all entities and people work collectively towards Pae Ora. Manatū Hauora would drive continuous improvement across health and wider public sector agencies based on up to date evidence and insights about system performance, including financial performance. Manatū Hauora, as steward, would set the reform agenda, supporting Te Whatu Ora and Te Aka Whai Ora to embed and deliver their new roles and responsibilities.

The way in which Manatū Hauora and its staff work would be grounded in a culture of collaboration and cohesion. People and teams would work in a cross-functional manner, sharing capabilities and resources across team boundaries and with other entities to make the most optimal use of expertise that exists across the system. Manatū Hauora would adopt different service delivery models to support these behaviours and provide staff with opportunities to develop and contribute across a range of priority areas. People and leaders at all levels would be empowered to lead and perform to their fullest potential, and there would be a strong pipeline of future senior leaders across the organisation who are passionate and dedicated to the vision and mission of Manatū Hauora.

The relationships between Manatū Hauora, Te Whatu Ora and Te Aka Whai Ora would be strong, collaborative and complementary, working together as one-system and enabling each other to deliver the roles and responsibilities as intended by Cabinet.

Manatū Hauora would continue to evolve and move forward in a cohesive manner, with a clear line of sight from its purpose and core roles to the activities and outputs of the teams, groups and directorates. With a clear view of its key deliverables and activities, Manatū Hauora would be able to effectively and strategically manage its workforce and capabilities, leaning on other entities and utilising temporary capability in a more planned way.

*The following pages describe each recommendation in more detail, how they could support a future-focused Ministry, and how this would be experienced.*

# Recommendations - Stewardship

## System stewardship and leadership

Enabling a stronger and more definitive stewardship role for Manatū Hauora

### Recommendations

1. **Manatū Hauora should clearly define and communicate to internal and external stakeholders what its refocused stewardship role means in the new health system.** This means providing clarity on the scope of system stewardship and how Manatū Hauora intends to discharge its role.
2. **Manatū Hauora should drive the reform agenda and provide a common understanding of the reformed system and the associated transition path across health and government.**
3. **Manatū Hauora should take a more active approach to stewarding health across government and other sectors, leading and supporting cross-sectoral activities that impact social and wider determinants of health.**

### How this could support a future-focused Ministry

In its role as the system steward, Manatū Hauora is accountable and responsible for providing clarity and leadership over how the health system should best operate and the future system direction, including how the health system could deliver on the promises of reform. Manatū Hauora has recently appointed an interim Director, Reform Oversight to drive this but they would need to be supported by resources and a strong mandate to be successful.

Manatū Hauora should provide clarity on how it intends to operate as system steward. The stewardship role required of Manatū Hauora in the reformed system is different to how it has been previously understood and discharged. Manatū Hauora should move away from much of the day-to-day operations of the system to being a more strategic leader that takes a longer-term view of health and the wider system, informed by leading practice and evidence. It should give effect to Tiriti obligations and drive equity of access and outcomes across the system.

Manatū Hauora should take a more active role in providing active stewardship to best support the health system to operate to its highest potential and in the way it was designed through reform. Manatū Hauora should provide certainty over the system design features, ways of working, and the delineation of responsibilities between entities, especially where there are cross-entity responsibilities e.g. Employment relations, monitoring, and capital. Manatū Hauora should also provide a clear vision for where the health system is heading and how it should get there, and then lead, influence and enable other entities to work collectively towards improving population health outcomes. As part of this, Manatū Hauora should provide temporary development support where appropriate to Te Aka Whai Ora as it establishes its own capacity and capability. This should be informed by mutual agreement between Manatū Hauora and Te Aka Whai Ora on the scope and nature of this support. This would support Te Aka Whai Ora to more rapidly step into their substantive roles in a collaborative manner, underpinned by a constructive relationship and agreed ways of working. By being clear on the scope of responsibilities between entities, Manatū Hauora would be more able to focus its limited resources on core responsibilities, rather than unnecessarily duplicating effort between entities.

Manatū Hauora should also steward health more actively across government and public sector to tackle the social and wider determinants of health. Manatū Hauora should lead conversations and cross-sector initiatives with other agencies, driven by local and international evidence, insights, iwi Māori aspirations for health and wellbeing and learnings that are important in supporting investment cases, particularly in other sectors. Manatū Hauora should have strong global partnerships with leading health and social sector institutions, resources dedicated to horizon scanning and global knowledge, and access to holistic analytics and insights that can highlight the social and wider determinants of health that need addressing.



### How would this be experienced?

Manatū Hauora staff, the health sector and other government agencies would all have a common understanding of the stewardship role of Manatū Hauora and what that entails. They would also have clear knowledge of the reform agenda path that includes the high-level activities and milestones required to achieve the reform intent and how Manatū Hauora should support the system and entities to get there.

Other government agencies would see Manatū Hauora as an active leader of health and be supported by Manatū Hauora to consider how their own policies and work programmes can improve population health outcomes



*The stewardship function needs to internalise and reflect the cultural and political context and broader societal norms and to reach out to address the interactions between the health system and other aspects of society. The scope of effective stewardship needs to extend beyond the boundaries of the health sector as conventionally defined. (Boffin, 2002)*





# Recommendations - Design

## 'Matrix' organisational design

### Manatū Hauora design for high-performance

#### Recommendations

Manatū Hauora should consider reorganising itself into a cross-functional 'matrix' model that would better support its refocused roles and future direction. The key elements of this conceptual 'matrix' model are:

1. **Using directorates to focus effort on the core roles as agreed by Cabinet, supported by specialist portfolios of system priorities and enabling skills.** The core roles of Manatū Hauora could be consolidated into three directorates: Strategy, Policy and Legislation; Regulation and Monitoring; and Public Health, with Public Health remaining a branded business unit as per the Cabinet recommendation.
2. **Creating a series of System Priority Portfolios, where high priority specialist skills and knowledge sit.** These would include Māori Health, Clinical, Mental Health & Addictions, Reform Leadership, Pacific Health and Disability.
  - 2a) **Within System Priority Portfolios, create a formal Group for Māori Health** that can drive a focus on Te Tiriti and equity for Māori across Manatū Hauora and lead communities of practice across the organisation where Māori capability is embedded in other teams. **A similar approach could be taken for Clinical and Mental Health & Addictions.**
3. **Embedding system performance with Strategy and Policy functions** (Refer below further details).
4. **Enhancing the focus on Monitoring by creating a Regulation and Monitoring directorate** (Refer below further details).
5. **Creating a Data and Insights Portfolio with enhanced data and analytics capability** that can work across Manatū Hauora. (Refer to next page for further details).
6. **Creating an Enabling Portfolio that delivers Corporate, Government and Executive functions** across Manatū Hauora and government as part of a single 'Ministry Operations' directorate. (Refer below for further details).

Note that the proposed design would have implications on the number and nature of ELT roles which would need to be worked through as part of detailed design and a change programme.

#### How this could support a future-focused Ministry

##### Directorates

The model sets out a clear view of priorities and places an emphasis on effectively delivering on the core roles of Manatū Hauora - strategy, policy, monitoring, regulation, and its core responsibilities to Public Health. Effective delivery is supported by building focused capability within the directorates and more effectively leveraging critical skillsets such as Māori Health and analytics across all work programmes.

Embedding system performance with strategy and policy would support these functions to develop strategy and policy that is grounded in system performance. Creating a new Regulation and Monitoring directorate would drive a greater focus on Monitoring, and support Manatū Hauora to consolidate and develop similar capability - Regulation and Monitoring functions are closely related i.e. Manatū Hauora is responsible for monitoring entities and services against an agreed regulatory, legislative, or accountability framework. This directorate should include the finance monitoring capability that is currently within the Corporate Services directorate and highly specialised analytics capability that is connected into the Data and Insights portfolio (Refer to next page further details).

The consolidation of Corporate, Government and Executive functions into a single directorate that can support across the whole of Manatū Hauora and service government would improve the efficiency and effectiveness of these services and reduce duplication of activities between teams. (Refer to page 49 for further details). The CFO and finance team within this directorate would play an integral role in Vote Health budget processes and in bringing together financial resources from across Manatū Hauora.

##### System Priority Portfolios

System Priority Portfolios would work with each of the directorates to support, influence, and embed their knowledge and expertise into directorate work programmes. It would put these skills in a position where they can take on more of a leadership role, influencing and supporting the entire organisation's work programmes. System priority portfolios would have a direct relationship with the Director-General of Health (although not necessarily a direct reporting line) and have mandate to influence, drive prioritisation, and develop capability.

Continued overleaf....

# Recommendations - Design

## *How this could support a future-focused Ministry continued*

A system priority portfolio model would support Manatū Hauora to respond flexibly to government or system issues by setting up priority programmes and portfolios that may be time-limited in nature. It would also support Manatū Hauora to develop specialist skillsets in areas of critical importance. For example, Mental Health & Addictions is an essential priority portfolio given its priority focus across the health system and government, and the clear need to develop and strengthen capability in this area. However, over time and once critical capability has been built and roles are clear across the system, decisions could be made to integrate this into BAU strategy, policy, monitoring and regulation functions.

The creation of formal Groups and Business Units for Māori Health, Clinical, and Mental Health & Addictions would consolidate and retain a critical mass of core specialist capability that can be used across the entire organisation. These Groups and Business Units would also bring together specialist capability that is embedded in other teams into a communities of practice e.g. The Māori Health Group could lead a community of practice that brings together the Māori advisors and expertise embedded within other teams and directorates. The Māori Health Group would also have a specific role in driving a greater focus on Te Tiriti and equity for Māori across Manatū Hauora amongst other responsibilities such as the Crown-Māori relationship management.

The Pacific Health and Disability priority portfolios may not need to be stand-alone business units. Instead the capability could be embedded into other teams but retain a formal responsibility to provide strategic advice and insight relating to their relevant focus area across the organisation. This would give these priority areas the strategic focus needed to influence activities across Manatū Hauora without unnecessarily creating additional teams. The Reform Leadership priority portfolio would likely be time-limited but could adopt a similar approach.

## **Data and Insights Portfolio**

As Manatū Hauora strives to become an increasingly evidence-based organisation, it is critical for data and analytics capabilities to be used across all core roles. The creation of the data and analytics priority portfolio with strengthened analytics capability that works across Manatū Hauora would support the development of strong evidence-based strategy, policy, regulation, and monitoring. This portfolio could also have a role in fostering an analytics community of practice across Manatū Hauora e.g. to bring together analysts from Data and Insights, Monitoring, and Public Health Intelligence Teams. It may also play a role in uplifting the organisation's data and analytics capability as a whole.

## **Summary**

The proposed cross functional model would drive a more collaborative way of working and strike the best balance between creating centres of capability and expertise and distributing this to where it is most needed. Manatū Hauora would be able to more easily access the right capabilities when required, and make best use of existing capabilities and expertise that need to work across all areas of Manatū Hauora; e.g. clinical expertise and Māori health. The model would encourage collaboration within Manatū Hauora, promote knowledge sharing, and minimise duplication of activity between teams. The cross functional approach promotes a focus on Manatū Hauora as a whole rather than on individual directorates or teams. The proposed cross functional model must be supported by the appropriate incentives and a strong change programme that shifts ways of working and culture for it to be successful. This is detailed in the following pages.

The following page provides a conceptual model of the 'matrix' organisational design.

## How would this be experienced?

- There would be greater focus on the core roles of Manatū Hauora and teams would feel they are working together toward common priorities
- Staff would have greater clarity on their core responsibilities and be supported to remain focused and accountable for their area(s) of expertise
- Specialist capabilities would have the mandate to influence and support across Manatū Hauora and would feel connected to both the organisation and each other through communities of practice



# Recommendations - Design

## 'Matrix' organisational design conceptual model

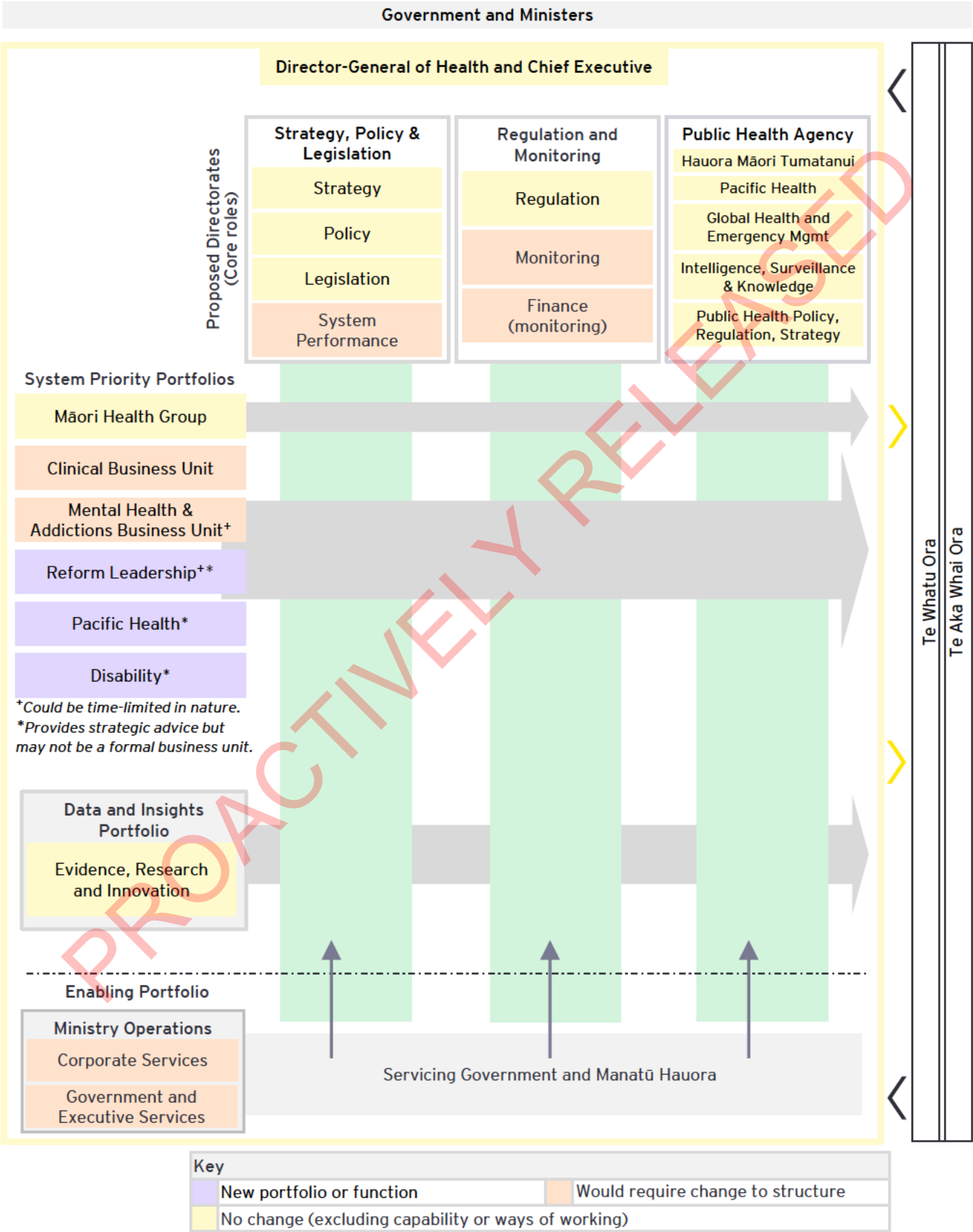


Figure 16: Manatū Hauora 'Matrix' organisational design conceptual model

# Recommendations - Design

## Future-focused monitoring and system performance

### Reorganising system performance and monitoring



#### What is the difference between system performance and monitoring?

System performance and monitoring are distinct but related activities that require different skillsets, processes, intervention frameworks, and governance.

- **System performance** is about generating insights to understand how the whole health system works together to deliver system and population outcomes, and to understand system level opportunities and risks. **These** insights can then be used to improve the performance of the system as a whole and to inform strategic direction, policy, legislation, and investment
- **Monitoring** is about generating insights to understand the organisational health of entities and the performance of Boards against agreed expectations, and the use of intervention levers if expectations **aren't** met. **It** is also about monitoring and improving entity service performance.

#### Recommendations

**Manatū Hauora should reorganise its System Performance and Monitoring functions to best deliver on its revised role and responsibilities:**

- **Teams focused on system performance should be embedded alongside strategy and policy functions** within the proposed Strategy, Policy and Legislation directorate.
- **Teams focused on monitoring should be embedded alongside regulation** as part of the proposed Regulation and Monitoring directorate.
- **Entity financial monitoring should be embedded alongside the Monitoring function** within the proposed Regulation and Monitoring directorate but retain a strong relationship with the core finance team.
- **There should be an overall uplift in both System Performance and Monitoring capability to deliver revised roles.** (Refer to page 58 for further details).

*Note: The current System Performance and Monitoring Directorate are leading a significant piece of work to design the overall system performance and monitoring framework for Manatū Hauora and the wider sector, and to describe the capabilities and processes that would be required to support this. This recommendation should not materially impact on the continuation of this work programme.*

#### How this could support a future-focused Ministry

System performance and Monitoring are distinct but related activities that require different skillsets, processes, intervention frameworks, and governance. The reorganisation of functions would enable the required focus to be given to each area and would support the development of distinct capabilities and processes that reflect the unique nature of the two functions. (Refer to page 58 for further details on capability uplift requirements).

System performance teams should focus on long-term overall system and population outcomes in the context of national health strategies and underpin system stewardship, strategy, policy, and investment. On balance, the functions performed within a strengthened system performance role, and the capabilities this would require sits more sensibly as alongside strategy and policy. This should help support Manatū Hauora to develop strategy and policy that is grounded in evidence that is truly reflective of the current performance of the system and that addresses the real drivers of population health outcomes.

Monitoring teams should focus on monitoring Entities against their accountabilities in relation to the Pae Ora Act, the Crown Entities Act, Te Pae Tata, and other relevant regulation and accountabilities. They should also play a role in monitoring entity service performance, alongside the entities themselves. On balance, the functions performed within a strengthened monitoring role, and the capabilities this would require sits more sensibly alongside regulation. The creation of a Regulation and Monitoring directorate would provide clear focus on the monitoring role (as opposed to system performance) and support a more effective utilisation of capabilities. Additionally, the entity financial monitoring role that the Finance & Procurement team currently perform sits more sensibly as part of the core Monitoring team. Co-locating these teams would support a more streamlined and connected monitoring approach. The financial monitoring team would need to retain a very strong relationship with the core finance team within the proposed Ministry Operations Directorate. The Monitoring function should be supported by the Data and Insights Portfolio but should also hold it's own critical mass of highly specialised analytics capability to support it to effectively advise and support Ministers.

While the activities and responsibilities of system performance and Monitoring are mostly distinct, there are some instances where issues relate to both. As such, the teams would need to work together within a single overarching framework that has a clear delineation of responsibilities and a formal process for sharing data and collaborating on cross-cutting issues.

*Continued overleaf....*



## Recommendations - Design

### How this could support a future-focused Ministry

With the proposed 'matrix' organisational model, both teams should be able to draw on specialist expertise from across Manatū Hauora and wider sector to support their activities. For example, the Monitoring team would be able to work alongside the Mental Health and Addictions business unit when monitoring activities relate to mental health services. This should provide assurance that the framework and processes comply with mental health specific policies and regulation, including the mental health 'ring-fenced' budget.

A key dependency of this recommendation is Te Whatu Ora and Te Aka Whai Ora taking full ownership for their own operational monitoring responsibilities so that Manatū Hauora can free up its monitoring resources to focus on their substantive scope and responsibilities.



### How would this be experienced?

- There would be clarity internally on the core responsibilities of system performance and monitoring teams.
- The nature and scope of the relationship between the sector and each of the teams would be clearer and more intentional.
- People in both system performance and monitoring teams would have clarity on their area of focus.
- Both teams would retain their close working relationships and feel they are working together toward common outcomes.

## Recommendations - Design

### Re-organising the Corporate, Government and Executive functions

#### Streamlining Manatū Hauora Corporate, Government and Executive functions

##### Recommendations

1. **Manatū Hauora should combine its Corporate Services and Government and Executive Services directorates into a single Ministry Operations directorate.**  
*Note: This new team should also be resized to reflect the actual capacity needed to support an organisation with the future size of Manatū Hauora (Refer to page 59 for further details)*
2. **Manatū Hauora should to establish clear expectations and guidelines on the purpose and use of the Offices of the Deputy-Director Generals (ODDGs) across the organisation.** This includes providing clarity on roles and responsibilities, and how this delineates from organisation-wide Corporate, Government and Executive functions.

##### How this could support a future-focused Ministry

The creation of a single 'Ministry Operations' directorate consolidates all the corporate and operations functions and capabilities that are needed to 'run' Manatū Hauora as an effective organisation and government department. It would support Manatū Hauora to work across all corporate and operations functions to streamline and automate processes based on process efficiency benchmarks, provide consistent services, reduce duplication, and make the most efficient use of resources. With a single directorate, Manatū Hauora can consider the core capabilities that are required across all corporate and operations functions and the optimal size of this directorate in relation to the refocused roles of Manatū Hauora. (Refer to page 59 for further details).

The Ministry Operations directorate should provide all general corporate, government, and executive functions for Manatū Hauora. This means that teams should mostly be using Ministry Operations for these functions rather than building these capabilities into their own teams. This requires strong discipline and processes but also requires teams to receive consistently high quality and timely services from Ministry Operations. Service level expectations should be built into Ministry Operations team's and measured regularly, supported by appropriate KPIs.

Alongside the introduction of a Ministry Operations directorate, Manatū Hauora would need to reconsider how ODDGs are used by teams and provide clear guidelines on this to reduce duplication of activity with Ministry Operations. The sizes of each ODDG should reflect their purpose and be proportionate to the volume of administrative support required by a directorate or team. There should be minimal to no duplication of work between the ODDGs and Ministry Operations, with the ODDGs working as a conduit between the functions rather than delivering the function themselves.



##### How would this be experienced?

- There would be clarity for Manatū Hauora leaders and staff on where to go for support in relation to corporate and enabling services.
- Teams across Manatū Hauora would receive a consistent and high-quality level of service. Service expectations would be transparent and regularly reported on
- People working in Corporate, Government and Executive roles would feel more connected as part of a single team, have clearer accountabilities and focus, and have more professional development opportunities.

# Recommendations - Internal

## Culture reset

*Resetting the organisational culture to support a high-performing future-focused Ministry*

### Recommendations

**Manatū Hauora should embark on a deliberate culture change programme to reset organisational culture, values, and behaviours. This should focus on:**

- Developing a shared understanding of how individual's contribute to the stewardship role of Manatū Hauora.
- Creating a high-trust environment that reduces emphasis on hierarchy (e.g. tiers)
- Empowering leaders at all levels to deliver for the betterment of the whole organisation.
- Fostering closer internal working relationships and promoting collaboration between teams.
- Adopting new ways of working, tools, and operational practices that incentivise, reinforce, and amplify the new culture. (Refer to pages 51-53 for further details).

### How this could support a future-focused Ministry

Resetting the culture of Manatū Hauora would support the organisation to consistently adopt the values, behaviours, and ways of working that it needs to become a high-performing and future-focused Ministry. This is a particularly important enabler of the matrix organisational design described on page 44 and as such, the timing of a cultural reset would need to closely align with any structural changes.

As the steward of the health system, Manatū Hauora should take a more strategic view of the health system and the global trends that could impact it in the coming years. This would require a shift in culture away from the more short term and day-to-day focus that was needed previously, toward a longer term and more strategic view. Staff should understand what the refocused stewardship role entails and how their activities contribute to it. This would support staff to feel empowered and connected into a broader organisational purpose.

The shift to a high-trust culture that reduces focus on hierarchy would support leaders across all levels to have ownership over their own work programmes to deliver and perform to their highest potential. It should be led by Manatū Hauora leadership and would require commitment to a new way of working and new oversight processes e.g. reducing the number of people involved in sign off and having a clear 'work-lead' who owns delivery. (Refer to page 53 for further details).

Fostering closer internal working relationships and collaboration could take time. It needs to be driven through a range of initiatives including cross functional work programmes and more interdisciplinary networking opportunities. Ultimately it would need to be driven through a commitment and willingness to change, and genuine relationships that are built on trust. (Refer to pages 51-53 for further detail on new ways of working).



### How would this be experienced?

- People would experience the same values, behaviours, and ways of working irrespective of directorate or team.
- People would feel like they are part of a cohesive organisation that is working together toward common goals.
- People would understand how their role and outputs contributes to the core purpose of Manatū Hauora and feel that their work is meaningful.
- Leaders at all levels of Manatū Hauora would feel they have more ownership and accountability for the quality and delivery of work within their area of expertise.

# Recommendations - Internal

## Ways of working internally

*Improving how Manatū Hauora works as a high-performing future-focused Ministry*

### Recommendations

1. **Manatū Hauora should adopt new ways of working to share resources, capability and expertise across teams while also retaining a critical mass of specialist expertise.** This would be a key enabler of the matrix organisational design described on Page 44 and could include formalising and scaling service delivery models like Business Partnering, Communities of Practice and Centres of Excellence.
2. **Manatū Hauora should establish disciplines of using the capability of teams that hold accountability for specific functions and have clearly defined service levels** e.g. for corporate related functions, rather than duplicating the capability and processes within directorates.



### What are some different service delivery models?

#### Centres of Expertise

Centres of Expertise consolidate specialist services, functions, tools, and expertise and make them accessible to other teams as required. This can include people e.g. consolidation of all data analysts into a core group of experts, or for services such as providing self-service access to all recruitment policies.

#### Business Partnering

Business partners (BP) are members of a function e.g. Finance, HR who work alongside other functions in the organisation to provide specialist advice and technical expertise. They work day-to-day with the 'customer' (e.g. directorates or teams) to support them to make decisions or deliver services and to adhere to standards and processes. Crucially, business partners have a deep understanding of both their technical area of expertise and the 'customers' function and priorities.

#### Communities of Practice

Communities of practice are informal groupings of individuals with shared expertise or passion across teams or functions who work together to share knowledge and expertise. The strength of communities of practice is self-perpetuating. As they generate knowledge, they create new learning benefitting both the organisation and themselves as individuals and teams.

### How this could support a future-focused Ministry

Establishing firm disciplines and processes so that teams embrace more cross-functional ways of working and utilise the specialist capability available to them would help reduce duplication of activity and would allow Manatū Hauora to optimise the use of a smaller number of more capable specialist resources to deliver services and outputs. It is also a key enabler of the matrix organisational design described on pages 44-46.

To do this requires Manatū Hauora to scale and formalise service delivery models such as Centres of Expertise, Business Partnering, and Communities of Practice. These new ways of working should improve people's experience and contribute to higher quality outputs that are delivered in a more efficient and sustainable way. Formalised delivery models would also support in defining clear delineation accountabilities for staff as they collaborate across team boundaries.

*Some examples of how these service delivery models would support Manatū Hauora are outlined on next page.*



# Recommendations - Internal

## Ways of working internally

*Improving how Manatū Hauora works as a high-performing future-focused Ministry*

### Examples of how this could support a future-focused Ministry

#### Centres of Expertise

Manatū Hauora already informally uses Centres of Expertise for some of its specialised capability including Health Research, Māori Health, and Mental Health and Addictions. However, it could formalise these and consider where else this model is needed e.g. for general HR and other corporate services.

Providing centralised access to technical knowledge, skills and expertise would improve the efficient use of enterprise-wide capability. It would allow teams to access the expertise they need, when they need it, without having to build duplicate capability within different directorates. Having a critical mass of capability working together would improve the quality and consistency of advice and input across the organisation and teams and support the building of critical capability in priority areas. Manatū Hauora would need to take care to ensure the Centres of Expertise does not become disconnected from teams and their context. It would also need to encourage active use of the Centres of Expertise through formally established processes and KPIs.

#### Business Partnering

Manatū Hauora is already using Business Partnering arrangements across a range of functions including Finance, HR, organisational planning, communications, and legal. However, there are no organisation-wide guidelines on how these partners should be optimally used which leads to inconsistencies in the scope of their roles and their effectiveness. Stakeholders commented that there needs to be a much stronger focus on 'customer' (team or directorate) needs and that some tasks currently delivered by Business Partners could instead be delivered by existing resources. As such, Manatū Hauora should consider which activities are best suited to business partnering arrangements and where teams could be upskilled to deliver activities themselves.

For Manatū Hauora, more effective Business Partnering arrangements for functions such as planning, communications, and recruitment would build stronger relationships between functions, help break down internal silos, and reduce the need for directorates to build capability in-house or duplicate activities. It would also support the more consistent application of policies and procedures. In the short term, operational business partners could be used to build day-to-day operational knowledge and capability so that teams can deliver tasks themselves going forward (supported by a centre of expertise). The model could then shift to using more strategic business partners to support with more complex or technical needs.

#### Communities of Practice

Manatū Hauora already has some informal communities of practice including for policy, data analysts, clinical expertise, and integrity services. Some of these, e.g. clinical, already extend outside of internal Manatū Hauora resources to include wider sector capability. However, these are not formalised and the effectiveness of them tends to wax and wane with turn over of key individuals.

For Manatū Hauora, encouraging and supporting communities of practice for key roles or skillsets that are spread across teams e.g. Māori expertise, analysts, clinical, Pacific will be critical for the success of a matrixed organisational structure. Communities of practice would provide connectivity and consistency across teams for strategic capabilities without having to have all the resources within a single team. To be most effective, these communities of practice would need to be formally recognised and should also have a clear 'lead' whose role it is to maintain a regular cadence of engagement and the standards and guidelines to guide individual's activities.

# Recommendations - Internal

## Planning and delivery oversight

### *Improving organisational planning and internal oversight of delivery*

#### Recommendations

1. Manatū Hauora should establish a cohesive whole-of-organisation planning and prioritisation approach that sets the organisation's collective priorities. Teams would then describe how their activities contribute to this overarching plan.
2. Manatū Hauora should review how it commissions and governs work internally to empower leaders at all levels to have ownership and clearer accountabilities.

#### How this could support a future-focused Ministry

Adopting a more cohesive whole-of-organisation planning and prioritisation approach would ensure that activities across Manatū Hauora are optimally aligned to its priorities and that resources are used in the most efficient way. In practice, Manatū Hauora would need to develop an organisation-wide planning, prioritisation and funding approach that sets the priorities and parameters for the organisation based on its accountabilities (e.g. as described in the Government Policy Statement and Health Sector Principles), health system performance, and population health need. The process should involve all functions and teams to capture their priorities but have a clear owner who facilitates it. It should support internal performance improvement by including a feedback loop on internal performance. Individual functions would then be responsible for their own business and workforce planning within the organisation-wide framework. This would include collaborating with other functions for cross-functional initiatives and joint delivery of outputs.

This new planning approach would allow the leadership team to collectively prioritise investment (and disinvestment) against priorities, make strategic workforce and resourcing decisions, identify cross-functional programmes, and measure progress toward collective goals. By taking more organisation-wide approach, Manatū Hauora would be more able to make the tough choices needed to disrupt the status quo and make meaningful progress toward becoming a future-focused Ministry. It is important that Manatū Hauora consider the scope of the whole-of-organisation plan, being clear about what really needs to be decided once for the whole organisation and what can be determined by individual teams. This would help ensure that the process does not become overly bureaucratic and that the final plan also reflects team priorities.

Refreshing the internal oversight processes for commissioning and delivering work should help improve the quality and timeliness of outputs, and contribute to a better employee experience. The Executive Leadership Team should provide oversight collectively to drive performance and manage risk across Manatū Hauora and wider system, rather than as Deputy-Director General responsible for a single directorate. New processes and delegation policies should give appropriate leaders accountability to drive delivery within the whole of organisation plan. This single point of accountability would collaborate across the business to develop an output and be supported by streamlined approval and sign off processes that do not necessarily rely on Deputy-Director General involvement.

Once the organisation plan is set and approved, the Executive Leadership Team should be able to have more of an oversight, with more work coming to them 'for information' rather than 'for decision,' and through regular transparent reporting on progress and activities. This would free up Executive Leadership time to focus more on strategic leadership and decisions, rather than detailed operations. This would also help improve the organisations ability to deliver work at pace and uplift capability and future leadership pipeline through stronger accountabilities and development at all levels.

#### How would this be experienced?

- Manatū Hauora would have confidence that its organisational plan makes optimal use of its resources and effort is focused on the right things.
- Teams would have a clearer view of the organisational priorities and how their activities support these
- Teams would feel that they are all working together toward common priorities.
- Leaders across the organisation would be empowered and expect to own and deliver high quality work.
- ELT would have more capacity to focus on strategic decisions and oversight.

## Recommendations - External

### Working as one system

#### *Relationships and ways of working with Te Whatu Ora and Te Aka Whai Ora*

##### Recommendations

1. Manatū Hauora should identify and pursue opportunities to share specialist resources with Te Whatu Ora and Te Aka Whai Ora as part of the 'one-system' ethos
2. Manatū Hauora should establish mechanisms to access leading practice and expertise from local and global experts
3. Manatū Hauora should consider opportunities to formalise collaboration between leaders of health system entities at all levels e.g. through regular joint ELT or SLT meetings and cross-entity planning.
4. Manatū Hauora should clarify the scope of responsibilities for leaders who are or should be interfacing with other entities as part of their substantive roles. Leaders performance should be measured against this.

##### How this could support a future-focused Ministry

A strengthened and more collaborative relationship between Manatū Hauora and other health entities would better support the one-system ethos intended by the reform, improve the optimal use of resources across the system, and improve the quality and effectiveness of outputs and services.

Manatū Hauora should work with Te Aka Whai Ora and Te Whatu Ora to agree protocols and procedures for how they might work together in the most mutually efficient manner across related or overlapping functions. This includes formalising how capability and expertise is shared between entities. For example, formalising how Manatū Hauora should be accessing the critical mass of Māori expertise in Te Aka Whai Ora or the clinical expertise in Te Whatu Ora. This also includes formalising how other entities access the expertise that resides in Manatū Hauora e.g. in strategy and machinery of government. This would strengthen relationships, make better use of our specialist workforce, enhance collaboration, and reduce competition for the same resources. It could also support Manatū Hauora to deliver its core roles more effectively e.g. with closer collaboration, policy would be more focused on the primary drivers of health outcomes or performance and more reflective of Māori needs and priorities.

Manatū Hauora and Te Aka Whai Ora have a number of shared responsibilities (see below) across their core functions. Delivering these requires strong relationships and mutually agreed processes, governance, and ways of working. These would develop over time but could include regular joint working and planning groups, and formal mechanisms to share insights, opportunities, and challenges.

Manatū Hauora should also establish mechanisms to access the latest knowledge and expertise from local and international partners. This is particularly important as it adopts a more strategic and forward looking view of emerging opportunities and challenges and would provide further credibility for Manatū Hauora as system steward. To support this, Manatū Hauora should establish expert panels or advisory roles with leaders, clinicians and academics from local and global institutions that can be accessed on an as-needed basis. This would support Manatū Hauora to leverage these capabilities without having to bring them inhouse.

There should be strong high-trust relationships between executive leaders of all health entities (including with the likes of Pharmac, HQSC, and ACC) with formal mechanisms to collaborate (including leadership forums), share resources, and make decisions on matters that affect all agencies e.g. capital planning and employment relations. For non-executive leaders, Manatū Hauora should define expectations for how and when they should be interfacing with the leaders of other entities. This would provide other entities with more clarity on who to connect with regarding specific topic areas; ensure the right capability and expertise is dedicated to the right relationships; and provide entities with a more cohesive view on key topics. It would also support Manatū Hauora leaders to take more ownership for their key areas of expertise. This should not undermine the many informal relationships that exist between Manatū Hauora and other entities. These more informal relationships are an important part of a positive culture and can be fostered through deliberately creating opportunities to collaborate and network e.g. through cross-entity planning processes.

##### Joint responsibilities with Te Aka Whai Ora

Partnership and collaboration between Manatū Hauora and Te Aka Whai Ora is central to the success of a reformed system that is grounded in Te Tiriti and achieves equity for Māori. While Manatū Hauora is the system steward, Te Aka Whai Ora has a broad strategic remit to lead the health system's focus on Māori and drive improvements for hauora Māori. Manatū Hauora and Te Aka Whai Ora have co-leadership roles insofar as the core system functions relate to Māori including strategy, policy and monitoring. This means Manatū Hauora and Te Aka Whai Ora are jointly accountable for the development and approval of national strategy and policy for Māori, for setting and monitoring system-wide outcomes and for providing relevant advice to Ministers.

## Recommendations - External

### Working as one system

*Relationships and ways of working with Te Whatu Ora and Te Aka Whai Ora*



#### How would this be experienced?

- People would feel that they are working as part of 'one-system' and specialist resources would feel supported to work across the sector.
- Manatū Hauora resources would feel more supported and able to deliver higher quality outputs through easy access to relevant specialist expertise.
- Leaders across Manatū Hauora would be clear on how their role should be interfacing with other entities and be held to account for delivering against expectations.
- Other entities, especially Te Whatu Ora would be clear on who they need to be interfacing with for particular topics and would no longer need to rely on 'back-channel' engagement. Additionally, they would receive consistent and credible advice from their key relationship partner.
- Leadership teams across the health sector would have more formal and informal opportunities to collaborate and grow relationships.
- Te Aka Whai Ora and Manatū Hauora resources would feel supported to work together as part of a collaborative and constructive relationship through agreed ways of working.

PROACTIVELY RELEASED



## Recommendations - Capability

### Capability across Manatū Hauora

*Uplifting key capabilities across Manatū Hauora to support a future-focused Ministry*

#### Recommendations

**Manatū Hauora should consider uplifting key capabilities.**

The following list represents only some of the areas where capability should be uplifted. Further capabilities that would support Manatū Hauora become future-focused Ministry are included in Appendix C, this is also not exhaustive - a much more comprehensive capability assessment would be needed to describe all capability uplift requirements across all sub-functions and teams. Achieving this uplift would require a combination of training and developing of existing staff, adopting new ways of working to access capabilities both internally and externally, and recruitment of new staff.

- **Te Tiriti and equity** - Central to the purpose of Manatū Hauora is to deliver on Te Tiriti obligations and achieve equity for all populations. This requires specific capability to understand and apply these obligations and frameworks to all work programmes. This capability should exist in each of the core functions and be well connected into the Māori health team to foster a strong community of practice of Māori capability across Manatū Hauora.
- **Horizon scanning** - As system steward, Manatū Hauora should have the capability to identify and analyse opportunities, challenges, and trends nationally and internationally as they relate to the health system. This includes global horizon scanning for leading practice and evidence, and the capability to contextualise these insights for the New Zealand context.
- **Future-focused strategic thinking** - Manatū Hauora is the system's lead for strategy and policy. This requires capability to think strategically about the actual and ideal direction of the system as a whole and draw on the latest research, knowledge and learnings to define system strategy and policy. This also requires the capability to undertake foresight analysis and scenario planning to identify the impact of strategic direction and policy.
- **Reform stewardship** - Manatū Hauora has a key responsibility to lead and steward the reform agenda on behalf of Ministers. This requires dedicated capability with a deep understanding of the intent of reform and the current health system, and who can work alongside health entities and across government to achieve Pae Ora.
- **Relationship and stakeholder management** - With a greater emphasis on leading and influencing, Manatū Hauora needs capabilities that can build and maintain deep and trusted relationships with partners and agencies. Manatū Hauora also needs the capability to create and retain strong internal relationships to support a cross-functional way of working.
- **Data analytics and insights** - As a future-focused Ministry, Manatū Hauora needs to ensure that system strategy, policy, monitoring, and decision making is evidence and insights driven. Manatū Hauora needs to bolster its access to analytics capability so that it can credibly translate system data into actionable insights across all core roles. This may include collaborating with Te Whatu Ora and Te Aka Whai Ora to share capability.
- **Clinical leadership and expertise** - Access to high quality clinical input and leadership is critical to a high performing and credible system steward. While Manatū Hauora already has high quality clinical leadership capabilities, it should bolster the capacity of this, including through drawing on the clinical expertise that exists within the sector.
- **Māori Health** - Strengthening and distributing specialist Māori capability across Manatū Hauora (*Refer to next page for further details*)
- **System performance and monitoring** - Strengthening system performance and monitoring capabilities (*Refer to page 58 for further details*)

#### How this could support a future-focused Ministry

The capability uplift across Manatū Hauora should equip the organisation with the skills and capabilities it needs to effectively carry out its refocused roles and adapt to global trends affecting governments and health sectors. A highly-capable and refocused Manatū Hauora would give it credibility as system steward and give staff and stakeholders confidence in its ability to deliver its core roles and responsibilities.

In particular, it would enable Manatū Hauora to lead and influence, rather than simply operate; to look to the horizon and longer-term, rather than focus on the day-to-day and the short-term; and collaborate and partner, rather than doing everything on its own.

# Recommendations - Capability

## Māori capability

*Strengthening and distributing specialist Māori capability across Manatū Hauora*

### Recommendations

1. **Manatū Hauora should grow its Māori workforce and leadership through:**
  - **Retaining a central critical mass of Māori leadership and expertise within a central Māori Health Group and,**
  - **Building specialist Māori capability into relevant Manatū Hauora teams and functions.** This should be proportionate to the volume of work that requires specialised Māori input and should be connected into the Māori Health team through a **strong community of practice for hauora Māori.**
  - **Working alongside Te Aka Whai Ora to agree how capability could be shared for common functions (e.g. strategy development).**
2. **Manatū Hauora should continue to invest in developing cultural safety and competency across the organisation, upskilling all staff on the strategic and practical application of Te Tiriti o Waitangi and equity for Māori in all facets of work.**

### How this could support a future-focused Ministry

Honouring Te Tiriti o Waitangi and achieving equity for Māori is foundational to the reformed health system and the Pae Ora (Health Futures) Act 2022. As such, having access to sufficient Te Ao Māori and hauora Māori capability is critical to the success of Manatū Hauora as a whole. Manatū Hauora should grow its Māori workforce and leadership and should work to ensure that this capability is better distributed and supported across the organisation.

As described on page 55, Manatū Hauora should work with Te Aka Whai Ora to agree how Māori capability could be shared between the organisations for joint responsibilities (e.g. strategy development for hauora Māori). Manatū Hauora should also work with Te Whatu Ora and the wider health system on how Manatū Hauora could leverage the Māori clinical capability and leadership that is embedded throughout the health system. However, as the system steward, Manatū Hauora also needs to hold a critical mass of Māori capability and expertise itself to effectively carry out its role. This includes having sufficient capability to support meaningful challenge and collaboration with Te Aka Whai Ora on the joint responsibilities.

As described previously on pages 44 and 46, the central critical mass of Māori leadership and expertise would work across the core roles of Manatū Hauora to provide consistent and meaningful Te Ao Māori leadership, guidance, and expertise. This group should review their core capabilities to make sure they are appropriately sized to deliver this cross-functional role. Māori guidance and expertise could also be provided by specialist Māori capability embedded within teams (where that makes sense). This would support teams who deliver more technical activities e.g. monitoring to have the required specialised Māori capability embedded as part of their 'core' team. The current capability within teams should be strengthened in a way that is proportionate to the volume of work that requires specialised Māori input. This capability would have to retain a strong connection into the central Māori health group to ensure coherence of advice and a feeling of connectivity for staff. This could be done through the establishment of a strong community of practice for all Māori capability across Manatū Hauora.

Delivering better outcomes for Māori is everyone's responsibility and while there is good intent within Manatū Hauora, not everyone has the skills to effectively deliver on this obligation. Upskilling all staff on the strategic and practical application of Te Tiriti o Waitangi and equity for Māori would support Manatū Hauora to discharge this responsibility more effectively together. This should start with communicating why this is a priority for everyone.

### How would this be experienced?

- Specialist and general Māori capability and expertise would be much more visible and accessible across all work programmes.
- Manatū Hauora would have a consistent view on matters relating to hauora Māori and provide consistent advice to external partners.
- All staff would be capable of critically considering Te Tiriti and equity elements and applying these in their work.



# Recommendations - Capability

## System performance and monitoring capabilities *Strengthening system performance and monitoring capabilities*

Recommendations

Manatū Hauora should undertake a dedicated programme of work to uplift capability across both system performance and monitoring to support Manatū Hauora to be a more effective and efficient monitor and steward. (Refer to Appendix C for more details)

How this could support a future-focused Ministry

A general uplift in capability across both system performance and monitoring would support Manatū Hauora to be a more effective and efficient monitor and steward. Both teams should consider how they better use technology to automate data collection and analysis. They also need to formalise processes to access specialist capability from other teams and entities. For example, the monitoring team should be able to access capability from the Mental Health & Addictions centre of expertise to support with monitoring of mental health services as there are specific regulations and funding requirements for these services.

System performance teams would need capabilities that can develop an evidence-based long-term whole-of-system view of performance and performance improvement. They need credible leaders who can provide insightful, timely, and actionable advice to Ministers and leaders about the performance of the system as a whole, and how entities need to adapt to improve performance collectively. They should also be able to influence and support teams within Manatū Hauora to ground their functions in system performance. The team should have core capabilities around financial performance management and be able to understand return on investment at a system level. With the right capabilities in place, system performance would be able to underpin the leadership role of Manatū Hauora and provide the foundations for more focused direction setting, policy, legislation, and investment.

Monitoring teams need capabilities who can take a logical and methodical approach to analysing core metrics compared to expectations. It needs leaders who can build relationships with the entities and support the Boards to improve through providing actionable insights and credible commentary on Entity performance. The team should have the capability to continuously simplify and improve monitoring frameworks to better suit Entities context and broader system priorities. They also need strong capability in Machinery of Government and should be able to understand responsibilities and accountabilities as guided by legislation and use this to inform monitoring frameworks.

The team need to move away from the day-to-day more operational monitoring that is now the responsibility of the entities themselves and focus on exception monitoring and intervention above agreed thresholds. This includes exception monitoring for service performance e.g. where a clinical service such as oncology is underperforming. They should be supported with an integrated risk assessment system which makes risk appetite and tolerance explicit and intervention should be based on risk triggers or limits being breached. This should be automated through digital tools and the use of smart analytics.

Over the next 12 months, the monitoring team should work very closely with the newly established reform leadership priority portfolio given the importance of monitoring how entities are establishing themselves and delivering against Ministerial expectations.

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How would this be experienced?

- System performance teams would provide useful insights across Manatū Hauora that can inform strategy, policy, legislation, and investment.
- Manatū Hauora would be regarded as a highly competent monitor who provides credible, useful, and actionable insights to uplift entity and system performance.
- Manatū Hauora would be seen as a credible and influential leader across the health and wider public sector who brings informed insights to support all entities to work together toward common goals.
- People in both system performance and monitoring teams would have clarity on the core competencies expected of them and understand where they need to grow and develop to become more effective and efficient.



## Recommendations - Sizing

### Resourcing for a future-focused Ministry

*Resizing Manatū Hauora in relation to its refocused purpose and role*

#### Recommendations

Resourcing for a future-focused Ministry needs to be considered in light of other recommendations including new ways of working and the proposed matrix organisational design that includes a lesser number of directorates and the establishment of high-performing groups or business units for priority portfolios.

The recommended size ranges are proposals based on high-level analysis done to date and benchmarks of other similar public sector organisations. Manatū Hauora would need to complete a more in depth review of roles as well as the efficiency of their processes to confirm the target range and implementation approach. Note that as at 28<sup>th</sup> February 2023, the current size of Manatū Hauora is 758.64 FTE (occupied FTE and backfill contractors).

The initial areas of focus should be:

- Closing available vacancies where the roles are not currently being backfilled (noting that many of them have been held open for a long time),
- Resizing the combined size of the Corporate, Government and Executive function to 120-150 FTE (including backfill contractors), and
- Optimising the efficiency of processes and ways of working.

Based on the noted considerations and the initial focus areas, Manatū Hauora should consider resizing its overall size to 550-600 FTE (including backfill contractors) over the next three years.

#### Supporting information and benchmarks

##### Future resourcing for Manatū Hauora

As at February 2023, Manatū Hauora has 758.64 FTE (occupied FTE and backfill contractors) and 220.38 FTE available vacancies. The **proposed 550-600 FTE target range by FY26** is based on the number of existing available vacancies that could be closed, existing plans to decrease operating expenditure, opportunities inherent in the proposed matrix structure to improve the efficient use of resources, and benchmarking against similar organisations.

Achieving the 550 - 600 FTE target range could occur through a stepped process, **first reducing in size to 700 FTE by FY24 (including backfill contractors)**. This reduction can be achieved through closing unnecessary available vacancies (see next page) and reducing the size of the Corporate, Government and Executive functions (see below).

Manatū Hauora can then look to **reduce its FTE to 550 - 600 by FY26** through optimising processes and ways of working across all teams and Directorates (see next page).

Manatū Hauora has existing plans to decrease its departmental operating expenditure to \$136.7M by FY26. Based on a standard salary per FTE (\$120K) and not accounting for inflation, 600 FTE would equate to an estimated total salary spend of \$72M, which would be 53% of the forecast FY26 departmental operating expenditure. This provides Manatū Hauora sufficient head room to strategically manage its operating expenditure to support the change to a more future-focused Ministry. This includes the ability to adequately resource the change programme with additional temporary resources and to increase salary spend per FTE over time as it recruits and retains the highly specialised and capable resources it needs to effectively deliver its refocused roles.

##### Future resourcing for Corporate, Government and Executive functions

Based on expenditure to date, Manatū Hauora is forecast to spend 29% (\$56.9M) of its departmental operating expenditure on administrative and support services in FY23\*. This is much higher than the public sector average of 18% as benchmarked by Treasury for the five broad corporate and executive functions (refer to page 38). If Manatū Hauora were to reduce expenditure for these relevant functions within Corporate Services and Government and Executive Services directorates to the public sector average, **this would equate to a reduction of \$21.5M**. This is a conservative savings estimate as it excludes the further opportunities for reducing spend that would come from rationalising ODDGs across the organisation, and the inherent efficient opportunities of the proposed matrix structure.

Given the scope of responsibilities and activities of Manatū Hauora, and the current spend on administrative and support services, **Manatū Hauora should aim to decrease their spending on Corporate, Government and Executive functions to be 20-25% of total departmental operating expenditure by FY26**. This would primarily be achieved through resizing these functions to the proposed FTE target range of 120-150 FTE (see next page).

\*Note: to enable comparing, this does not include costs of the DDGs of the two directorates and the following teams - ODDGs, Government Services, Crown Appointments, Chief of Staff and Operations (which includes occupancy/facilities costs).

Continued overleaf.... **EY**



## Recommendations - Sizing

### Resourcing for a future-focused Ministry

*Resizing Manatū Hauora in relation to its refocused purpose and role*

#### Supporting information and benchmarks

As at February 2023, the combined size of Corporate Services and Government and Executive Services directorates is 205.29 FTE (including 7.55 FTE backfill contractors). Note that this does not take into account the ODDGs in Manatū Hauora.

There are opportunities for resizing across all Corporate, Government and Executive Functions including ICT, HR, Finance, and Communications. EY's global benchmarking provides comparative datapoints for the size of functions in other government agencies with a similar overall operating budget, including those in health and human services.

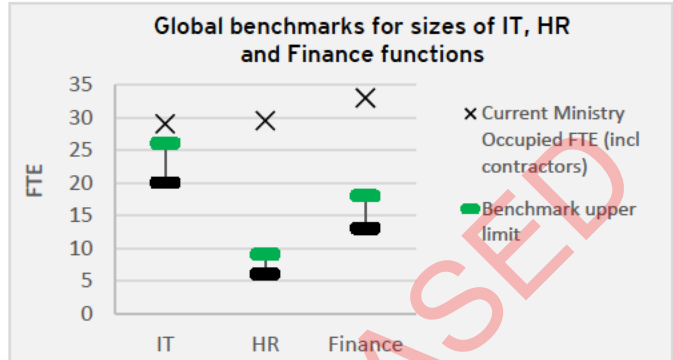


Figure 17: Manatū Hauora FTE against global benchmarks

The graph above highlights benchmarks for a small number of key functions and shows that the current occupied FTE in Manatū Hauora is greater than the upper limit of global benchmarks.

Based on these benchmarks and the proposed future size of Manatū Hauora, it is recommended that Manatū Hauora consider resizing these functions to the FTE ranges shown in the table below. Manatū Hauora would need to complete a more in depth review of roles as well as the efficiency of their processes to confirm the target range and implementation approach.

Function	Benchmarks	Current FTE*	Proposed FTE*	Rationale
IT	20-25	27	20-25	<ul style="list-style-type: none"> <li>Manatū Hauora should rely more on the shared service agreement with Te Whatu Ora for core ICT services.</li> </ul>
HR	6-9	29.5	15-20	<ul style="list-style-type: none"> <li>The proposed range is higher than benchmarks given the New Zealand context regarding labour regulations, Te Tiriti obligations, and the need for organisational development within Manatū Hauora.</li> <li>In 2017, the HR function within Manatū Hauora was 21.8 FTE. Given the narrower scope of Manatū Hauora in the reformed system, it is expected that the HR function should be able to decrease in line with this.</li> </ul>
Finance**	13-18	33	25-30	<ul style="list-style-type: none"> <li>The proposed range is higher than benchmarks given the New Zealand context in administering Vote Health above general finance needs. Note, the proposed range assumes that the Crown Entity finance monitoring team moves to the Regulation and Monitoring function.</li> </ul>

\* These FTE numbers include backfill contractors.

\*\*Note that for the purposes of this exercise, the Payroll team is counted within the Finance function.

Table 2: Manatū Hauora FTE Forecast across functions

Beyond these three functions, there are further opportunities to support the resizing where the current budgeted sizes for some functional areas seem large. This includes the Communications (43.53 budgeted FTE) and the ODDGs (44.50 budgeted FTE across all Manatū Hauora). In particular, standardising the purpose and use of ODDGs across the organisation would be necessary to reduce duplication and should be a key part in resizing the overall Corporate, Government and Executive function within Manatū Hauora.

#### Available vacancies

There are currently 220.38 FTE budgeted available vacancies within Manatū Hauora, accounting for 22% of its total budgeted FTE. Many of these are no longer needed and have been vacant for some time. This has resulted in a budgeted structure that doesn't reflect the actual structure and is, in practice, unaffordable. Manatū Hauora should review all available vacancies and consider closing available vacancies where the roles are not core to a future-focused Ministry. Where the budget for the vacancy is being used for other purposes, consideration needs to be given to whether this spend is still required going forward and how it should be included in budgets.

Continued overleaf....

## Recommendations - Sizing

### Resourcing for a future-focused Ministry

*Resizing Manatū Hauora in relation to its refocused purpose and role*

#### Supporting information and benchmarks

##### Process optimisation

In the medium to longer-term, Manatū Hauora should consider how it releases FTE and budget through optimisation of its processes. The proposed matrix organisational design and ways of working described above present opportunities to drive efficiencies through outsourcing transactional activities, standardising processes, simplifying sign off processes, and consolidation of capability into centres of expertise. It is likely that there are also opportunities to rationalise outsourced contracts and fixed cost overheads. Manatū Hauora should leverage international benchmarks for process efficiency and work with its teams to identify, quantify, prioritise, and sequence a programme of work to optimise processes across the organisation.

#### How this could support a future-focused Ministry

Manatū Hauora would be leaner and more focused on its core roles and the capabilities needed to deliver these. It would be a high-performing leader of the health system, making most efficient use of its capability and resources and strategically managing and growing a workforce that is fit-for-purpose. A smaller and focused Manatū Hauora would support the organisation to become more cohesive and connected, enabling better collaboration, strengthened relationships and more efficient delivery of key priorities and programmes.

Resizing and combining the size of Corporate, Government and Executive functions would support these teams to deliver more streamlined and higher quality support services for Manatū Hauora, bringing together expertise to form a more capable centre of excellence. This should minimise the duplication of capability and activities (e.g. ODDGs), with other directorates and teams not undertaking activities that are expected to be done by the Corporate, Government and Executive function. As a high-performing team and function, this would support Manatū Hauora to recruit and retain the best talent to reduce turnover. Manatū Hauora would also be able to work more collaboratively with Te Whatu Ora to share resources and capability and make the best use of Corporate, Government and Executive resources across the health sector.



#### How would this be experienced?

- People would be more connected across the organisation with stronger relationships with other teams and functions.
- People would be supported to work in more cross-functional ways across proposed directorates and priority business units.
- People would have more clarity on their core function and where accountabilities for decision making lies.
- People would be better utilised on high-value work which would support a better employee experience with more development pathways.

Roadmap



Building a better  
working world

# Setting up the change programme

The proposed future-focused Ministry is an aspirational future state which would require changes across Manatū Hauora including to ways of working, capabilities, capacity, and organisational design. Fully realising the opportunity will take time, but there are things Manatū Hauora already has underway or can deliver now to make meaningful progress. The below outlines a proposed approach for how Manatū Hauora could organise this change programme. This may need to be revised based on stakeholder feedback on this report.

## Setting up the change programme

These recommendations could be delivered through a programme of change that balances focus on short, medium, and long-term transformation activities to deliver early value and momentum. An important initial task will be to prioritise and sequence the recommendations and associated implementation activities.

A programme of this nature should be driven by Manatū Hauora leadership but resourced in a way that doesn't compromise the delivery of business-as-usual work, including delivering the wider reform agenda. To support this, **Manatū Hauora should consider setting up a dedicated Transformation Office to lead and drive the change over the next 12 months and beyond.** The Transformation Office would establish a change programme that puts people at the centre by creating a purposeful vision, empowering people from across the organisation and sector to be involved, supporting them during the change, and providing strong leadership and direction (see next page).

The Transformation Office would initially report into the Director-General of Health and a Reference Group of key internal and external stakeholders, noting that governance may change once the programme is established. It would have a core delivery team made up of change resources, key leaders, and programme managers and have access to subject matter experts that can be drawn on as required.

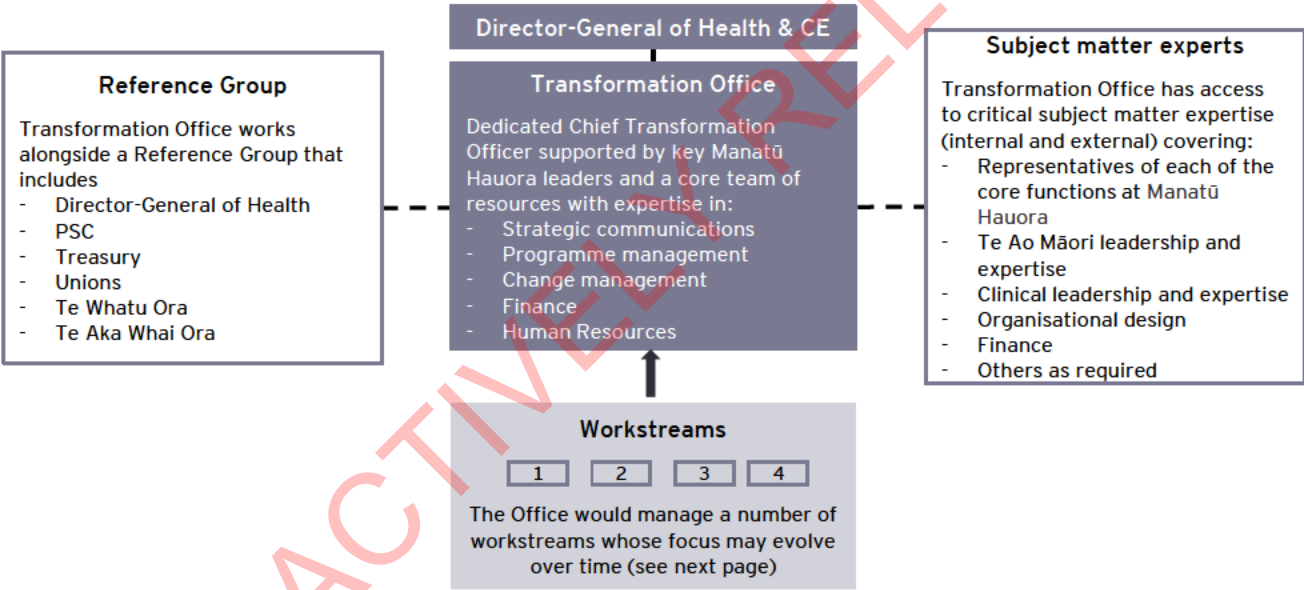


Figure 18: Manatū Hauora proposed change programme structure

## Setting up the workstreams

The Transformation Office could manage a number of workstreams, alongside its own programme of work, that are led by key stakeholders within Manatū Hauora. These workstreams would each have a clear purpose and scope but would work closely together to deliver a cohesive change programme. The scope of the workstreams may change over time depending on priorities and progress.

There may also be a number of function specific work programmes. However, given the scale of change, it would be important to prioritise and sequence any function specific work programmes carefully to ensure a logical grouping of activities and maintain business continuity.





# Factors to consider

Research completed by EY in collaboration with Oxford University Saïd Business School into the drivers of successful transformations has found that across all industries and geographies, only 10 - 30% of transformations succeed. The evidence is compelling and shows that there are six key drivers that when adopted together, dramatically increase the success of transformations. These drivers are all about putting people at the centre of the transformation.

Manatū Hauora should consider adopting these drivers as outlined below across the change programme:

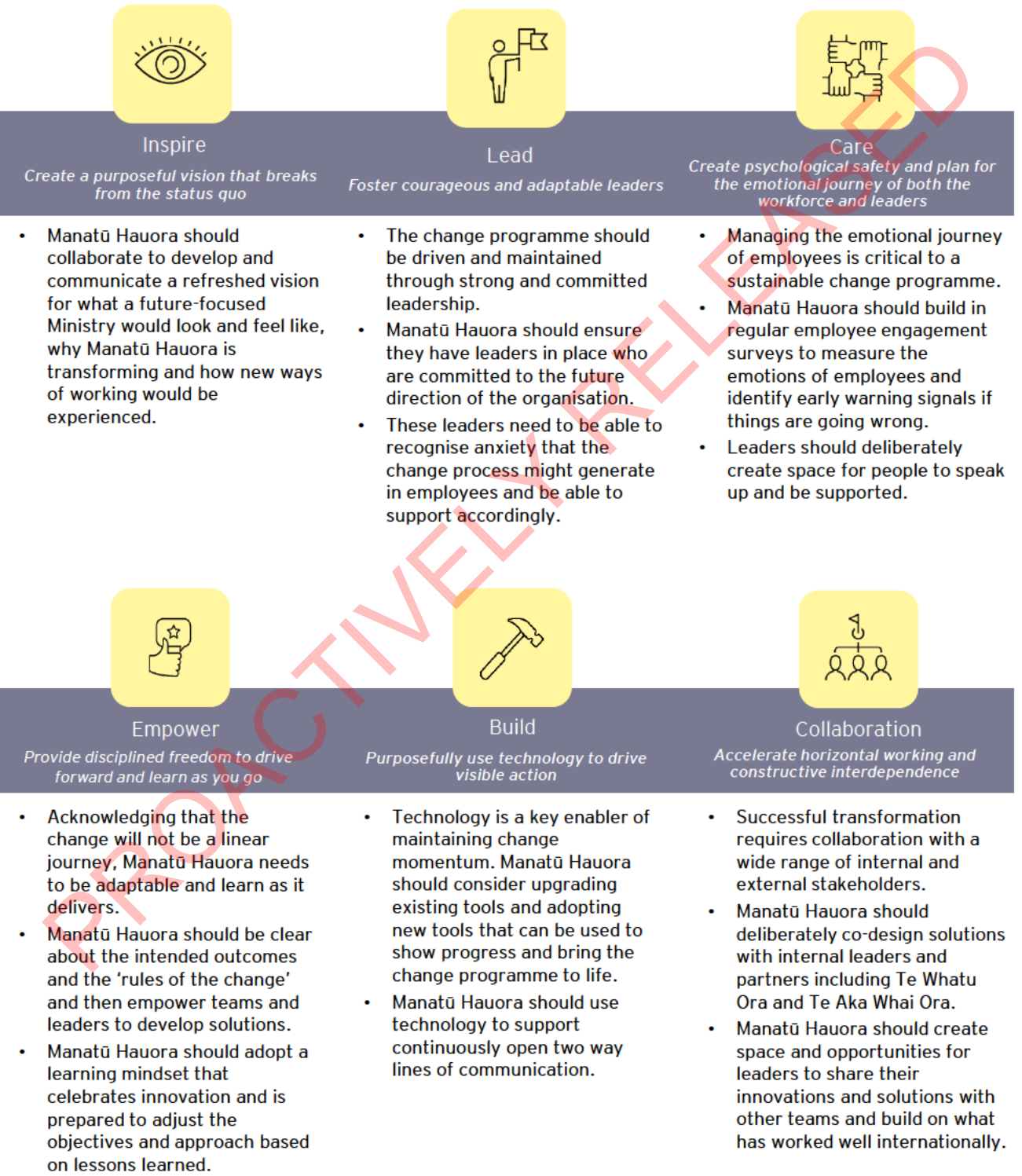


Figure 19: Factors to consider across the change programme

# Change Delivery

This would be a long-term programme of change that balances a focus on setting Manatū Hauora up for long-term transformation and delivering value now. This section describes the purpose of each of the proposed workstreams, and the key activities over three time horizons. This should be iterated based on stakeholder feedback.

## Transformation Office

### Purpose

Manages the detailed design and delivery of the transformation, including benefit realisation and managing risk. Also manages the overall approach to engagement and involvement of Manatū Hauora staff and the wider health sector.

The **critical get rights** for the Transformation Office are to:

✓

Develop and communicate a very clear vision and rationale for change that inspires and energises the workforce.

✓

Bring the entire organisation and wider sector on the journey through collaboration and open two-way communication channels.

✓

Get leaders who are adaptable, open to change and committed to the vision to drive and promote the change.

Transformation Office Key Milestones		
Now	Within next 6 months	Within the next 12 months
★ Transformation Office established	★ Workstreams established, collaborating, and delivering value	★ Workstreams delivering benefits
★ Scope of change programme agreed		★ New approach to organisational planning embedded
★ Governance processes established	★ New approach to organisational planning agreed	
★ Change approach and vision confirmed		

Transformation Office Workstream Activities		
Now	Within next 6 months	Within the next 12 months
<b>Agree a common vision and approach</b> <ul style="list-style-type: none"><li>• Socialise the recommendations and gather feedback.</li><li>• Work with executive leadership to agree a common vision for what a future-focused Ministry should look and feel like.</li><li>• Complete a leadership alignment session to agree principles of change</li><li>• Develop clear change messaging for how vision will be experienced and rationale for change.</li></ul>	<b>Continuous engagement with Manatū Hauora and the sector</b> <ul style="list-style-type: none"><li>• Repeat employee engagement survey to understand changes in engagement and satisfaction.</li><li>• Leaders deliberately creating space for staff to be supported with emotional journey and workload</li><li>• Regular cadence of communication on progress and benefits to Manatū Hauora and wider sector.</li></ul>	<ul style="list-style-type: none"><li>• Continue to programme manage the change including creating space for collaboration and innovation to be shared</li><li>• Continue to communicate with Manatū Hauora and the sector.</li><li>• Continue to monitor employee engagement and proactively seek regular stakeholder feedback.</li><li>• Establish refreshed whole-of-organisation planning approach as business as usual.</li></ul>
<b>Establish the Transformation Office and change programme</b> <ul style="list-style-type: none"><li>• Appoint core team, establish the reference group and subject matter experts etc.</li><li>• Confirm governance and reporting arrangements</li><li>• Confirm key leaders and their role - leaders should be adaptable, and committed to the vision.</li><li>• Prioritise recommendations to confirm the scope and sequencing of the programme</li><li>• Define and agree programme goals and benefits and which workstreams would deliver them.</li><li>• Confirm how technology would be used to support two-way communication at scale.</li></ul>	<b>Programme manage the change</b> <ul style="list-style-type: none"><li>• Support workstreams leads to confirm their detailed implementation plans (within 4 weeks) .</li><li>• Active programme management across all workstreams including risk reporting and benefit realisation.</li><li>• Mechanisms for leaders and teams to share their innovations and solutions with each other established</li></ul>	
<b>Engage with Manatū Hauora</b> <ul style="list-style-type: none"><li>• Confirm engagement and collaboration approach and complete employee engagement survey to get a baseline of emotions and change readiness.</li></ul>	<b>Whole-of-organisation planning</b> <ul style="list-style-type: none"><li>• Work with key leaders to finalise whole of organisational planning processes.</li><li>• Appoint a lead to own and drive the process and commence FY24 and beyond planning.</li></ul>	

# Change Delivery - Leadership and Culture

## Purpose

Provides dedicated time, resources and activity to re-establishing Manatū Hauora as system steward, to developing future-focused leaders across Manatū Hauora, and to resetting the organisational culture to support new ways of working.

### The critical get rights are to:

- ▶ Consider stewardship in the context of the wider public sector and global trends affecting governments and the health sector.
- ▶ Identify current and potential leaders throughout the organisation, not just those currently at Tier 2 or 3.
- ▶ Used evidence based methods and approaches to redesign and reset culture
- ▶ Take a 'bottom-up' approach to developing a new culture, bringing as many people as possible on the journey.

### Leadership and Culture Key Milestones

Now	Within next 6 months	Within the next 12 months
<ul style="list-style-type: none"><li>★ Common understanding the leadership role of Manatū Hauora internally and across the wider sector</li><li>★ Key leaders throughout the organisation identified</li></ul>	<ul style="list-style-type: none"><li>★ Common expectations for leaders agreed</li><li>★ Key features of a new culture and how to get there agreed</li></ul>	<ul style="list-style-type: none"><li>★ Leadership expectations embedded in job descriptions</li><li>★ Leadership development programme launched</li><li>★ Cadence of regular transparent reporting on culture established</li></ul>

### Leadership and Culture Workstream Activities

Now	Within next 6 months	Within the next 12 months
<p><b>Leadership:</b></p> <ul style="list-style-type: none"><li>• Work with key leaders across Manatū Hauora and other entities to confirm and test a common understanding the role of Manatū Hauora as system steward and how this relates to the roles of other entities.</li><li>• Identify key leaders within Manatū Hauora (these can be at any level) and the nature of their leadership role.</li></ul> <p><b>Culture</b></p> <ul style="list-style-type: none"><li>• Communicate the purpose of the workstream to the wider organisation and encourage people to volunteer to be involved.</li></ul>	<p><b>Leadership:</b></p> <ul style="list-style-type: none"><li>• Work with leaders to define common expectations for what being a leader within Manatū Hauora means in practice.</li><li>• Test and prioritise desired leadership behaviours.</li><li>• Work with learning and development teams to design a modular leadership development programme for Manatū Hauora based on capability gaps.</li><li>• Set up a regular cadence of formal cross-entity working arrangements at different levels of the organisations e.g. cross-entity planning forums with Te Whatu Ora and Te Aka Whai Ora.</li></ul> <p><b>Culture</b></p> <ul style="list-style-type: none"><li>• Develop the key features that should define the new culture pulling on input from across Manatū Hauora.</li><li>• Work with stakeholders across the Manatū Hauora to understand the barriers to adopting a new culture.</li><li>• Develop high-level implementation plan for new culture including key milestones and activities.</li></ul>	<p><b>Leadership:</b></p> <ul style="list-style-type: none"><li>• Embed leadership expectations in internal accountability arrangements, processes, position descriptions and KPIs.</li><li>• Launch leadership development programme and modules.</li></ul> <p><b>Culture</b></p> <ul style="list-style-type: none"><li>• Regular reporting on progress toward new culture and ways of working - this should be transparent and available to the wider organisation.</li></ul>

# Change Delivery - Organisational Design

**Purpose**

Focused on the detailed design of the new organisational structures and associated new ways of working, in line with NZ public sector guidelines. This would include engagement and consultation with affected stakeholders and leverage advice from key external agencies (i.e. PSC). This would build on leading practice in organisational design.

**The critical get rights are to:**

- ▶ Agree the overall operating model, objectives and design parameters up front to ground further design.
- ▶ Create a design environment that fosters connectivity and collaboration, working with key stakeholders from across the organisation to co-create new ways of working.
- ▶ Give people certainty about new structures and ways of working as quickly as possible.

Organisational Design Key Milestones		
Now	Within next 6 months	Within the next 12 months
★ Detailed design of structures and new service delivery models commenced	★ Proposed structure finalised ★ Consultation (where required) completed ★ Transition to new structure and ways of working underway	★ All structural changes complete ★ New ways of working adopted across all teams

Organisational Design Workstream Activities		
Now	Within next 6 months	Within the next 12 months
<b>Kick-off detailed design</b> <ul style="list-style-type: none"><li>• Commence detailed design of how the matrix organisational structure could work in practice, using specific examples and journey maps.</li><li>• Identify key focus areas for new service delivery models including communities of practice.</li></ul>	<b>Finalise detailed design</b> <ul style="list-style-type: none"><li>• Finalise proposed structure and complete impact assessments including assessment of the significance of change (to inform consultation requirements), and financial implications.</li><li>• Identify dependencies including technology, process and governance changes that may be required.</li><li>• Detailed design of new service delivery models for key focus areas.</li></ul> <b>Consultation on the change</b> <ul style="list-style-type: none"><li>• Socialise proposed structure to Manatū Hauora more widely, alongside the vision and rationale for change so people are clear about how value would be delivered differently in the future.</li><li>• Commence formal consultation procedures as required and incorporate feedback.</li></ul> <b>Implementation of changes</b> <ul style="list-style-type: none"><li>• Confirm implementation sequencing recognising that not all teams need to move at the same time.</li><li>• Move a small number of teams to new ways of working quickly and use them as examples to highlight how new ways of working could operate.</li></ul>	<b>Implementation</b> <ul style="list-style-type: none"><li>• All structural changes should be completed and all teams adopting new ways of working.</li><li>• New service delivery models including communities of practice, centres of expertise, and business partnering arrangements in place and understood (some would still be maturing).</li></ul> <b>Engagement</b> <ul style="list-style-type: none"><li>• Gather feedback on new ways of working and identify and resolve areas that have not fully embedded the change.</li></ul>



# Change Delivery - People, Capabilities, and Partners

**Purpose**

Understand the capabilities that are required for a future-focused Ministry and how Manatū Hauora builds or accesses this capability. Define and facilitate more effective working relationships with partners including through clarifying the accountabilities for engaging partners across roles and teams.

- The critical get rights are to:**
- ▶ Build relationships with partners based on trust, transparency, and collaboration.
  - ▶ Consider new capability sourcing models that support a 'one-system' ethos.
  - ▶ Empower teams and their leaders to design the roadmap to develop future capabilities.

People, Capabilities, and Partners Key Milestones		
Now	Within next 6 months	Within the next 12 months
★ Current capability of sub-functions and teams understood	★ Capability gaps identified and approach to sourcing confirmed ★ Whole of organisation approach to engagement with partners agreed	★ Capability uplift underway ★ New capability sourcing models in place including sharing of capability between entities ★ Expectations for how internal roles interface with other agencies embedded in KPIs

People, Capabilities, and Partners Workstream Activities		
Now	Within next 6 months	Within the next 12 months
<b>Confirm current state</b> <ul style="list-style-type: none"><li>Detailed capability mapping at team level to get a firm baseline of current state.</li></ul> <b>Develop approach to engaging with partners</b> <ul style="list-style-type: none"><li>Work with partners to develop a whole of organisation approach to engagement.</li></ul>	<b>Understand capability requirements</b> <ul style="list-style-type: none"><li>Complete detailed analysis of future capability requirements.</li><li>Complete capability gap analysis and identify where capability should be built, borrowed, or recruited.</li></ul> <b>Make progress toward uplifting capability</b> <ul style="list-style-type: none"><li>Develop learning and development plans to uplift identified capabilities.</li><li>Formalise arrangements to share capability and use these to highlight what is possible.</li></ul> <b>Confirm accountabilities for engaging with partners</b> <ul style="list-style-type: none"><li>Identify the roles within Manatū Hauora that should have an external relationship as part of their core role and work with teams to define the accountabilities and scope.</li><li>Support teams to develop partner engagement plans that describe how the different roles work together to provide a single experience for partners.</li></ul>	<b>Capability uplift</b> <ul style="list-style-type: none"><li>Learning and development plans underway to uplift capability.</li><li>Implementation of new capability sourcing models underway.</li><li>Formalise arrangements to share capability between entities.</li></ul> <b>Implementation of accountability for partner engagement</b> <ul style="list-style-type: none"><li>Embed expectations for how key roles interface with other agencies in position descriptions and KPIs.</li><li>Survey partners and external agencies on how relationship is working.</li></ul>

# Change Delivery – Manatū Hauora Size and Budget

**Purpose**  
To confirm and work toward an optimal size and budget for Manatū Hauora over the next two years. This includes identifying and implementing opportunities to optimise the efficiency of processes. It would need to include support from external agencies such as PSC and Treasury, as well as Manatū Hauora leadership team.

**The critical get rights are to:**

- Set clear milestones that are ambitious but achievable and hold leaders to account for delivering against them.
- Inspire and energise the workforce with a clear and compelling change narrative that describes how a high-performing future-focused Ministry would be experienced.
- Use international benchmarks to support process optimisation.

Manatū Hauora Size and Budget Key Milestones		
Now	Within next 6 months	Within the next 12 months
<ul style="list-style-type: none"><li>★ Case for change shared internally and with key external agencies</li><li>★ Target size and budget at 1, 2, 5 years confirmed</li><li>★ Current process efficiency understood</li></ul>	<ul style="list-style-type: none"><li>★ Current state analysis complete</li><li>★ Overall approach to resizing and team plans agreed</li><li>★ Confirmed roadmap for process optimisation</li></ul>	<ul style="list-style-type: none"><li>★ Implementation of resizing plans and process optimisation underway</li></ul>

Manatū Hauora Size and Budget Workstream Activities		
Now	Within next 6 months	Within the next 12 months
<p><b>Engagement with internal and external stakeholders</b></p> <ul style="list-style-type: none"><li>• Develop and share a clear and compelling change narrative that describes the rationale for change and how a high-performing future-focused Ministry would be experienced differently.</li><li>• Engage with key external agencies (i.e. PSC, Treasury, Unions) and seek feedback on proposed targets and approach.</li></ul> <p><b>Agree target size and budget.</b></p> <ul style="list-style-type: none"><li>• Work with Manatū Hauora leadership to agree target size and budget at 1, 2, and 5 years based on recommendations and benchmarks and the key areas of focus.</li></ul> <p><b>Understand efficiency of current processes.</b></p> <ul style="list-style-type: none"><li>• Establish process benchmarking to understand the efficiency of processes and activities compared to international standards.</li></ul>	<p><b>Confirm approach to resizing</b></p> <ul style="list-style-type: none"><li>• Review and validate current state analysis.</li><li>• Complete team based role analysis to ensure solid baseline understanding of the scope of existing and vacant roles (this has implications for the Organisational Design workstream).</li><li>• Develop an overall approach to resizing including how processes would be optimised, and how vacancies would be managed across the organisation.</li><li>• Support team leaders to develop their own two-year resizing plans within this overall approach.</li></ul> <p><b>Gather input from key external agencies</b></p> <ul style="list-style-type: none"><li>• Engage with key external agencies on proposed approach and incorporate their feedback.</li></ul> <p><b>Roadmap for process optimisation</b></p> <ul style="list-style-type: none"><li>• Prioritised and sequenced list of key process optimisation opportunities across Manatū Hauora. This would include the use of technology to improve the efficiency and standardisation of processes.</li></ul>	<p><b>Implementation</b></p> <ul style="list-style-type: none"><li>• Implementation of resizing plans in collaboration with the organisational design workstream and key external agencies.</li><li>• Implementation of process optimisation across Manatū Hauora.</li></ul>

# Risks and dependencies

## Risks and dependencies

The successful adoption of the recommendations outlined in this report relies on careful identification and management of risks and dependencies. The below sets out some examples of known risks and dependencies but these should be further defined by the Transformation Office during detailed implementation planning.

Risks associated with this change programme include:

Risk	Mitigation
<b>Lack of engagement by partner entities</b> , including Te Aka Whai Ora and Te Whatu Ora making it difficult for Manatū Hauora to co-develop clarity of roles and new ways of working.	<ul style="list-style-type: none"><li>• Early engagement and agreement at Chief Executive level of the importance of the change programme and the role that partner entities could play, including their role on the Reference Group.</li><li>• Transformation Office to monitor engagement and take early action via clear escalation pathways.</li></ul>
<b>Uncertainty among employees and partners about the purpose of change</b> leading to misaligned priorities and poor buy-in.	<ul style="list-style-type: none"><li>• Highly visible leadership of change.</li><li>• A vision and change purpose that inspires and engages the workforce.</li><li>• Communications strategy and plan to deliver clear, regular, two-way communications about the vision, purpose, and progress via multiple channels.</li></ul>
<b>Change fatigue within Manatū Hauora</b> leading to disengagement or increased employee turn over.	<ul style="list-style-type: none"><li>• Regular employee engagement surveys to monitor and manage the emotional journey of the transformation.</li><li>• Involvement of a wide range of stakeholders across Manatū Hauora in the change process.</li><li>• Change impact analysis and careful planning of changes.</li></ul>
<b>Lack of alignment or ownership between Manatū Hauora leadership</b> leading to unclear direction, conflicting priorities, and a slower cadence of delivery.	<ul style="list-style-type: none"><li>• Early engagement with Manatū Hauora leadership on the recommendations and approach to implementation.</li><li>• Clear accountabilities for delivery of the change programme.</li><li>• Change programme should be embedded in the whole-of-organisation plan.</li></ul>
<b>Business-as-usual workloads and priorities lead to delays</b> or implementation issues OR business-as-usual activities are not able to be maintained due to resourcing constraints.	<ul style="list-style-type: none"><li>• Transformation office to manage implementation but with visibility of BAU work to allow planning and management.</li><li>• Dedicated resources who do not have other 'business as usual' priorities managing the change programme.</li><li>• Additional resourcing to support key leaders to have capacity to be involved in both 'business-as-usual' and change activities.</li></ul>

Table 3: Risks and dependencies associated with the change programme

## Dependencies

The main dependencies for this programme of change are with other health agencies. For example, successful implementation is dependent on:







- A common understanding of the new system operating model and where accountability for functions and roles sits between health entities, and
- Te Whatu Ora and Te Aka Whai Ora having the capabilities in place to take full accountability for their responsibilities.

There are also more general dependencies, common to any change programme e.g.

- **Processes:** e.g. Clarity on how enterprise wide processes would work with new structures, where accountability sits, and the impact of new structures on delegation processes.
- **People:** e.g. having the right leaders in place to drive and manage the change and,
- **Technology:** e.g. New tools and technology to support both the change programme and new ways of working being in place.

# Implementation milestones

The below summarises key implementation milestones across each of the proposed workstreams over three time horizons - now, within 6 months, and within 12 months.

Workstreams	Now	Within next 6 months	Within the next 12 months
Ongoing Engagement	Continuous internal engagement 		
	External engagement 		
Transformation Office	<ul style="list-style-type: none"> <li>★ Transformation Office established</li> <li>★ Scope of change programme agreed</li> <li>★ Governance processes established</li> <li>★ Communication approach and vision confirmed</li> </ul>	<ul style="list-style-type: none"> <li>★ Workstreams established and delivering value</li> <li>★ New approach to organisational planning agreed</li> </ul>	<ul style="list-style-type: none"> <li>★ Workstreams delivering benefits</li> <li>★ New approach to organisational planning embedded</li> </ul>
Leadership and Culture	<ul style="list-style-type: none"> <li>★ Common understanding of the Ministry's leadership role internally and across the wider sector</li> <li>★ Key leaders throughout the organisation identified</li> </ul>	<ul style="list-style-type: none"> <li>★ Common expectations for leaders agreed</li> <li>★ Key features of a new culture and how to get there agreed</li> </ul>	<ul style="list-style-type: none"> <li>★ Leadership expectations embedded in job descriptions</li> <li>★ Leadership development programme launched</li> <li>★ Cadence of regular transparent reporting on culture established</li> </ul>
Organisational Design	<ul style="list-style-type: none"> <li>★ Consultation (where required) completed</li> <li>★ Detailed design of structures and new service delivery models commenced</li> </ul>	<ul style="list-style-type: none"> <li>★ Proposed structure finalised</li> <li>★ Transition to new structure and ways of working underway</li> </ul>	<ul style="list-style-type: none"> <li>★ All structural changes complete</li> <li>★ New ways of working adopted across all teams</li> </ul>
People, Capabilities, and Partners	<ul style="list-style-type: none"> <li>★ Current capability of sub-functions and teams understood</li> </ul>	<ul style="list-style-type: none"> <li>★ Capability gaps identified and approach to sourcing confirmed</li> <li>★ Whole of organisation approach to engagement with partners agreed</li> </ul>	<ul style="list-style-type: none"> <li>★ Capability uplift underway</li> <li>★ New capability sourcing models in place including sharing of capability between entities</li> <li>★ Expectations for how internal roles interface with other agencies embedded in KPIs</li> </ul>
Manatū Hauora Size and Budget	<ul style="list-style-type: none"> <li>★ Case for change shared internally and with key external agencies</li> <li>★ Confirm future resourcing profile at 1, 2, 5 years confirmed</li> <li>★ Current process efficiency understood</li> </ul>	<ul style="list-style-type: none"> <li>★ Current state analysis complete</li> <li>★ Overall approach to resizing of the Ministry, functions, and team plans agreed</li> <li>★ Confirmed roadmap for process optimisation</li> </ul>	<ul style="list-style-type: none"> <li>★ Implementation of resizing of the Ministry, functions, and team plans and process optimisation underway</li> </ul>



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