

Memorandum

Health Quality and Safety Commission (HQSC) – 2021/22 Annual Report

Date due to MO: 8 February 2023 **Action required by:** 14 February 2023

Security level: IN CONFIDENCE **Health Report number:** 2023019933

To: Anna Gillies, Private Secretary, Office of the Minister of Health

Consulted: Health New Zealand: Māori Health Authority:

Contact for telephone discussion

Name	Position	Telephone
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Action for Private Secretaries

The annual report of HQSC is required to be tabled in the House of Representative within 5 working days (14 February 2023) after receipt of the annual report, or if Parliament is not in session, as soon as possible after the commencement of the next session of Parliament.

Date dispatched to MO:

Health Quality and Safety Commission (HQSC) – 2021/22 Annual Report

Purpose

1. On 7 February 2023, Health Quality Safety Commission (HQSC) provided you with a copy of their 2021/22 annual report. This report provides a review of the annual report as well as a summary of HQSC's performance for the 2021/22 year against a range of indicators.

Background

2. All Crown entities are required to produce an annual report as soon as practicable after the end of each financial year under the Crown Entities Act 2004 (the CE Act). As part of this process, Crown entities are required to provide the report to its responsible Minister no later than 15 working days after receiving the audit report. The responsible Minister of the Crown entity must then present the Crown entity's annual report to the House of Representatives within 5 working days after the responsible Minister receives the annual report or, if Parliament is not in session, as soon as possible after the commencement of the next session of Parliament.

Annual report

3. HQSC's objectives are to lead and coordinate work across the health sector, for the purposes of monitoring and improving the quality and safety of health services and helping providers to improve the quality and safety of services.
4. HQSC's work programme is set in partnership with the health sector and currently includes advance care planning, building leadership and capability, improving service delivery, infection prevention and control, mental health and addiction quality improvement, trauma, partners in care and mortality reviews.
5. As required by section 150 of the Crown Entities Act 2004 (the CE Act), HQSC has prepared an annual report for the 2021/22 financial year, which it has forwarded to you as the responsible Minister. As Minister you are required to present HQSC's annual report to the House of Representatives within 5 working days of receiving it.
6. The annual report provides information on HQSC's performance for the 2021/22 financial year, measured against the requirements specified in the Statement of Performance Expectations and Letter of Expectations.
7. Manatū Hauora has reviewed HQSC's annual report and the associated annual Audit New Zealand audit report and makes the following comments.
 - The annual report complies with the requirements of the CE Act and the auditor's report identified the financial statements and performance information fairly present performance for the year ended 30 June 2022.
 - Audit New Zealand assessed the statement of financial position, the statement of comprehensive revenue and expenses, statement of changes in equity and statement

of cash flows for the 2021/22 financial year, and the performance information reported in the annual report. None of the areas assessed by Audit New Zealand required improvement.

- HQSC's audited actual financial result for the 2021/22 year was a \$626,000 surplus against a budgeted deficit of \$120,000.
 - HQSC reported general achievement against its priorities and associated outputs. HQSC's one output class is Supporting and facilitating improvement – relates to measuring and reporting on the quality and safety of the health and disability system; leading coordinating and supporting improvement efforts; advising the Government on the quality and safety of the health system; and sharing knowledge about and advocating for safety and quality.
 - General achievement was reported, of the 7 measures, 3 were achieved and 4 were identified as partially achieved. Noting as part of the audit process, 2 measures moved from achieved to partially achieved. The partially achieved measures included:
 - a. *Undertake patient experience surveys (primary health care, inpatient) and analyse and publish results.* The third governance group meeting scheduled for 14 February 2022 did not occur due to pressures of COVID-19 on members. The group agreed to be updated by email rather than meet in person. Also due to the health system reforms, district and regional annual plans were not updated due as the system was about to change.
 - b. *Quality Forum and Quality Alerts.* No feedback was sought after the 26 April 2022 Quality Forum as HQSC didn't want to overload participants in the middle of a COVID-19 surge and sufficient content had been gathered through face-to-face interview undertaken in March 2022.
 - c. *Pilot the te ao Māori improvement framework and implementation guide by 1 January 2022.* There was a delay with the timeframe of the pilot due to the impacts of COVID-19. The pilot was completed by 30 June 2022.
 - d. *Quality improvement science capability building in the health and disability sector, define and develop curriculum content for two courses (Frontline Quality Improvement and Expert/Advisor Quality Improvement).* Due to COVID-19 there were delays with training programmes, which has meant initial timelines were not able to be met and volumes of attendees were slightly lower than planned.
8. There are no significant policy or operational concerns raised in the annual report.
9. As part of strengthening its monitoring of the specialist 6 Crown entities, Manatū Hauora has also prepared a 'year-end review' A3, which provides a summary of HQSC's performance for the 2021/22 year against a range of indicators. This A3 summary is attached at Appendix One.

Next steps

10. The Minister is required to present HQSC's annual report to the House of Representatives within 5 working days of receiving it (14 February 2023).



Jess Smaling

Acting Deputy Director-General

System Performance and Monitoring | Te Pou Mahi Pūnaha

Date:

PROACTIVELY RELEASED

Appendix One – Year-end review of HQSC

PROACTIVELY RELEASED

2021/22 Crown Entity Performance Assessment Framework - Health Quality & Safety Commission

Objectives	Indicators	Information Source	Commentary
Alignment with legislated objectives and requirements The entity addresses legislative/statutory objectives and requirements	Compliance with legislative requirements including: - the Crown Entities Act 2004.	SOI, SPE and Annual Report.	HQSC's SPE and Annual Report for 2021/22 complied with the requirements of the Crown Entities Act. An updated SOI was not required in 2021/22.
	Compliance with legislative requirements including: - any specific enabling legislation relating to the relevant entity (for example, the Health and Disability Commissioner Act 1994).	SOI, SPE and Annual Report.	HQSC's accountability documents meet all relevant legislative requirements.
	Legislative objectives are effectively translated into organisational priorities or objectives as set out in the: - Statement of Intent (SOI).	SOI.	The 2020 SOI effectively translates HQSC's legislative objectives into the strategic priorities of 'Improving experience for consumers and whānau', 'Embedding and enacting Te Tiriti o Waitangi, supporting mana motuhake', 'Achieving health equity', and 'Strengthening systems for quality services'.
	Legislative objectives are effectively translated into activity and measures as set out in the: - Statement of Performance Expectations (SPE).	SPE.	The 2021/22 SPE effectively translates the HQSC's legislative objectives, and the strategic objectives and priorities set out in the SOI, into activity and measures. The HQSC has a clear performance story that maps strategic priorities through to specific measures and activities.
Alignment with Government objectives The entity's objectives and activities clearly address Government and ministerial priorities	Legislative objectives are effectively translated into activity as set out in the: - Annual Report (AR).	Annual Report.	The Annual Report for 2021/22 effectively reflects legislative objectives in line with the 2021/22 SPE.
	The entity demonstrated an awareness of its place in the health and disability system (or similar).	SOI and Annual Report.	The 2020 SOI includes a section on 'where we have come from' that outlines HQSC's specific function within the health and disability system and a section on 'our strengths' which covers how the HQSC works with others, which together show good awareness of its place, and influence, in the wider system.
	Strategic plans are aligned with Government and Ministerial priorities as set out in the annual letter of expectations, enduring letter of expectations, and other relevant documents (for example, the New Zealand Health Research Strategy).	LOE and SOI.	HQSC's 2020 SOI and 2021/22 SPE are well aligned to Government and Ministerial priorities and clearly responded to the Minister's 2021/22 Letter of Expectations.
Te Tiriti of Waitangi The entity's obligations under te Tiriti are well understood and communicated	SOI and SPE targets and measures respond to expectations expressed to the entity (that is, changes are made if expectations change).	LOE, SOI and SPE.	The SOI and SPE reflect the expectations expressed to the entity. An addendum to the Letter of Expectations for 2021/22 was sent to HQSC on 6 December 2021 regarding the consumer and whānau voice framework.
	The entity's Te Tiriti role is well defined in accountability documents (SOI, SPE, AR).	SOI, SPE and Annual Report.	Te Tiriti o Waitangi obligations are well-defined in HQSC's key accountability documents and the SOI includes a specific priority focused on embedding and enacting Te Tiriti.
	Te Tiriti obligations are articulated in accountability documents (SOI, SPE, AR) and reported on to Manatū Hauora.	SOI, SPE and Annual Report.	HQSC's Te Tiriti obligations are articulated in its accountability documents, including how the three articles and the Ritenga Māori Declaration apply to HQSC's work.

Objectives	Indicators	Information Source	Commentary
Board is well-prepared to perform The Board is knowledgeable, demonstrates leadership and operates effectively	An effective relationship exists between the Chair, Chief Executive, Manatū Hauora and Minister (including no surprises) as evidenced by: - Minister, DG and/or Strategic Lead's confidence in the agency.	DG and/or Strategic Leads.	There is an effective relationship between all parties.
	The Board operates efficiently and effectively (including committees) as shown in Board self-assessment (noting when a self-assessment was undertaken).	Crown entity - Board self assessment.	HQSC's board's approach to reviewing performance involves both internal and external evaluations. No major concerns have been raised through these evaluations. Also see comments below.
	Appropriate Board policies are in place and are reviewed regularly.	Crown entity - Board terms of reference and governance manual	The last review of the governance manual was January 2021 with the next review due February 2023. The board completed a self-assessment in April 2021.
Sets good targets The entity sets challenging targets which meet ownership and policy expectations	The entity engages with Manatū Hauora (Strategic Leads), others in the sector, and its stakeholders to shape expectations.	SOI and SPE.	HQSC engages well with Manatū Hauora and others around expectations, and has effective relationships in place with key stakeholders.
	The entity has short, medium and long-term goals, and plans to achieve these.	SOI and SPE.	HQSC's 2020 SOI and 2021/22 SPE combined had a good mix of short, medium and long-term goals, and plans to support achievement of these.
	The Board has reasonable measures in place to monitor and assess outcomes, risks, and trends in the entity's area of interest.	Crown entity - Annual Report, quarterly reporting to the Ministry of Health and regular reporting to the Board from management	There is regular report to the board from management and also regular reporting to Manatū Hauora that includes and assesses outcomes, risks and trends.
	The Board has used information gathered from measures to prioritise its work programme and areas of focus.	Crown entity - SOI and SPE.	Measures along with LOE priorities are used annually by the board to inform the upcoming SPE and wider work programmes as part of the annual accountability cycle.
Good performance oversight The Board manages its own performance	The Board evaluates its performance as a group and individually, and actions areas identified for improvement.	Crown entity - Board self assessment.	HQSC's board approach to reviewing performance involves both internal and external evaluations.
	Board members have individual development plans where appropriate.	Crown entity - Letters of engagement, Terms of Reference and Board governance manual	No individual board member development plans were required or in place for 2021/22. Overall board self-assessment was last completed in April 2021.
Holding to account The Board manages CE performance and has appropriate oversight of entity performance	A performance review process is in place for the Chief Executive.	Crown entity - Annual performance cycle for the CEO	An annual performance review for the Chief Executive is conducted annually by the board chair and deputy chair.
	A contingency plan is in place for the Chief Executive.	Crown entity - Delegation policy and key management personnel	Delegations are put in place should the Chief Executive be away and acting key management personnel are available as part of contingency planning or required cover.

Objectives	Indicators	Information Source	Commentary
Operational excellence The entity produces operational outputs in an effective and efficient manner	The entity's strategic plans flow through to/align with the operational plans.	Crown entity - SPE, Annual report, quarterly reporting	Annual SPE clearly states the link between strategic priorities and operational plans. Teams across the HQSC have plans in place to deliver on SPE measures and budgets match to those reported in the SPE.
	The entity tests its organisational processes and structures (that is, with a PIF every three to five years or informal PIF or something similar).	Crown entity - PIF	HQSC last completed a PIF self assessment in 2019 and is in the process of undertaking another similar review in the 22/23 financial year.
Financial management The entity manages expenditure to budget, and has robust financial practices supported by comprehensive and meaningful reporting	The entity manages within budget.	Quarterly reporting and annual report.	HQSC reported a positive variance to budget in the 2021/22 year, with an unaudited year-end surplus of \$0.626 million against a planned deficit of \$0.120 million. This was mainly due to savings from the mortality programmes, external quality and safety programmes, travel, and Board related costs.
	The entity's budgeting and financial forecasting proves to be accurate.	Quarterly reporting and annual report.	There were some fluctuations in HQSC's financial forecasting throughout the 2021/22 year, but these were always based on the best possible information available at each point in time.

Organisation – Right capability and capacity		Reporting is timely and accurately communicates the entity's financial position and performance.	Quarterly reporting and annual report.	Reporting has been timely and accurate.
	Risk management The entity has robust risk identification and management practices supported by comprehensive and meaningful reporting	The Board receives good risk information from the entity to assist in decision making.	Crown entity - Board papers	Risk is a standing item on the agenda for each Board meeting.
		The entity signals risk early to Manatū Hauora and offers good management strategies.	Quarterly reporting.	Key risks and issues are reported in the quarterly reports and HQSC provided early heads up of risks, and mitigation strategies, through regular informal catch ups with Manatū Hauora.
	Best people for the job The entity provides an environment to attract the right people and enables them to perform at high levels	The entity is able to attract and retain skilled staff as evidenced by turnover rates and vacant FTEs.	Quarterly reporting and select committee questions	HQSC reports FTE levels quarterly and annually within the select committee questions. For 2021/22 turnover rates excluding fixed term employees was 15% which is similar to previous years.
	Engagement across the sector The entity maintains constructive meaningful engagement with sector stakeholders	The entity seeks stakeholder feedback in an appropriate and timely manner.	Quarterly reporting.	HQSC undertook a self-review based on the PIF to find out how its stakeholders thought it could improve in 2019. The results of that self-review informed the 2020 SOI and informed HQSC's strategic priorities. HQSC has indicated that it intends to follow a similar process in 2023 for the updated SOI.
		Feedback information/benchmarking (if any) is used for continuous improvement.	Crown entity - Data collection and website reporting, SPE	Patient experience surveys, Quality and Safety Markers, Quality and Safety Indicators are a large component of the Commission's work. SPE measures look to include stakeholder feedback where relevant.
Culture The entity maintains a healthy organisational culture	Internal staff satisfaction survey scores demonstrate good organisational culture.	Crown entity - Contracted surveys	HQSC use Ask Your Team surveys around staff satisfaction, once or twice a year or for specific targeted satisfaction information.	

Results – Performing to expectations	Objectives	Indicators	Information Source	Commentary
	Achieves results The entity has a record of achieving results in line with accountability documents	SOI/SPE targets are achieved as planned.	Quarterly reporting and Annual Report.	HQSC achieved the half of its 2021/22 performance measures (3 of out 7 measures achieved). Four measures were partially achieved (mostly due to the impacts of COVID-19) but no measures were not achieved.
		The entity performs well against benchmarks the entity has established for itself against other comparable entities in NZ and/or other countries.	Quarterly reporting and Annual Report.	HQSC has not reported on any benchmarks to compare itself against other comparable entities. This is something it may wish to consider in future.
		The entity receives unqualified audit reports, with no major issues raised in its post-audit Management Letters/Reports.	Annual Report.	HQSC received an unqualified audit report, with no major issues raised for 2021/22 (pending subject to confirmation/final Annual Report).
		If issues are raised in the post-audit letters and report the entity develops an appropriate plan to manage these.	Crown entity - Annual management letter from Audit NZ	HQSC review and follow up recommendations annually
	Contributes to sector outcomes The entity makes a distinguishable difference to the NZ health sector	Entity has some clear outcome and/or impact measures that it can demonstrate progress against.	SPE, quarterly reporting and Annual Report.	HQSC reports on both quantity and quality aspects of its performance measures and has mapped key achievements through to the outcomes it seeks.
	Contributes to equity within the system The entity consistently considers equity with a focus on health outcomes for Māori.	Entity has clear performance measures that it can demonstrate progress against.	SPE, quarterly reporting and Annual Report.	HQSC has a strategic priority and associated measures focused on 'achieving health equity'.