

Briefing to joint Ministers (Health and Finance)

Report back on Budget22 tagged contingency funding to support the establishment of the National Public Health Service and Public Health Agency

Date due to MO:	30 June 2023	Action required by:	N/A
Security level:	IN CONFIDENCE	Health Report number:	H2023025052
To:	Hon Dr Ayesha Verrall, Minister of Health Hon Grant Robertson, Minister of Finance		
Consulted:	Te Aka Whai Ora: <input type="checkbox"/>		

Contact for telephone discussion

Name	Position	Telephone
Dr Nick Chamberlain	National Director, National Public Health Service, Te Whatu Ora	§ 9(2)(a)
Dr Andrew Old	Deputy Director-General, Public Health Agency, Manatū Hauora	§ 9(2)(a)

Minister's office to complete:

- | | | |
|---|------------------------------------|--|
| <input type="checkbox"/> Approved | <input type="checkbox"/> Decline | <input type="checkbox"/> Noted |
| <input type="checkbox"/> Needs change | <input type="checkbox"/> Seen | <input type="checkbox"/> Overtaken by events |
| <input type="checkbox"/> See Minister's Notes | <input type="checkbox"/> Withdrawn | |

Comment:

Report back on Budget22 tagged contingency funding to support the establishment of the National Public Health Service and Public Health Agency

Security level: IN CONFIDENCE **Date:** 30 June 2023

To: Hon Dr Ayesha Verrall, Minister of Health
Hon Grant Robertson, Minister of Finance

Purpose of report

1. In November 2022 the Ministers of Health and Finance approved drawdown of tagged contingency funding in Budget 2022 to support the establishment of the Public Health Agency and National Public Health Service (refer HR2022017075).
2. As committed to in that briefing, this paper provides a progress update on implementation.
3. This report discloses all relevant information.

Summary

4. For the 2022/23 financial year the Public Health Agency (PHA) spent \$4.1m of the \$6m contingency funding that was allocated in Budget22 to support its establishment. Details of this spend according to investment priorities are set out in the main section of this report.
5. With the establishment of the PHA and associated recruitment now largely complete or being finalised, the PHA is expecting to spend the full \$6m per annum contingency funding that has been allocated in 2023/24 and outyears. Detail on this is also provided in the main section of this report.
6. The National Public Health Service (NPHS) has committed the full \$10.197m budgeted amount for 2022/23. There is \$37.2m contingency funding allocated to support the establishment of the NPHS over 4-years.
7. This report back is for noting only. No decisions are required by Ministers.

Recommendations

There are no recommendations associated with this paper.



Dr Andrew Old
Deputy Director-General
Public Health Agency | Te Pou Hauora
Tūmatanui
Manatū Hauora
Date: 29/06/23



Dr Nick Chamberlain
National Director
National Public Health Service
Te Whatu Ora
Date: 29 / 06 / 2023

Hon Dr Ayesha Verrall
Minister of Finance
Date:

Hon Grant Robertson
Minister of Finance
Date:

PROACTIVELY RELEASED

Report back to joint Ministers

Supporting the establishment of the National Public Health Service and Public Health Agency: draw down of tagged contingency

Background

8. To support the establishment of the National Public Health Service (NPHS) and the Public Health Agency (PHA), Budget 2022 provided a tagged operating contingency of \$61.242 million over four years to 2025/26, including an ongoing component of \$11.902 million per annum in outyears [CAB-22-MIN-0129, initiative 14236 refers].
9. This contingency was allocated across the two agencies as per the table below.

	\$ millions			
	2022/23	2023/24	2024/25	2025/26 and outyears
Public Health Agency	6.000	6.000	6.000	6.000
National Public Health Service	10.197	11.853	9.290	5.902

10. Drawdown of the contingency was subject to the Ministers of Health and Finance approving the new public health operating model and a costed implementation plan for the establishment of both the PHA and NPHS.
11. This approval was given in November 2022 (refer HR2022017075) with a commitment to provide Ministers with a progress update on implementation by 30 June 2023.

Public Health Agency investment priorities

12. The PHA investment priorities outlined in HR2022017075 were based on best estimates at the time recognising that the new public health operating model was still in early implementation with some anticipation that things might change.
13. The investment priorities for the \$6m per annum allocated to the PHA as advised in HR2022017075 are outlined in the table on the next page with an implementation update.

Priority	Funding				FTE (estimate)	Implementation update
	2022/23	2023/24	2024/25	2025/26 and outyears		
Establish national public health intelligence, surveillance, and knowledge system	\$2.60m	\$3.00m	\$3.10m	\$3.10m	25	<p>On 1 July 2022, interim intelligence and surveillance capability was transferred into the PHA from the former COVID-19 directorate. These capabilities were separately funded through COVID-19 funding through to December 2022.</p> <p>Since 1 January 2023, delivery of core functions through existing capacity was maintained by the contingency investment of \$2.6m while work to determine and design the future structure and resourcing of this function was undertaken.</p> <p>The new structure has now been confirmed and will be implemented from 1 July 2023. The ongoing contingency investment of \$3m will fund this permanent resource and ongoing operating model for the intelligence, surveillance, and knowledge group within the PHA.</p>
Enhance public health leadership	\$0.34m	\$0.34m	\$0.34m	\$0.34m	2	<p>During 2022/23 a redesign of the Office of the Director Public Health (ODPH) has been undertaken to define the areas of focus to support the delivery of Pae Ora. This included clarifying clinical leadership accountabilities, the future focus of the ODPH post function transfer, cross agency working arrangements and redefining escalation and reporting pathways. Undertaking this work has used \$0.21m of the \$0.34m budgeted.</p> <p>A preferred ODPH team model has now been developed and is due to be finalised before 30 June 2023. Recruitment has already commenced to fill clinical leadership vacancies and utilise ongoing contingency investment of \$0.34m per annum.</p>
Enhance population health and equity leadership and advisory capacity	\$0.61m	\$0.61m	\$0.61m	\$0.61m	4	<p>The PHA is tasked with leading and strengthening population and public health with a greater emphasis on equity and the wider determinants of health. During 2022/23, the focus for the PHA has been on leading the development of the Pacific Health Strategy required under the Pae Ora Act 2022. \$0.11m of the contingency funding was used to resource this work. Recruitment to 4 permanent equity focused FTE, using the ongoing \$0.61m, will be concluded or underway before the end of June 2023.</p>
Resourcing to support the Public Health Advisory Committee	\$0.35m	\$0.40m	\$0.40m	\$0.40m	2	<p>Membership of the Public Health Advisory Committee (PHAC) was only announced in November 2022 with a first meeting held in December. As a result, only \$0.12m of the \$0.35m budget available in 2022/23 was spent to cover secretariat salaries of 1.5FTE within the PHA and operational costs such as travel and committee fees.</p> <p>With the PHAC now fully operational, a work programme confirmed and regular meetings taking place, the ongoing \$0.40m budget is expected to be fully committed.</p>
Enhance emergency management capacity	\$0.65m	\$0.40m	\$0.30m	\$0.30m	3	<p>Emergency management structures to ensure effective national coordination and leadership when preparing and responding to nationwide threats is currently under review. As a result, the \$0.65m allocated in 2022/23 has not been used. However, the outcome of this review is anticipated to ensure ongoing allocations are fully utilised.</p>
Enabling the PHA operating model	\$1.00m	\$1.25m	\$1.25m	\$1.25m	6.5	<p>The contingency investment of \$1m has been fully spent in 2022/23 with the PHA's leadership structure finalised and new and enhanced leadership roles that were identified as part of the new public health operating model appointed. In addition, the PHA has recruited to a dedicated communications and engagement role and a programme manager has also been appointed to coordinate the cross-functional and cross-agency activity of the PHA, and an agency wide work programme is being developed.</p>
PHA establishment and transformation support in year one	\$0.45m					<p>An establishment and transformation team has continued to support the design and build of the PHA during its first year, including the development of the PHA operating model and strategic intent. This function, which used the full budget allocation of \$0.45m, will conclude at 30 June 2023.</p>

National Public Health Service investment priorities

14. The NPHS is making steady progress in the amalgamation of teams from 15 entities including the establishment of new functions.
15. To date 29.2 (of the estimated 30.6) new and fixed-term roles have been established for four new functions within NPHS, namely: Office of the National Director, Transformation, Intelligence and Health Protection national functions. These appointments are currently assisting with establishment processes, which includes a significant change process to align our future state with our future operating model.
16. The establishment of a Planning Purchasing and Performance function in the Office of the National Director has fully committed the 2022/23 budget.
17. Significant work has been completed on the Operating Model design and initial implementation, including engagement and input from across NPHS. Work is now focussed on the decisions and implementation from the first phase of Consultation as well as the preparation and release of a second phase Consultation which encompasses all levels within NPHS. Work continues in parallel to cost the model, we expect to see some efficiencies from re-organisation and nationalisation of some functions, however, we also anticipate that standing up new functions (in the context of a reduced Covid budget) will require further investment. We are unable to confirm the final headcount or costs until this process is complete (noting that this is likely to be complete in October).

Equity

18. The PHA's tagged contingency investment has, and will, enable the PHA to focus on building on the Manatū Hauora's existing capability, to address health outcomes for those most affected by health inequities.
19. The NPHS's focus on equitably improved population health outcomes will be supported by utilising tagged contingency investment for its recruitment and work programme, noting that both NPHS capability and work programme prioritisation include equity goals.

Next steps

20. The PHA's focus for 2022/23 has focussed on bringing together new functions, developing capability, and establishing strategic intentions. As the PHA enters its second year, there will be greater focus on its external environment and sector leadership, utilising all the tagged contingency funds.
21. Similarly, the NPHS continues to refine its new national functions established on 1 July 2022, through an organisational change process that is focused on aligning and optimising NPHS's functional responsibilities. As this change is agreed and implemented, recruitment stages will complete which will accelerate the focus on transformation initiatives in the 2023/24 financial year and beyond. Given the timing of the NPHS change process, the NPHS will provide a more fulsome report-back on expenditure after the completion of the process in October 2023.

ENDS.

Minister's Notes

PROACTIVELY RELEASED