Performance Improvement Framework Review

Ministry of Health response
19 April 2018

Peter Hughes CNZM  
Head of State Services – State Services Commissioner  
State Services Commission  
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Dear Peter

Please find enclosed a draft report setting out the Ministry of Health’s response to the State Services Commission’s Performance Improvement Framework Review published in December 2017.

This report represents a significant and concerted effort across the Ministry to respond to the performance challenges facing the organisation. I have been impressed with the way the Ministry has responded to my challenge to make immediate progress on this work in a short period of time.

As we have discussed previously, the short-term nature of my role has precluded making large-scale changes to the organisation. Instead, the Executive Leadership Team has focused efforts (and made significant progress) on:

- stabilising the Ministry by improving the performance of our core business
- aligning the Ministry’s resources and work programme to the Government’s priorities and working with the sector to deliver on these
- providing a foundation for the incoming Director-General of Health to create a future-focused health system.

A key part of our response involves delivering a portfolio of strategic initiatives. This portfolio comprises four medium-term Government priorities, including the Ministry-led priorities of Mental Health and Addiction and Primary Health Care. We also acknowledge that the health sector has a key role to play in supporting Child Wellbeing and Improving Equity through ensuring access to high-quality health services that meet the needs of our target populations.
Our portfolio of work also comprises a range of shorter-term, pressing system issues. These issues have been selected because they require us to work differently with our sector partners; however, we anticipate that these issues will evolve over time as progress is made and priorities change.

The broader work programme outlined in this report is designed to provide the incoming Director-General with maximum flexibility to shape the way forward for the Ministry. The Executive Leadership Team is committed to supporting this work to completion.

This is an ambitious programme of work and is achievable if prioritised and phased appropriately. The organisational change envisioned requires the Ministry to embed different ways of working and new approaches to planning and resource allocation. This is needed to support rapid and agile responses to the challenges we face.

While there is commitment to this change within the organisation, additional resource will be needed to undertake the range of work outlined in this report. The incoming Director-General will need to decide the scale, pace and level of investment directed towards the Ministry’s response to the Performance Improvement Framework Review, including how capacity and capability are deployed to deliver this work.

I am happy to discuss the programme of work outlined in this report with you, and to receive feedback on the proposed direction and activities. As the phasing and prioritisation of this work is confirmed, I also see benefit in giving Cabinet visibility of our response and the Ministry’s wider work programme.

Thank you for the opportunity to serve as Acting Director-General of Health, and I reiterate my offer to continue to assist the incoming Director-General and the wider Ministry in any capacity required in the future.

Yours sincerely

Stephen McKernan QSO
Acting Director-General of Health

Cc: Geoff Short, Assistant Commissioner, State Services Commission
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EXECUTIVE SUMMARY

1. The Ministry of Health’s (the Ministry’s) recent Performance Improvement Framework (PIF) Review signals a number of areas where the Ministry must lift its performance and capability to:

   - more effectively undertake the Ministry’s unique role as steward of the health and disability system
   - fulfil its responsibility for the overall management and development of the system
   - ensure the sector is supported by the information and systems it needs to improve health outcomes for New Zealanders
   - operate effectively to advise the Government on system performance and health and disability issues.

2. The PIF Review outlines the significant challenges ahead of the Ministry, but in doing so, provides a clear path forward to improve our performance.

3. The PIF Review speaks to many of the core underpinnings of the Ministry as an organisation. This includes improving its leadership, culture and governance, as well as clarifying its stewardship role in a highly devolved system. In particular, the PIF Review identifies an urgent need to strengthen relationships with the sector if the Ministry is to reassert its unique role of system steward. We are committed to improving our performance in these areas.

4. The organisational challenges identified in the Ministry’s PIF Review sit within the context of the challenges facing the wider sector. The health and disability system is generally serving New Zealanders well. The system is, however, facing enduring challenges, in particular:

   - **persistent inequity of health outcomes**: Some population groups, including Māori and Pacific peoples, continue to experience disproportionately poorer health outcomes.
   - **preventable health loss**: Life expectancy is increasing faster than health expectancy, resulting in more people spending longer in poor health. Overall, 38% of our health loss is preventable.

5. The system also faces immediate challenges of meeting increasing service demand and maintaining assets within an environment of constrained funding and workforce pressures. Although efficiency has improved, financial sustainability and affordability have been longstanding issues. Cost pressures arise from changes in demographics, prices, patterns of illness and the need to maintain the asset base. While DHBs receive funding to help manage demographic and cost pressures, they face additional, unanticipated pressures, for example arising from wage increases set through collective agreements with workforces seeking higher rates than forecast cost pressures. As a result of these fiscal pressures, we are seeing:

   - **declining financial results**: DHB financial deficits for 2017/18 are forecast to be $225 million.
   - **variable performance against expectations**: For example, DHB performance against electives waiting time expectations is slipping\(^1\), and there is widespread concern about mental health services.
   - **poorly maintained assets**: There is an increasing need to invest in our infrastructure, including our physical equipment, property and IT systems. DHBs have signalled that around 19% of their building and facility assets are in poor or very poor condition. The sector is also operating with outdated systems that are becoming increasingly costly or impractical to maintain. Moving to a more digitally-enabled health system will require significant effort.

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\(^1\) The number of patients waiting longer than four months for first specialist assessments (FSAs) and treatment has been increasing since mid-2016 (from 738 patients waiting longer than four months for an FSA in October 2016 to 954 in October 2017, and from 561 patients waiting longer than four months for treatment in October 2016 to 1,405 in October 2017).
and investment in our technology and digital architecture to enable system integration and interoperability, enhanced health identity services, fit-for-purpose Customer Relationship Management (CRM) capability and open Application Programming Interface (API) models.

6. Strong, effective system stewardship is needed to understand and address these challenges and to ensure the health system meets the Government’s expectations. The programme of work we have developed in response to the PIF Review will prepare the Ministry to take a more active leadership role within the sector. Our response includes taking immediate steps to address DHB and sector performance in the short term, while moving to a stronger monitoring and performance framework over time. This will help provide assurance that DHBs return to a more sustainable funding track and that Government investment is directed towards its priority outcomes.

7. Putting the Ministry on a pathway to improved performance will help alleviate some immediate challenges and will ensure the Ministry becomes an effective steward capable of taking the sector to where it needs to be in future; however, this work programme will not in itself be sufficient to address all the system challenges.

8. A wider sector response is needed. The focus of Budget 2018 on rebuilding and reinvesting in public services, including health, will help enable this response, but substantial, concerted effort from all parties in the health and disability system, as well as additional investment and time, will be required to move towards a future-focused and sustainable health and disability system.

Overview of our response

9. The Ministry has put in place an immediate response to the findings of the PIF Review, focusing first on improving our core functions and aligning our work to our strategic priorities. This will then position the Ministry well to work differently with our sector partners and to optimise the system as a whole. This two-pronged approach is depicted below:

10. The Ministry is also committed to a longer-term work programme to lift our organisational performance. We have focused our response on seven key areas, which form the basis of our forward work programme over the next 6-12 months. This report and the accompanying detailed work packages set out the following information for each key response area:

- **Currently underway:** As described above, since the PIF Review was released in December 2017, the Ministry has taken immediate action in several areas. Some activities represent short-term responses, whereas others mark the start of our longer-term improvement programme.

- **Quick wins:** We have identified a range of activities that will deliver visible improvement with immediate benefit and can be delivered within the first six months of the 2018/19 financial year.

- **Make it happen:** These activities could comprise a 6-12 month work programme with the aim to continue to stabilise the Ministry, to embed new ways of working and to provide a foundation for ongoing improvement.

- **Excellence horizon:** The PIF Review includes a number of recommendations that will require investment in longer-term change and outcomes. This category sets out activities for consideration beyond the next 12 months.
11. We have identified a range of activities that could be incorporated into the Ministry’s forward work programme. Delivering the full suite of activities presented would require significant effort and additional investment. As such, the phasing and prioritisation of these activities will be crucial, recognising work is already underway in a number of areas. Key considerations for prioritising the forward work programme include:

- the level of investment available to be directed towards the work programme
- the availability of the capability necessary to undertake the work programme
- the capacity for change, internally and externally, and the scale and pace of change desired
- any areas requiring urgent attention to avoid critical failures.

12. These are decisions for the incoming Director-General. Therefore this report and accompanying work packages are intended to capture the direction of change anticipated, rather than prescribing activities, to allow for this flexibility; however, our initial views of potential priorities for each key response area are set out in the tables below.

### A. Governance, leadership and stewardship

13. The PIF Review is clear that the Ministry needs to demonstrate leadership across the system, including making better use of the Ministry’s levers to drive performance. Our immediate focus is on improving internal governance to support a portfolio of strategic priorities, while also taking initial steps to strengthen our stewardship role and support DHB performance. This will form the basis of our longer-term focus on becoming a more active system steward, including supporting system capability and performance. The table below sets out our potential priorities.

<table>
<thead>
<tr>
<th>Currently Underway (Action we are taking now)</th>
<th>Quick Wins (Within 6 Months)</th>
<th>Make it Happen (Within 12 Months)</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Establish a portfolio approach for strategic priorities</td>
<td>• Establish portfolio, programme and project governance</td>
<td>• Develop regulatory stewardship role</td>
</tr>
<tr>
<td>• Improve organisational performance monitoring</td>
<td>• Develop Stewardship Dashboard across key levers</td>
<td>• Support system capability and performance through improved induction, performance development and implementation support</td>
</tr>
<tr>
<td>• Clarify our stewardship role and develop Systems Levers Framework</td>
<td>• Develop stewardship capability, including basis for a medium-term strategic policy agenda (led by Stewardship and System Performance Working Group)</td>
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<tr>
<td>• Establish DHB Performance Working Group and Stewardship and System Performance Working Group</td>
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### B. Relationships and ways of working

14. The PIF Review emphasises an urgent need to work more collaboratively with sector stakeholders. We have committed to a new engagement model to deliver on the Government’s priorities and address immediate system issues that require us to work differently with our sector partners. This model has been tested with and is supported by sector representatives, and we will continue to refine and embed this new way of working with our partners.

<table>
<thead>
<tr>
<th>Currently Underway (Action we are taking now)</th>
<th>Quick Wins (Within 6 Months)</th>
<th>Make it Happen (Within 12 Months)</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Test engagement model to deliver Government priorities with sector</td>
<td>• Embed new ways of working, incl. defining ideal engagement model(s) and preferred engagement approaches</td>
<td>• Develop and begin to measure targeted engagement approaches</td>
</tr>
</tbody>
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2 Government priorities include the Ministry-led priorities of mental health and addiction and primary health care, as well as the priorities to which the health sector contributes of child wellbeing and improving equity. Immediate system issues include maternity care / midwifery, drinking-water regulation, DHB performance, electives and capital asset management. We anticipate that these issues will evolve over time as progress is made and priorities change.
C. Data, analytics and the voice of the customer

15. The PIF Review makes frequent reference to the need to develop the Ministry’s analytical capability and to use customer insights to inform decision-making. We have begun to develop a vision for our analytics function, how we need to organise ourselves to achieve our vision and the tools to support this.

16. We are also using the portfolio of strategic priorities to test new ways of integrating analytics into our work. Additionally, we are introducing the voice of our customers into the delivery of the Government’s priorities by working with people who have interacted with the system to incorporate the user experience into our responses. We will continue developing the tools, models and capabilities to strengthen this work, both within the Ministry and across the broader sector, over the next 12 months.

<table>
<thead>
<tr>
<th>Currently Underway (Action we are taking now)</th>
<th>Quick Wins (Within 6 Months)</th>
<th>Make it Happen (Within 12 Months)</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Begin installation of QlikSense (business intelligence tool)</td>
<td>• Continue roll-out of QlikSense</td>
<td>• Develop a statistical model for Vote Health</td>
</tr>
<tr>
<td>• Develop analytics vision</td>
<td>• Establish virtual analytics team and incorporate the voice of the customer to respond to Government priorities</td>
<td>• Continue to build capabilities in population-based analysis and modelling</td>
</tr>
<tr>
<td>• Pilot population-based analytics and modelling</td>
<td>• Commence development of data insights strategy with sector and review Chief Data Steward role</td>
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</table>

D. Systems and processes

17. A key theme throughout the PIF Review is the need to upgrade the Ministry’s legacy systems and processes to support more efficient operations. Fit-for-purpose, well-functioning technology and digital architecture is a crucial enabler for our ability to steward and our analytical capability, and is needed to create a more sustainable, high-performing and digitally-enabled health system.

18. We have focused first on improving our core business. Our longer-term work programme will be grounded in optimising how we organise ourselves to work more efficiently and effectively, and developing a strategic plan to prioritise investment in both national systems and Ministry systems. Potential priorities for this response area are outlined below.

<table>
<thead>
<tr>
<th>Currently Underway (Action we are taking now)</th>
<th>Quick Wins (Within 6 Months)</th>
<th>Make it Happen (Within 12 Months)</th>
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</thead>
<tbody>
<tr>
<td>• Improve the Ministry’s core function performance (e.g. official correspondence, planning and budgeting process) and reporting</td>
<td>• Establish portfolio management team</td>
<td>• Develop Information Systems Strategic Plan and IT Service Model</td>
</tr>
<tr>
<td>• Upgrade financial systems</td>
<td>• Review critical systems in preparation for the Long-Term Investment Plan and Information System Strategic Plan</td>
<td>• Upgrade systems and capabilities, (e.g. integration, interoperability, open API models and CRM systems)</td>
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<tr>
<td></td>
<td></td>
<td>• Optimise how the Ministry organises itself and operates to deliver its responsibilities, incl. implementing new Digital governance boards</td>
</tr>
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E. Culture and capability

19. The PIF Review notes an urgent need to focus on organisational culture, values and behaviour, including in relation to developing leadership and talent within the organisation. The Ministry has developed and begun to implement a ‘People Plan’ in response to the Review’s findings. The Plan provides a 12 month focus on improving the culture, leadership and capabilities of the Ministry, with potential priorities set out below.

<table>
<thead>
<tr>
<th>Currently Underway</th>
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</tr>
</thead>
<tbody>
<tr>
<td>(Action we are taking now)</td>
<td>(Within 6 Months)</td>
<td>(Within 12 Months)</td>
</tr>
<tr>
<td>• Refresh Organisational Behaviours Plan</td>
<td>• Run engagement survey and plan response</td>
<td>• Complete Development Programme with Tier 3s and commence with Tier 4s</td>
</tr>
<tr>
<td>• Complete Ministry’s Leadership Framework</td>
<td>• Roll out Development Programme with Tier 3s</td>
<td>• Develop future-focused workforce plan</td>
</tr>
<tr>
<td>• Prepare to launch and implement the Ministry’s Development Programme</td>
<td>• Develop workforce planning approach</td>
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F. Sustainable health system and performance story

20. The Review is clear the Ministry needs to do more to understand how the health system is performing and where the pressures are, and to use these insights to inform a sustainable growth path for the system. Critical to achieving this will be addressing the Ministry’s and wider system’s fragmented and ageing technology assets, being responsive to changing business needs and addressing the barriers to access and use of digital services.

21. Our immediate focus is on working with DHBs to lift and better measure their performance, while also investigating new targets to drive system performance. This will form the basis for improving our understanding of and reporting on system performance, forecasting system demand and workforce requirements, and developing and implementing our Digital Health Strategy. The establishment of a Ministry stewardship and sector performance working group, as well as the Ministerial Advisory Group’s consideration of how to optimise system design, will also support our response.

<table>
<thead>
<tr>
<th>Currently Underway</th>
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<th>Make it Happen</th>
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</thead>
<tbody>
<tr>
<td>(Action we are taking now)</td>
<td>(Within 6 Months)</td>
<td>(Within 12 Months)</td>
</tr>
<tr>
<td>• Establish DHB Performance Working Group (incl. Ministry, DHB and Treasury experts) to stabilise performance and respond to existing pressures</td>
<td>• Develop basis for a medium-term strategic policy agenda to lift system performance (led by Stewardship and System Performance Working Group)</td>
<td>• Work with Ministerial Advisory Group to consider system settings and optimisation</td>
</tr>
<tr>
<td>• Develop DHB performance framework</td>
<td>• Develop Digital Health sector investment guidance</td>
<td>• Improve DHB performance measurement and consolidate DHB performance framework</td>
</tr>
<tr>
<td>• Improve Ministry and sector performance management (e.g. re-establish Output Plan, investigate new health targets)</td>
<td>• Commence development of performance story narrative to support sector communications</td>
<td>• Assess current and future workforce requirements</td>
</tr>
<tr>
<td>• Develop Digital Health Strategy</td>
<td></td>
<td>• Ongoing implementation of Digital Health Strategy</td>
</tr>
</tbody>
</table>
G. Clarity, execution and measurement of our strategy

22. The PIF Review observes that the Ministry needs to take a more deliberate approach to implementing the New Zealand Health Strategy. We interpret this more broadly as needing to better articulate the outcomes we are seeking to achieve across the health system, in a way that can be measured more effectively. In response, we are developing an Outcomes and Tracking Framework and Implementation Framework to support our execution and measurement of our strategy. The table below sets out potential priorities over the coming year to continue this work.

<table>
<thead>
<tr>
<th>Currently Underway</th>
<th>Quick Wins (Within 6 Months)</th>
<th>Make it Happen (Within 12 Months)</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Continue to develop Outcomes and Tracking Framework and Implementation Framework</td>
<td>• Scope and integrate Government priorities into strategic direction and measurement tools</td>
<td>• Share and automate the Tracking Framework</td>
</tr>
<tr>
<td>• Refresh Four Year Plan from 2018</td>
<td>• Validate and embed tracking and monitoring approach</td>
<td>• Develop Four Year Plan from 2019</td>
</tr>
</tbody>
</table>

Resource requirements

23. The scale of activity undertaken will naturally depend on the resourcing available to support the work programme. This report and accompanying work packages will form the basis of more detailed planning and investment cases, including detailed costings; however, initial planning has made clear that the Ministry will need additional support to achieve the improvements sought. This includes investment in both people capacity and capability and in technology.

24. The Ministry's capacity to undertake this work without additional resource is limited. The findings of the PIF Review reflect the challenges the Ministry has faced while managing declining departmental baselines and highlight the results of constraining investment in organisational improvement.

25. Responding to the PIF Review provides an opportunity to transform areas reliant on inefficient, manual processes (for example in relation to data collection and managing sector operations) and to realise efficiency savings, which could be reinvested to support further organisational improvement; however, upfront investment to implement these transformation pieces is required before savings can be reprioritised.

26. Full implementation of the work programme will require additional funding, some of which we are seeking to source from within the business. Further planning and detailed costings will inform the development of investment cases for additional funding to support the longer-term work programme, once agreed by the incoming Director-General.

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3 The Ministry’s departmental budget has decreased by approximately $30 million since 2008/09.
INTRODUCTION

27. The State Services Commission’s Performance Improvement Framework Review, released in December 2017, sets out a range of recommendations for the Ministry of Health to improve its performance and support a sustainable health system. This includes:
   
   - improving leadership and governance and clarifying the Ministry’s stewardship role
   - strengthening relationships and working more constructively with and across the sector
   - developing the Ministry’s analytical capability and using this to inform investment decisions
   - upgrading systems and processes to support improved performance
   - addressing internal challenges around culture and capability, including engagement and people management.

28. This report sets out the Ministry’s work programme for responding to these challenges, including both immediate improvements and longer-term programmes for lifting the Ministry’s performance. The report is structured as follows:

29. The first section of this report sets out our immediate response, including:
   
   - stabilising the business by improving the performance of core functions
   - aligning the Ministry’s resources and work programme towards delivering the Government’s priorities
   - working differently through:
     o establishing a portfolio approach to the delivery of strategic initiatives
     o implementing an engagement model that includes co-governance and design in partnership with the sector
   - laying the foundation for optimising the health and disability system.

30. A range of products have been developed as part of this response (for example a Core Functions Performance Dashboard) to support the Executive Leadership Team (ELT) to maintain governance and oversight over the programme. We have also made early progress through our engagement with key sector groups around our portfolio approach.

31. The second section of the report then sets out the framework we have used to identify a set of actionable improvements from the recommendations in the PIF Review against seven key response areas:
   
   - governance, leadership and stewardship
   - relationships and ways of working
   - data, analytics and the voice of the customer
   - upgrading systems and processes
   - culture and capability
   - performance story for a sustainable health system
   - clarity, execution and measurement of our strategy.

32. The third section provides an overview of the PIF Review recommendations related to each key response area and sets out how the Ministry is responding to the recommendations, both as part of the immediate response outlined above and as part of the Ministry’s forward work programme.
33. Each key response area is then supported by a work package (fourth section) that sets out the range of activities required to deliver progress against the PIF Review recommendations over the next 6-12 months and beyond.

34. Collectively, this report provides a clear plan for the Ministry to respond to the performance challenge as set out in the PIF Review. This work is pressing, so we have put this plan into action and are committed to progressing this work.

35. The incoming Director-General of Health will need to determine the scale, pace and level of investment directed to support the Ministry’s response to the PIF Review. The work programme outlined in this report and accompanying work packages are therefore intended to capture the direction of change, rather than prescribing activities, to provide maximum flexibility.
1. BACKGROUND AND CONTEXT

Addressing the performance challenge

36. The State Services Commission’s December 2017 Performance Improvement Framework Review of the Ministry of Health provides a number of recommendations to address the performance challenges facing the Ministry.

37. The report provides a clear view of the foundational and enabling improvements that need to be made, focused on:
   - the performance challenge as this relates to achieving outcomes for New Zealanders in a devolved system
   - the performance challenge facing the agency.

The focus on outcomes

38. There are two key areas of focus in the PIF Review in relation to achieving outcomes:
   - delivering improved health outcomes for New Zealanders, encompassing:
     - empowered customers: providing New Zealanders with better information to help them make informed choices and support self-management of health and wellbeing outcomes
     - responsive customer-focused providers: reorienting provider-centric models of care to how customers want and need to access health and wellbeing services
     - equity of access to healthcare and wellbeing support: supporting equity of experience and outcomes for population groups (including Māori, Pacific peoples and vulnerable populations) that experience poorer outcomes
     - better integration of social and health services to deliver more effective customer-centred care: supporting a devolved sector to deliver integrated models of care that work across government portfolios to achieve outcomes
   - enhancing health and disability system performance outcomes through:
     - agreed performance outcomes: working with all entities that receive Vote Health funding to agree on and deliver customer outcomes to support a sustainable health and disability system
     - better commissioning for system performance: using the Ministry’s commissioning role to set and influence system direction, to incentivise good performance and to actively address poor performance across the system.

39. Responding to this focus on outcomes must be considered in the context of the immediate challenges facing the health and disability system. These include deteriorating short-term operational financial results, service demand pressures in areas such as mental health, workforce supply issues, capital management issues and slippage in DHB performance against electives waiting time expectations.

40. Improving the Ministry’s performance in line with the recommendations in the PIF Review will help manage some of these challenges; however, achieving the outcomes sought will require substantial, concerted effort from all parties in the health and disability system.
The focus on the agency

41. The PIF Review is very clear about a range of organisational performance challenges facing the Ministry. These include:

- building a strong performance story on which to anchor detailed system and service design, using the voice of the customer and system analytics on what drives performance and cost in the system
- gaining momentum and demonstrating leadership of the system
- reaching out to health and disability system stakeholders and social sector agencies to develop trusted, confident business partnerships that are focused on achieving agreed outcomes
- delivering both core business and a portfolio of ‘game-changing’ initiatives
- stabilising the Ministry, securing essential institutional knowledge and attracting new skills
- strictly personalising and implementing strategic initiatives and key enablers to underpin the future strategy and operating model of the Ministry
- demonstrating and driving cultural change to support the development of:
  - influencing capability
  - partnerships with the health and social sectors
  - cross-functional teams for programmes of work
- confirming areas that are not the purpose, role and responsibility of the Ministry
- moving towards a customer-centred, analytics-driven commissioning approach delivered with partners across the health and social sectors.

An urgent response has been put in place

42. The Ministry has put in place an immediate response to the PIF Review, based around addressing components of the challenges described above. Upon commencing his tenure, the Acting Director-General, working with the Ministry’s ELT, immediately commissioned a work programme to focus on:

- stabilising the performance of the Ministry with a focus on clarifying the department’s core functions and specifying a set of performance metrics and standards that will enable better transparency of core performance
- for significant purchasing and monitoring/commission functions, recognising the need to develop better capability and tools for improving sector performance (including performance monitoring and management) with a particular focus on performance intervention
- identifying a high-level portfolio of strategic initiatives that reflect the Government’s medium-term priorities and being clearer about shorter-term pressing issues that need significant ELT oversight and input and require the Ministry to work with our sector partners to address
- underpinning the strategic portfolio with a “new way of working” with the sector and across the Ministry that looks to:
  - agree a joint strategic work programme with the sector which is jointly governed
  - draw upon cross-Ministry and cross-sector resource and expertise to support the portfolio
- setting out and seeking to focus the Ministry on supporting longer-term questions around system configuration and performance. In the short term, this needs to be supplemented by external advice (e.g. from the Minister of Health’s Ministerial Advisory Group) and bolstering
system performance expertise in the Ministry through secondments and partnership arrangements.

43. Partially in response to the significance of the challenges faced by the Ministry, and also in recognition of the fact that Ministry staff may become wary of an additional ‘transformation challenge’, we have segmented the overall work programme into two distinct classes of activities:

- **Stabilising the Ministry and delivering our core business**: This focuses on improving the Ministry’s performance of core functions and realigning the Ministry’s work programme with the Government’s priorities.
- **Designing a future-focused health system**: This includes working in partnership with the sector and other agencies to deliver on strategic priorities, improve sector performance and shape a future-focused, customer-centric health and disability system.

44. This work programme approach is set out in full in Appendix 1 and summarised below:

### Concluding remarks

45. The activities described above have enabled the Ministry to begin responding to the PIF Review recommendations immediately; however, further work is needed to lift the Ministry’s performance over the next 6-12 months to keep up the momentum.

46. It should be noted the 2017 PIF Review reinforces many of the findings from the 2012 PIF Review. While the Ministry has made progress responding to these earlier findings, we will incorporate past learnings in our response to the 2017 PIF Review. In particular:

- The proposed work programme and longer-term response needs to be embraced by and embedded across the whole Ministry, to ensure smooth end-to-end processes and common objectives between business units.
• Organisational change should be grounded in a clear view of how best to organise and run the Ministry in order to achieve our organisational aims. This will help to ensure any changes enhance delivery of the Ministry’s work and avoid duplication of effort and activities that do not align with the Ministry’s strategic intent.

• The organisational improvement work programme should be supported with sufficient resourcing. If this important work is not resourced to deliver accordingly (as is also recommended in the PIF Review), there is a risk that the required changes will not be embedded across the Ministry. Initial resourcing estimates are provided in the Executive Summary, as it has become clear that the forward work programme will require additional capacity, capability and funding to be delivered successfully.

47. The next section sets out the framework we have used for considering our longer-term response and areas of focus. These response areas form the basis of the Ministry’s forward work programme over the next 6-12 months.
2. A LONGER-TERM WORK PROGRAMME TO RESPOND TO THE PIF REVIEW

Overview

48. Having put in place a range of measures to stabilise and refocus the Ministry, work is also underway to develop a longer-term response to the PIF Review. This response comprises a mixture of short-term actions and longer-term programmes to improve the Ministry’s culture, leadership, systems and processes and ways of working. It builds on the immediate steps described above.

49. The Ministry’s current challenges will take time, effort and investment to address. Past advice has indicated that a five-year programme of work lay ahead of the organisation. The longer-term response to the PIF Review will also need to be appropriately resourced and managed consistently over an extended period of time, to ensure it delivers tangible results along the way.

50. We are using the PIF Review findings to organise a programme of work to address the challenges facing us. We have taken the following approach to developing our response and forward work programme:

- categorising the Review’s recommendations into key response areas
- identifying quick wins through improvement activities that have begun or can begin immediately
- outlining a work programme focused on improvements over the next 6-12 months
- considering longer-term improvement activities that may require 2-3 years to fully implement.

Performance improvement methodology and approach

51. The State Services Commission’s Performance Improvement Framework has a number of components that underpin a Four-Year Excellence Horizon for the Ministry. The PIF methodology provides a strong framework to help prioritise our longer-term work programme.
52. This framework and a summary of the recommendation themes for the Ministry is set out below:

Organisational management
How well is the agency positioned to deliver now and in the future?

Leadership and Direction
• Define the Ministry’s stewardship role and intentions for the system
• Clarify roles, responsibilities and accountabilities across the system
• Improve leadership and governance capability
• Align the Ministry’s resources toward delivering Government priorities

Delivery for Customers and New Zealanders
• Customers
• Operating Model
• Collaboration and Partnerships
• Experiences of the Public

Relationships
• Engagement with Ministers
• Sector Contribution

People Development
• Leadership and Workforce Development
• Management of People Performance
• Engagement with Staff

Financial and Resource Management
• Asset Management
• Information Management
• Financial Management
• Risk Management

1. Governance, leadership and stewardship

1. External focus: how the Ministry will clarify its leadership role and use its performance levers to guide the system
2. Internal focus: how the Ministry will govern and manage itself more effectively in order to achieve the Government’s priorities, including the development of a portfolio approach.

2. Relationships and ways of working

How the Ministry will:
1. rebuild relationships and work collaboratively with health sector stakeholders
2. work in partnership in the wider social sector, including partner agencies.

53. Based on the above framework and the more specific findings from the PIF Review, we have structured our response around seven key response areas:

1. Governance, leadership and stewardship

2. Relationships and ways of working
Improving our **culture and capability** is crucial to achieving the organisational change called for in the PIF Review. This will require strong **governance, leadership and stewardship** capabilities, which we need to strengthen in parallel with our relationships and ways of working, both internally and with the sector.

Applying **analytics, insights and the voice of the customer** is also vital to our success. This requires a culture that embraces evidence-based decision-making, and leadership willing to listen to what the data tells us. It also requires **systems and processes** that function well and that are designed to produce the information we require. This is in contrast to the legacy systems and processes currently supporting the Ministry and the wider sector, which are not fit-for-purpose to facilitate the changes sought.

With these factors in place, we can more effectively advance the broader agenda of the health and disability system. We need to become more focused on sustainability and introduce **sustainable planning and performance management** disciplines into the way we work with the sector.

Last but not least, we need to **clarify and improve the execution and measurement of our strategy**, and in particular, ensure our delivery of the Government’s priorities is underpinned by a clear strategic approach.

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### 3. Analytics, insights and the voice of the customer

How the Ministry will use data, analytics and customer insights to:
- deliver evidence based policy and improve the resultant decision-making around resource allocation and interventions
- build an organisation and system that responds to customer needs
- build a deep understanding about how to meet the needs of diverse populations and improve equity of outcomes.

### 4. Systems and processes

How the Ministry will upgrade, replace or modify systems and processes to improve performance of the business – with an initial focus on core systems (e.g. planning, analytical supports, ministerial services) needed to achieve Government priorities and improved outcomes for the health system.

### 5. Culture and capability

How the Ministry will build a culture that reflects our values and aspirations for the system, including investing in developing and supporting staff to take ownership of delivering for the Government and the sector.

### 6. Sustainable health system and performance story

How the Ministry will:
- define what ‘good’ looks like
- tell a much stronger story around system performance
- in collaboration with the sector, develop a roadmap towards a more sustainable health system.

### 7. Clarity, execution and measurement of our strategy

How the Ministry will:
- clarify our strategy and the outcomes sought, including prioritising key system shifts
- align our performance architecture and capability with our strategy
- improve execution capability, approaches and measurement of our strategic objectives.
58. These seven key response areas form the basis of the forward work programme over the next 6-12 months. The next section provides overviews of each response area. This includes:

- a more detailed description of the key challenges identified in the PIF Review
- an overview of where work is already underway to respond to the PIF recommendations
- the direction of the 6-12 month work programme.

59. High-level work packages for each key response area are then provided in the subsequent section. In addition to current work, quick wins and an overview of activities that could comprise the 6-12 month work programme, these signal potential longer-term considerations for improvement.

60. The incoming Director-General will need to determine the scale, pace and level of investment directed to support the Ministry’s response to the PIF Review. As such, these work packages are intended to capture the direction of change, rather than prescribing outcomes or activities. Further work and planning is required to support a more detailed programme of activities over the longer term.
3. OVERVIEW OF KEY RESPONSE AREAS

A. Governance, leadership and stewardship

**Key challenges identified in the PIF Review**

61. The PIF Review is clear that the Ministry needs to demonstrate leadership across the system. This includes:

- defining the Ministry’s stewardship role and intentions for the system
- clarifying roles, responsibilities and accountabilities across the health and disability sector
- better understanding and deploying system levers (e.g. regulation) to drive system improvement.

62. The Review also reflects a clear focus on how the Ministry approaches the above, including how key work programmes are set up to succeed and putting in place mechanisms for the ELT to provide governance and oversight. We note that a focus on a portfolio approach is central to these mechanisms and is a key tool for managing priorities and aligning resource with those priorities.

63. The Review states that “The Ministry’s performance challenge is to use its stewardship role to lead the health and disability system to improve lifetime health and wellbeing of all New Zealanders.”

64. This statement encapsulates a range of issues the department needs to address to improve its own performance and move the health system forward, including focusing on its national strategic leadership role. This will involve developing and resourcing new strategic and client-focused services that the Ministry is best placed to deliver on behalf of the health and disability system, as well as exiting some services better delivered by others.

65. This section of the PIF response sets out how the Ministry intends to improve its stewardship and leadership of the sector (i.e. externally) while also strengthening its fundamental governance and programme/portfolio management approaches (i.e. internally). This includes a significant uplift in the ability of the ELT to govern and provide oversight of key outputs and priorities.

**What we are doing to respond**

**Focusing on core functions and a preliminary portfolio approach**

66. We have already taken steps to stabilise the department with a focus on the Ministry’s core functions and performance. For example, monthly performance reports based on a Core Functions Performance Dashboard are now being provided to the ELT (refer Appendix 2 for an outline of the latest report). The intent of this monthly report is to give the ELT much needed visibility over the performance of core functions and to drive performance improvement initiatives where needed.

67. Additionally, the Ministry has established a set of strategic priorities as part of a portfolio approach which:

- sets out medium-term Government priorities with the intention of realigning the Ministry’s work programme and resource towards these priorities (refer ‘B. Relationships and ways of working’ for the full suite of priorities in the portfolio). These are priorities which will require a 3-5 year focus with a range of short, medium and longer-term objectives.
- identifies more short-term, immediate system issues that will require the focus and oversight of the ELT and will require the Ministry to work differently with our sector partners. For example, the Ministry’s response to the Havelock North Drinking-Water Inquiry, for which urgent policy and implementation milestones need to be achieved within a relatively
short period of time (refer ‘B. Relationships and ways of working’ for the full suite of immediate system issues in the portfolio).

- requires **cross-Ministry, and in many instances cross-sector, teams** to deliver upon. This is a deliberate approach to reinforce the need for the Ministry to build relationships and strong partnerships with the sector, as well as other agencies, in delivering on the strategic priorities.

68. The portfolio approach includes the early identification of a senior official, clinician or sector expert to own each priority area and to drive the work, supported by dedicated programme management capability. The Ministry's work programme is also being realigned to these strategic priorities.

**Strengthening internal governance and programme delivery**

69. We will support this portfolio approach with active governance and management by ELT, depicted below:

70. The ELT will achieve visibility over our progress and our critical outputs through clearer planning, performance information, reporting and advice, considered over 90-day cycles. This will provide for early intervention by ELT and course correction where required. As outlined above, we have already implemented better performance reporting mechanisms, but we need to ensure that these disciplines are embedded at every level of the Ministry.

71. We are about to begin a very different approach to planning and executing on our priorities. Key activities to deliver our priorities will be set out with clear progress measures, project milestones and benefits expected. We are developing a consolidated approach for how ELT can best use this information to steer the Ministry, which will address:

- reporting where progress differs from expectations, whether or how ELT might support particular projects and programmes, or whether there are implications for the balance of the Ministry's portfolio of activities
- signalling implications for our resources from changes in the Ministry's plans or its progress
- advising ELT on what progress on our priorities means for the achievement of our objectives and the underlying outcomes the Ministry is aiming to achieve.

72. Following the development of an approach to provide this consolidated reporting and advice, the ELT will need to consider how it convenes to most effectively act on this advice, including through the potential use of sub-committee structures and/or rolling agenda items.
Strengthening stewardship and leadership

73. We have taken immediate action to trial the new ways of working as described in the PIF Review, and to better position the Ministry as system steward going forward. These are discussed in more detail elsewhere in this report. The following actions are already in train:

- consolidating the joint work programme/strategic portfolio with the sector and a new way of operating in partnership to deliver on these priorities
- advancing key priority areas, such as primary health care and mental health, in partnership with the sector (described in more detail in ‘B. Relationships and ways of working’)
- establishing a working group focusing on the Ministry’s medium-term stewardship role and system performance (described in more detail in ‘F. Sustainable health system and performance story’)
- implementing with urgency the findings from the Havelock North Drinking-Water Inquiry
- supporting the sector to stabilise performance and respond to existing pressures and redesigning the DHB performance framework in consultation with the sector (described in more detail in ‘F. Sustainable health system and performance story’).

74. Crucial to our ability to undertake our stewardship role is fit-for-purpose technology and systems. Modern, well-functioning technology and digital architecture is a key enabler, not just for our ability to steward, but also for our analytical capability and for a sustainable, high-performing health system. There are a range of activities underway to improve our legacy IT systems and to transition to a more digitally-enabled health system. These are discussed further below (refer ‘D. Systems and processes’ and ‘F. Sustainable health system and performance story’).

Forward work programme

Becoming a more active steward of the system

75. The nature of the health system is highly devolved. Achieving change and implementing key initiatives relies on many system players who need to work together to deliver services. We have developed a plan for how we can strengthen our stewardship and leadership role going forward beyond the immediate actions already discussed.

76. As part of this, we acknowledge that the Ministry needs to be a more active steward and take a more deliberate approach to using the levers available to it as the system steward. For example:

- providing clearer and stronger direction to sector players about their role and our expectations of them
- providing clearer guidance on what the priorities should be and what good looks like
- thinking about a stronger planning and investment management role to ensure investments are well-targeted and on-track to deliver results
- investing in infrastructure to support strategy delivery, for example shared knowledge repositories and common capabilities such as analytics, methodologies and tools for projects.

77. As part of our ongoing work programme, we will develop a System Levers Framework that will enable us to consider the range of levers we have and how they can influence system performance. For example:

- **Funding:** We are a direct funder of a significant number of services, as well as indirectly funding many others. This provides us with opportunities to direct where investments are made. Even when we are not directly involved in investment decisions, we can use tagged funding and other mechanisms to encourage different behaviours in the sector.
• **Commissioning:** We can improve the way we commission services to better influence the system. We have an opportunity to use incentives that encourage economies of scale and investment in areas that are under-developed, and to better manage risk through more sophisticated contracting arrangements. For example, we have built successful commissioning relationships in the delivery of National Telehealth Services and have deployed a strategic commissioning framework in our transformation of disability support services. Where appropriate, we can also explore opportunities to partner with stakeholders, both internal and external to the health and disability system.

• **Structure:** We are part of a complex system of provider organisations, with diverse governance arrangements and structures. As system steward, we have the ability to influence the structure of the system through our funding and commissioning activities, to facilitate the right people, in the right structures, to have the right discussions to help navigate the difficult choices we face.

• **Policy:** What we focus on, where we set priorities and how we seek to move forward can be a powerful driver for change. Ultimately, our policy choices have to give effect to our strategy. We also need to use evidence-based decision-making and focus on objective health economic analysis to allow us to do more for less.

• **Regulation:** Regulatory influence is one of the most powerful tools we have for shaping the delivery of health services. Regulatory influence extends into the development of standards and into quality management and assurance. This provides us with tools to define what ‘good’ looks like and to ensure and drive compliance. The Ministry has identified an immediate focus on drinking-water regulation as part of our forward work programme.

78. Appendix 3 sets out our early thinking about a ‘sliding scale’ approach to using the Ministry’s stewardship role to influence system direction. It provides a range of options across the available levers from light-touch to more targeted interventions. It is not intended to prescribe a single, correct approach to regulation, rather it provides a flexible approach that the Ministry can deploy as the situation requires. We will continue to develop this thinking through the development of the System Levers Framework.

79. Related to the Ministry’s stewardship role is our responsibility for public health, quality assurance and safety. Moving towards a future-focused, sustainable health system will require tilting the system towards a focus on early intervention and prevention, to reduce the increasing costs of acute care, while ensuring we are well-prepared to respond to emergencies, outbreaks and treatment needs as they arise.

**Developing our regulatory stewardship role**

80. Across Government, there is a growing movement away from ‘set and forget’ regulation, towards more active regulatory stewardship roles. To support this, seven agencies with large regulatory functions are required to publish an annual regulatory stewardship strategy. The Ministry is not currently required to publish such a strategy.

81. In 2015, the Treasury made an overall positive assessment of health regulatory regimes (Best Practice Regulation: Principles and Assessments 2015). Similarly, the PIF Review found that the Ministry was well-placed to exercise its regulatory stewardship function; however, the Review also noted that there was a lack of clarity within the Ministry about regulatory reform priorities and that this has led to slow progress in modernising legislation.

82. More significantly, the gastroenteritis outbreak in Havelock North in August 2016, and the subsequent Havelock North Drinking-Water Inquiry, highlighted a critical failure of our regulatory stewardship. The Inquiry recommends sweeping changes to how drinking-water is regulated and supplied, and has underscored the need for the Ministry to take a more active stewardship role in maintaining regulation.

83. We have begun to develop our regulatory stewardship role, as follows:
• We have commenced monthly reporting on regulatory measures as part of the Core Functions Performance Dashboard to provide ELT with oversight of regulatory performance (refer Appendix 2 for an outline of the report).

• We are working across agencies to progress the 51 recommendations arising from Stage 2 of the Inquiry, of which 14 have already been implemented and a further 12 are expected to be implemented by the end of July 2018.

• The Health (Drinking-Water) Amendment Bill will be introduced in April 2018 for passage through the House in 2018. This Bill will see that the current regulatory regime and institutional arrangements for drinking-water are improved to ensure that matters raised by the inquiry are addressed appropriately.

• We have begun work on the design of a new regulatory scheme for drinking-water, including the establishment of a new regulatory agency, with the intention to introduce a Bill to establish this new regime in 2019.

• We are replacing the Medicines Act 1981 with a new Therapeutic Products Bill to ensure modern, fit-for-purpose regulation.

84. In the longer term, we intend to progress the development of a regulatory strategy. This will include engaging with customers to determine priorities for attention and identifying ways to communicate regulatory performance to the sector (as was recommended in the PIF Review).

85. As a first step, we will build on work already undertaken around a ‘regulatory stocktake’ to identify the range of regulatory activity we are responsible for and gaps that require attention. This work will then be used to inform the development of a Stewardship Dashboard to provide oversight of the Ministry’s stewardship performance.

**Supporting health system capability and performance**

86. A more active stewardship role will require a shift for the Ministry from being a ‘passive player’ in the system to a more active and critical partner. We acknowledge the Ministry has a stronger role to play in supporting the rest of the sector to build capability and lift national system performance, and will do this by:

• providing better induction and performance development support
• offering dedicated implementation support.

87. One of the key roles the Ministry can play in supporting system capability and performance is in the clear setting of expectations of DHB governors and senior managers. We intend to provide a more robust induction briefing (including analysis of current DHB performance), which clearly sets expectations about system and DHB-level performance goals. This will be coupled by ongoing performance development support (for example through regular performance assessments and round table discussions), both to develop feasible plans for poor performing DHBs to lift their performance, as well as to encourage high-performers to continue to lift their performance.

88. The devolved nature of the health system creates a tension between responding to local needs and collaborating on national priorities. There is significant variation in the performance of DHBs, and effective innovations in one district are not easily translated to other parts of the system. There is a need for better system-wide learning and sharing of innovations and good practice, and the Ministry is uniquely placed to provide this system-level view and support.

89. Mechanisms for offering dedicated implementation support may include the following:

• **Strengthening our focus on sector capability within the Ministry:** This may involve creating an explicit improvement function that works closely with the sector to evaluate and disseminate best practice and innovation to other parts of the system. This function would consider actions that would encourage DHBs and other organisations to collaborate and act in the national interest for overall system gains.
Using targets and incentives to drive system performance: We are currently considering changes to national health targets as mechanisms for focusing performance improvements in the system. It will be important to ensure any national health targets are meaningful to the public, measurable and promote equity of access and outcomes. This work has presented opportunities to consider more fundamental changes to policy settings to encourage innovation and improved outcomes. For example, DHB performance against electives waiting time expectations for patients is slipping. Giving greater responsibility for the funding and delivery of electives to DHBs may incentivise more innovative models of care that better manage risk in relation to access, equity and wait times.

Building leadership capability: Establishing the improvement function above may involve the appointment and deployment of national clinical ‘champions’ to promote best practice and innovation throughout the system and to support achievement of national system-level targets. There is also an opportunity to build on the joint work of the Ministry’s Chief Medical and Nursing Officers by engaging further clinical expertise from within the sector, reinforcing a collaborative approach to clinical input and outcomes.

Concluding remarks
90. The PIF Review recommendations equally focus on the internal and external leadership challenges facing the Ministry. We have already put in place a range of mechanisms to support internal leadership and are turning our attention to developing a longer-term view of what the Ministry as an active steward looks like.

91. Becoming a more active steward is a longer-term shift, and we acknowledge that it will take time to build trusting and credible relationships with the sector, including DHBs. As a result, we cannot view this work in isolation from the wider response to the PIF Review, particularly around building relationships with our government and sector partners. We are conscious that the Ministry’s stewardship role needs to be designed in partnership with the sector to an extent, and will be using the mechanisms set out in this section to advance this work.

92. Strengthening our internal and external leadership, alongside building more constructive relationships with our partners, will enable the Ministry to provide a single, integrated view on the direction of and challenges facing our health and disability system, and to be a more effective facilitator between our government and sector partners.

B. Relationships and ways of working

Key challenges identified in the PIF Review
93. The PIF Review is clear that the Ministry needs to improve its relationships and work differently, both internally across the Ministry and externally across the state sector and the health and disability system. The Review identifies the need to strengthen relationships as a critical and urgent focus for the Ministry.

94. The PIF Review acknowledges the Ministry has taken steps to engage more regularly with DHBs, business leaders and academics, and to contribute to cross-sector initiatives. Examples include engagement with the nursing profession through the DHB Directors of Nursing and Nursing Executive groups, which provide a direct sector voice into policy and governance matters.

95. However, the Review notes this engagement has not led to widespread effective collaboration with stakeholders who can help to address our critical challenges and whose active partnership will be needed to deliver results. Part of the challenge for the Ministry is turning small-scale engagement (which is often based on pre-existing personal and professional relationships) into a more systematic approach.

96. The PIF Review also notes that the Ministry’s relationships with DHBs, in particular, have been mainly transactional, rather than relational. Because of this, the Ministry has missed opportunities
to design responses to emerging issues and strategic challenges alongside DHBs. A new way of working, built on genuine and open partnerships between the Ministry and the sector, will become increasingly important if the system is to successfully deliver on the Government’s priorities.

What we are doing to respond

97. As described above, the Ministry has established a portfolio of strategic initiatives including Government priorities and immediate system issues. To deliver this portfolio, the Ministry has committed to an engagement model that requires new ways of working, both with the sector and across the organisation through mechanisms including joint development and delivery on strategic initiatives; shared accountability balanced with specific senior owners to drive delivery; resourcing and expertise drawn from across the Minister and sector.

98. This engagement model, depicted below, has been developed in partnership with DHB Chairs and Chief Executives, and there is significant support for this model.

99. This is a clear statement of intent for how the Ministry will engage with the sector. The engagement model is already operating within this portfolio. Progress in relation to the four medium-term Government priorities is as follows:

- **Mental Health and Addiction**: We have put in place programme arrangements to support this priority, including the establishment of a Mental Health Working Group with representation from the Ministry and DHBs, bringing together perspectives from acute services as well as primary mental health. This Group will focus on ensuring improvements continue to progress while the Inquiry into Mental Health and Addiction is underway, and will consider the implications of the Inquiry findings and prepare to implement the Government's decisions.

- **Primary Health Care**: This workstream has been progressing jointly with the sector since late last year. The Ministry is engaging with a sector-established working group on the implementation of the Government’s intended primary health care initiatives. The Ministry is also considering the proposed review of primary health care, taking into account how to ensure we provide high-quality, accessible and affordable primary health care services, and how models of primary health care can more effectively contribute to how the whole health system functions.

- **Child Wellbeing**: While we are not the lead agency driving this Government priority, the health sector has a key role to play in supporting child wellbeing. The Ministry can use its funding, contracting and commissioning mechanisms to ensure this population has access
to the health services they need. We are preparing a work programme on our contribution to the Government’s Child Wellbeing Strategy, and are exploring governance and leadership arrangements to oversee this work. We have met with key DHB representatives to discuss how we will progress this workstream collectively, including potential joint resourcing arrangements.

- **Equity**: We are engaging with DHB representatives to discuss how the health sector will support more equitable service access and health outcomes, and how we will progress this work jointly. As with child wellbeing, better use of our funding, contracting and commissioning mechanisms to incentivise equity improvements will be a key contributor to improving outcomes for our target populations, including ensuring these populations have access to high-quality services that meet their needs.

100. We are also deploying our engagement model to address the immediate system issues identified in the strategic portfolio above. The issues included in the portfolio have been selected because they are important to the Ministry and wider sector, and they require joint effort from the Ministry and our sector partners to address. Not all of the system issues are of the same magnitude, and we anticipate that these issues will evolve as progress is made and priorities change. The Ministry’s broader work programme will continue to address other system-level issues and priorities, for example aged care and obesity. This broader focus is outlined in the Ministry’s 2018/19 Output Plan.

101. Progress in relation to the immediate system issues in the portfolio is as follows:

- **Maternity Care / Midwifery**: We are engaging with key stakeholders, including the College of Midwives, to address longstanding funding and workforce issues and to develop both short and longer-term options to address these.

- **Drinking-Water Regulation**: We are working with the Department of Internal Affairs and other partner agencies to progress the 51 recommendations arising from Stage 2 of the Havelock North Drinking-Water Inquiry, of which 14 have already been implemented and a further 12 are expected to be implemented by the end of July 2018. We are also progressing the Health (Drinking Water) Amendment Bill and have begun the design of a new regulatory regime for drinking-water.

- **DHB Performance Framework**: We are planning to undertake a programme of work in partnership with DHBs to support enhanced capability and performance across the system. We have begun the preliminary thinking for a framework for a refreshed view of DHB performance (refer Appendix 4), and have started engaging with key DHB representatives on how to further develop this framework together, including joint resourcing arrangements.

- **Electives**: We have begun work to consider the design of a new performance regime for electives and planned care, which could include development of a modified health target. The aim of this work is to create more flexibility for DHBs to drive resource and activity in proportion to relative health gain, as opposed to the current focus on volumes, without losing a focus on shortened wait times, responsiveness to needs and appropriateness of procedures. It will be crucial for a new performance regime to be designed closely with and led by the sector; as such, we intend to establish a working group comprising experts from the sector to progress this work.

- **Capital Asset Management**: The Ministry has responsibility for managing capital investment in the sector. This is an area where we need to build on our present role. We will look at our current capital function and processes to consider how we can incentivise best-practice asset management; take a more strategic approach to phasing capital investment; and improve the transparency of capital funding. This will require working in close partnership with the sector to build a holistic view of the capital investment and maintenance needs of the system. We are also working with the Treasury to provide advice on the development of a National Asset Management Plan for the health sector. As part of this, we will work with the Health Asset Management Improvement group, a forum for DHB
sector building facilities, clinical equipment and IT managers to share best practice and progress cross-sector projects.

102. The PIF Review also notes the need to consider the Canterbury health system and the Ministry's role therein. The Ministry recognises the importance of working constructively and in partnership with Canterbury DHB. The Ministry is participating with the DHB in an exercise to explore a number of issues to strengthen the partnership between the DHB and the department. This includes:

- lessons learnt in relation to capital and operating funding policies, particularly in a post-disaster environment
- partnership arrangements around major capital asset builds
- specific policy considerations, recognising the unique situation the Canterbury DHB and region have faced since the 2010 and 2011 earthquakes.

**Forward work programme**

103. A wider programme of work is needed to refine and embed this engagement model and deliver the new ways of working with the sector outlined in the PIF Review. This goes hand-in-hand with the Ministry’s leadership role as system steward. These two response areas are interlinked, and are therefore presented as a single, combined work package in section 4.

104. Depending on the scale, pace and level of investment directed to improving our relationships and ways of working going forward, a 6-12 month programme of work may include:

- developing a view of the optimal sector engagement approach based on our testing and refinement of our engagement model
- developing a targeted engagement plans for key stakeholders, including non-DHB Crown Entities
- lifting the Ministry’s capability around engagement and influencing skills and beginning to measure the effectiveness of this engagement activity
- integrating the Ministry’s work programmes on cross-sector priorities with other Government departments’ activities (e.g. Oranga Tamariki-led work on child wellbeing), to develop key work programmes in concert with the wider public sector.

105. The relational shifts outlined in this section will take time to establish. In particular, we are conscious of the need to engage early and often to build credibility with the sector. The immediate actions undertaken have started to address this. We are also considering engagement activity in light of our other key response areas (e.g. our data and analytics work presents opportunities for government and sector engagement), as well as the other recommendations in the PIF Review. This means our engagement will be deliberate and planned, and we will measure our performance and effectiveness.

C. Analytics, insights and the voice of the customer

**Key challenges identified in the PIF Review**

106. The PIF Review makes frequent reference to the need to strengthen and develop the Ministry’s analytical capability, as there is not a systematic approach to using data and analytics within the Ministry or a clear prioritisation of analytical needs.

107. The Review notes that the Ministry has low maturity in using analytics and customer insights to understand people’s needs and their journeys through the health system. It also notes there is limited understanding of current pain points customers face when dealing with the system, how they expect to deal with the system in the future and how they interact with other sectors. Where
there are insights about people’s needs, the translation of these insights into policy development, operational policy feedback loops and system performance measures has been limited.

108. The Review suggests we are not always clear about who our ‘customers’ are. Our customers include not just individual users of the health system, but also intermediaries, as well as the many different provider organisations in our health system such as DHBs and PHOs. Last but not least, the Review recommends we need to better acknowledge third parties and other agencies who are our partners for inter-agency collaboration.

109. Finally, the Review maintains that the voice of the customer is missing from our analysis, and that capacity and capability in the Ministry to use advanced analytics is limited. There is an immediate need for the Ministry to deliver more, and more advanced, analytics on top of its business as usual functions in order to successfully deliver the portfolio of strategic initiatives and respond to the PIF Review. To achieve this, a shift in how the Ministry organises itself to carry out its analytical functions is needed urgently.

**What we are doing to respond**

110. The Ministry has taken steps to lift its performance in using data and analytics to better understand people’s needs and equity of outcomes. For example, we have undertaken analysis into a population of mental health service users and their interactions across the social sector, along with analysis to understand patterns of primary health care use across the population.

111. The Ministry has also emphasised the role of analytics in the core functions of the Ministry and the portfolio of strategic initiatives. For some of the strategic initiatives, there are already good analytics underway that will provide the foundation for future analytical work on these priorities. For example, the Oranga Tamariki model on child wellbeing provides rich insights into which children are most likely to be at risk, and what their future health outcomes are likely to be if nothing changed in terms of the services they were getting or how they were delivered.

112. In mid-2017, a review of the current state of some of the Ministry’s analytical functions, a target state, gap analysis and an analytics roadmap were developed. This work will form the foundation for how to better organise and deliver our analytical functions. This will take into account where there needs to be consistency across analytical projects (e.g. governance) and where there should be flexibility in the approach.

113. Internal workshops have been conducted to bring together various analytical functions across the Ministry to develop a common vision, strategy and delivery model for analytics. An early draft of this work is depicted below.

<table>
<thead>
<tr>
<th>Governance &amp; Organisation</th>
<th>Gain ELT confidence &amp; commitment and streamline commissioning processes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Talent &amp; Capability</td>
<td>Stocktake cross MOH resources and invest in staff’s technical and domain knowledge</td>
</tr>
<tr>
<td>Analytics Processes</td>
<td>Integrate analytics and business process to automatic, integrate, and optimise analytics operations</td>
</tr>
<tr>
<td>Technology &amp; Architecture - Tools</td>
<td>Deploy customer-facing analytics tools for quality report, visualisation, and model performance</td>
</tr>
<tr>
<td>Analytics Data Management</td>
<td>Collect, integrate, transform, and store analytics data sets while maintaining or managing data quality</td>
</tr>
<tr>
<td>Technology &amp; Architecture - Infrastructure</td>
<td>Deploy required technology and data platforms to support analytics capabilities</td>
</tr>
</tbody>
</table>
114. To test a new way of integrating analytics into our work, three of the strategic initiatives will be used as test cases – Improving Equity, Child Wellbeing and DHB Performance. Analytical capability has begun to pivot towards contributing to these projects and the other strategic initiatives. For example, we have accelerated the development of new analytical tools to support the Mental Health Working Group referenced in ‘B. Relationships and ways of working’ above. To make quick progress, a virtual team is being established to bring together data knowledge and analytical capability from across the Ministry, and will be ring-fenced from business as usual tasks.

115. We are also using the strategic initiatives to incorporate the voice of the customer into our responses. For example, working with people who have experience interacting with mental health and addiction services, or whose mental health needs have not been met by the system, to inform our forward work programme.

116. A new business intelligence tool, QlikSense, is being rolled out throughout the Ministry from 1 July 2018. QlikSense provides access to data through interactive and intuitive dashboards, and will reduce the time analysts typically spend establishing base datasets for analytical projects, allowing them to spend more time on exploring the data and discovering insights. This tool will also create the ability to create and share trusted data models, analytics and visualisations with the wider health sector to support improved sector performance.

**Forward work programme**

117. The three test cases outlined above will provide learnings for how we better organise ourselves to undertake our analytical functions, including how we combine our quantitative insights with our qualitative insights to inform service design. Over 6-12 months, the virtual team will grow into an Insights Centre of Excellence that will inform how we structure our analytics capability, service level agreements and a service delivery model.

118. Growing capability and producing reusable products will be a key focus of the ongoing work programme for analytics and insights. This includes using predictive modelling techniques to forecast pressures and requirements for the health system, and standing up a function to capture the voice of the customer. Analytics to test the expected return on investment and compare different interventions will also be a focus. The statistical model for population health outcomes is an example of where the Ministry is developing an analytical tool that can be repurposed a number of ways, and will provide analytical infrastructure to build on or modify in future.

119. As a component of the Ministry’s stewardship role, we will develop mechanisms to better disseminate data, analytics and evidence bases for best practice to the sector. QlikSense will go some way towards this, as will the Ministry’s existing projects that use dashboards and interactive web tools to present data (for example the annual publication of New Zealand Health Survey results). Additionally, we are considering how to open access to appropriate data sets more broadly through the OpenData initiative.

120. Good information management will be critical to the Ministry’s ongoing maturity development in analytics. The Ministry intends to undertake a maturity assessment of information management, and to review the current state of the National Collections to consider improvements related to insights derived, data maintenance and acquisition of new data. The review will also consider software that will enable safe external access to Ministry-held health data. Ongoing development of systems to support the analytical function and transform the way we access data will be vital to the success of this work programme.

121. In the longer term, the Ministry will develop a whole of system data collection strategy with sector partners. Where there are data gaps that are required for Government priorities or to better monitor system performance, these will be prioritised.
D. Systems and processes

Key challenges identified in the PIF Review

122. A key theme throughout the PIF Review is the need to upgrade the Ministry’s systems (including IT systems) and processes as the basic building blocks of an effective organisation capable of leading the system. We recognise the importance of improving organisational efficiency as a platform for supporting the delivery of the Government’s priorities and our work with the sector.

123. The Review also focuses on developing the capability needed to become a more efficient Ministry. For example, it notes that the ELT has attempted to utilise some of the programme delivery techniques set out in the Four-Year Excellence Horizon, but different understanding across the ELT about what this means at an enterprise level has led to variable implementation.

124. The final focus of the Review in relation to this response area was to highlight the need to maintain a focus on the cultural aspects of working as an efficient organisation. For example, ensuring that the Ministry and its leadership are open to continuous improvement, based on feedback that is readily sought.

What we are doing to respond

Improving core business

125. As noted above, the Ministry’s response firstly focuses on stabilising the Ministry’s core functions and processes. We have instituted regular reporting to ELT on the performance of the Ministry’s core functions. The most recent version of this report is provided as Attachment 2. This reporting format will continue to be refined to provide the most meaningful performance information for the ELT, and will help identify areas that require focus to lift or maintain performance.

126. One such area has been our processing of ministerial correspondence. Following the change of Government, the Ministry faced a significant backlog of correspondence. We established a taskforce to manage the backlog, in consultation with the Minister of Health’s office, with a view to completing as much as possible, as quickly as possible. The backlog has now been cleared.

127. Additionally, a review of the Ministry’s Official Information Act (OIA) response performance has been undertaken, which showed the department as the poorest performing in the state sector. Steps are being taken to improve this performance, including revisions of process and personnel and stronger expectations across the department about the importance of the OIA process.

128. Ensuring staffing and processes to carry out the Ministry’s core functions are effective and sustainable will be a key priority for the Ministry.

Improving financial and planning systems

129. The Ministry is also improving how we do business through the implementation of the following systems, both of which enable us to automate and reduce manual processing activities around our finances:

- a new and modern Financial Management Information System, based on the Oracle Cloud solution
- a new planning and budgeting tool, based on the Adaptive Insights tool.

130. Supported by these systems, the Ministry is taking a new approach to the annual planning and budgeting process for 2018/19. This applies a more strategic, top-down approach to developing the Ministry’s 2018/19 work programme to ensure alignment with our priorities. As part of this process, work is underway to develop a current Output Plan for the department, which better reflects the important core business of the agency and the focus of resources on strategic
priorities. The portfolio of strategic priorities is discussed in more detail above (refer ‘B. Relationships and ways of working’).

**Forward work programme**

**Information Systems Strategic Plan (ISSP)**

131. We are developing an ISSP for the Ministry, as well as for the national systems that are under our custodianship in sector services. This work will need to take stock of our legacy IT systems, particularly in sector services and in our internal office, so that we can develop a proper Long-Term Investment Plan (LTIP) to avoid critical failures.

132. The Ministry is dealing with ageing applications and platforms and increasing technical debt, as the cost to replace legacy systems increases as replacements and upgrades are delayed. This reduces our capacity to deliver new solutions; does not provide effective, modern tools for the end user, nor the agility to deliver change rapidly; and limits our ability to provide a single, guiding approach to become a more digitally-enabled health system.

133. The Ministry also provides National Digital Services that are used across the health sector. The sector faces barriers to progress, including fragmented and ageing technology assets. Current systems suffer from instability and cannot easily be leveraged to gain value from the data within them or to deliver innovation.

134. The Ministry will need to consider how best to improve the functionality of the technology and digital architecture supporting the Ministry and underpinning the health and disability system as a whole. Key components of this include:

- investing in fit-for-purpose integration capability to support data analytics by combining data sets and leveraging the wealth of data the system currently generates
- enhancing interoperability to share data across the sector and enable consumer-based healthcare models
- changing our current model around Application Programming Interfaces to an open system in which the Ministry will define standards and architecture, moving away from the current, more prescriptive model
- re-platforming key systems (particularly screening and identity systems) to a fit-for-purpose Customer Relationship Management system
- moving to cloud-based solutions to help reduce our technology debt from aging systems and simplify our technology landscape
- focusing on standards to streamline coding and speed up data collection and reporting
- embedding security by design as we modernise the technology landscape
- modernising the Ministry’s internal technology to give our end-users the tools to deliver their roles effectively and efficiently.

135. A robust technology and digital architecture is needed to take advantage of the benefits of digitally-enabled health care. This includes making customers’ information more easily accessible at lower cost to the user, and delivering services through digital means that are more convenient for users and less costly for providers. Digital health has the potential to increase access to care and equity of outcomes, but we need the infrastructure to enable this.

136. Investment to redevelop individual components of the technology and digital architecture, within the Ministry and across the system, will result in siloed, disjointed technology solutions. The ISSP will provide a roadmap, so the investments needed in both national systems and Ministry systems can be prioritised, phased and planned in detail.
Investment and asset management

137. Documents such as an ISSP, our LTIP and our Four Year Plans need to be cohesive. The ISSP should guide our system investment (e.g. analytics tools, Business Intelligence tools and National Systems) and support the corresponding improvements in the way we work. Similarly, the LTIP and Four Year Plan should guide the investments that we make in strengthening our own capabilities and/or delivering policy priorities to the sector. In combination, these can be used to give effect to our strategies and to hold our systems and processes to account.

138. To ensure that we have visibility over various plans and initiatives, the Ministry will establish strong portfolio management capability. This includes tracking progress and benefits, as well as processes for common stage-gating and prioritisation of projects. Similarly, the governance of our analytics work programme and other key response areas will need to engage effectively with the ISSP development.

139. The Ministry will also need to develop enhanced asset management capability. As a capital intensive sector, it is important to ensure infrastructure is sound from a functionality and risk perspective, but also right-sized. Enhanced asset management capability will help ensure value is optimised from existing investments and that significant new investments further improve the value and resilience of the sector balance sheet. This is discussed further in ‘B. Relationships and ways of working’.

How we organise ourselves to deliver our responsibilities

140. The longer-term work programme for strengthening systems and processes will need to be based on a clear vision for how we can better organise ourselves to work more efficiently, to implement our programmes of work more effectively and to respond to changes and challenges more swiftly.

141. There are opportunities to leverage what others have done, such as the recently developed ‘best practice’ target operating model for public sector agencies (by the Department of Internal Affairs and Inland Revenue). This covers Enterprise Support Services, from Human Resources and Finance, through to Procurement, Planning, Budgeting, Asset Management and the generation of LTIPs.

142. An initial high-level view of an optimal structure and way of working was developed in 2015. Pockets of this model have been implemented, while other elements need validation or rework. Therefore, we will build on past progress and prioritise further development to complete this work.
**Continual improvement**

143. The systems and processes used both within the Ministry and in the broader system will underpin the success of the other key response areas, in particular our ability to steward, our analytical capability and a sustainable, high-performing health system.

144. The changes sought require systems and processes that function well, produce the information we require to improve and measure progress, and enable the sharing of information across the health system. As such, we will embed a continual improvement process in our forward work programme for this response area, to ensure the broader programme of work is supported to succeed.

**E. Culture and capability**

**Key challenges identified in the PIF Review**

145. The Four-Year Excellence Horizon recognises management of people and performance as a key enabler to drive improvement, and the PIF Review sets out a number of recommendations related to improving performance in this area.

146. The PIF Review notes an urgent need to focus on organisational culture, values and behaviour. This includes ensuring that staff work across team siloes within the Ministry, and have line-of-sight between their roles and delivery of Government priorities. This needs to be underpinned by robust people and performance management to ensure a focus on accountability and collegial behaviour.

147. The Review also notes that the ‘Ministry on the Move’ (MOTM) transformation programme was not adequately resourced and therefore unable to be implemented fully, which stalled transformation efforts. It also identifies that the change process was not well communicated, resulting in disengagement, for example at the third and fourth tiers.

148. Lastly, the PIF Review makes a number of recommendations in relation to developing leadership and talent within the organisation, in particular leveraging the skills and enthusiasm of middle management to drive change across the organisation.

**What we are doing to respond**

149. The Ministry has responded to this by mobilising the remaining MOTM team members (some of whom have been working on other priority programmes across the Ministry) as workstream leads...
across the wider work programme set out throughout this report. This provides the opportunity to leverage the work already undertaken through MOTM and to focus the Ministry’s existing transformation resources on supporting Government priorities.

150. Additionally, since August 2017 the Ministry has been undertaking a programme of work to respond to the Review’s findings in relation to culture and capability, known as the People Plan. The Plan provides a 12 month focus on improving the culture, leadership and capabilities of the Ministry. Key elements of the Plan are set out in the ‘Forward Work Programme’ section below.

151. A number of quick wins within the Plan have been implemented to build momentum for change, including:

- completion of the Ministry’s Leadership Framework, which includes development activity related to relationship management and collective leadership – two key focus areas in the Review
- contracting of an engagement tool which is aligned to the PIF Review framework in preparation for running the survey in May 2018
- finalisation of a new performance and remuneration framework
- completion of preparations to launch and implement the Ministry’s development programme.

152. The Ministry’s People and Capability team reports progress on implementation of the above initiatives to the ELT on a monthly basis. Key documentation in relation to the Plan is made available for staff on the Ministry’s intranet site to maintain visibility and awareness.

**Forward work programme**

153. While expressed as a 12 month work programme, much of this work falls under the Ministry’s longer-term change work programme. We are conscious that cultural change will not happen overnight. Aspects of the forward work programme include:

- developing the Ministry’s reward and recognition programme in order to attract, develop and retain talent
- a focus on Tier 3 leadership including leadership development and succession planning
- developing a future-focused workforce plan
- developing and implementing a consistent Ministry induction process; as well as further development of the Ministry’s graduate recruitment programme
- establishing a comprehensive suite of organisational strategies including Te Reo Māori, Tikanga Engagement and Employment Relations
- development of the People Technologies Roadmap and upgrading key architecture including the Learning Management System.

154. In undertaking this work, equal focus will be given to improving the culture of the organisation as to specific actions and initiatives as outlined above. The Ministry’s ELT acknowledges the need to do better to drive a positive working culture within the organisation, and the programme of work in place will help to achieve this.

**F. Sustainable health system and performance story**

**Key challenges identified in the PIF Review**

155. As system steward, the Ministry has a key role in understanding the performance and sustainability of the system. The PIF Review noted that the stewardship function includes understanding and addressing cost pressures, efficiency, capability; measuring the impact of alternative service delivery models; considering the role of new technologies; and ensuring future
infrastructure needs are accounted for in our planning. The Ministry also needs to use its available levers to move beyond monitoring performance to managing it, and remediating processes or blockers such as annual purchasing cycles that may drive inefficiencies in the health system.

156. The PIF Review was clear the Ministry needs to do more to understand how the health system is performing and where the pressures are. The Ministry currently collects and monitors a lot of information about activity in the sector, but does not use this information to generate insights about what the drivers for performance and cost in the sector are.

157. The PIF Review noted that clear frameworks for performance, system analytics, customer insights (including changing expectations and demand patterns) and strong partnerships with the sector will be critical components to forming a performance story. These components will also inform the development of a roadmap towards a more sustainable health system.

What we are doing to respond

158. There are clear indicators that DHBs are under pressure. Immediate action is required to stabilise performance and ready DHBs to deliver on Government priorities. As noted in the PIF Review, the Ministry has an important role in supporting DHBs to address immediate pressures, while at the same time developing a longer term view of system performance. This requires the Ministry to move from being a passive player to a more active and critical partner that provides appropriate system leadership and strengthened insights and support for DHB performance.

159. Immediate work programmes have been established to respond to the PIF Review recommendations around system performance and the sustainability of the health system. These work programmes seek to stabilise performance and respond to existing pressures, develop a long term view of system performance, and strengthen our performance story. The three work programmes will be undertaken concurrently and are overlapping, as set out below.

Stabilise performance and respond to existing pressures

160. There is an immediate and urgent need to support DHBs to address their existing pressures, and put plans in place to stabilise financial, operational and clinical performance. To do this the Ministry will work closely with DHBs to diagnose areas of pressure, identify actions to improve
performance in the short term and deliver robust 2018/19 annual plans. An indicative plan to achieve this is outlined in the table below\(^4\).

<table>
<thead>
<tr>
<th>Step</th>
<th>Activity</th>
<th>Indicative timeframe</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expand performance indicator set</td>
<td>Assemble working group of Ministry of Health, DHB and Treasury experts</td>
<td>Early to mid-April</td>
</tr>
<tr>
<td></td>
<td>Review performance indicators in use by the Ministry and across the sector and determine optimal indicator set</td>
<td></td>
</tr>
<tr>
<td>Review of historical performance</td>
<td>In depth historical analysis of clinical, service and financial outcomes for 20 DHBs</td>
<td>Late April to early June</td>
</tr>
<tr>
<td></td>
<td>Relative assessment of historical DHB performance and develop key insights</td>
<td></td>
</tr>
<tr>
<td>Check on draft annual plans</td>
<td>Non-financial plan information from DHBs</td>
<td>Early June to early August</td>
</tr>
<tr>
<td></td>
<td>Financial plan info from DHBs</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Conversations with DHBs about content of draft 2018/19 annual plans (non-financial and financial)</td>
<td></td>
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<tr>
<td></td>
<td>Assessment of discrepancies between historical performance analysis and draft 2018/19 annual plans</td>
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<tr>
<td></td>
<td>Categorise draft annual plans as either on track, requires further examination, at risk</td>
<td></td>
</tr>
<tr>
<td>Further analysis</td>
<td>Deep dive analysis of at risk draft annual plans to understand the mix of expenditure in funder and provider arms relative to other DHBs and reasons for variations</td>
<td>Early to mid-August</td>
</tr>
<tr>
<td>Develop actions</td>
<td>For at risk annual plans, identify a small number of areas (i.e. three to four) for action</td>
<td>August</td>
</tr>
<tr>
<td></td>
<td>Develop, and agree with DHBs, a credible plan of short term actions for inclusion in 2018/19 annual plans. Assess DHB management capability to deliver</td>
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161. Current state performance assessment and analysis of historical DHB performance will be a critical component to understanding the drivers behind performance, the size of the problem and the appropriateness of management interventions. The analysis will take into account clinical, operational and financial performance over the previous three years (with a focus on the last six months). These insights will inform the assessment of draft 2018/19 annual plans to determine whether the plans are on track, require further examination or are at risk.

162. In addition to performing rapid diagnostics and assessing annual plans, the Ministry will work with DHB and Treasury representatives to expand the existing indicator set for performance. The working group will determine the optimal indicator set by reviewing the performance indicators in use by the Ministry and across the sector.

**Develop a long-term view of performance**

163. At present, a lot of administrative data is collected by a wide range of system monitors, but the DHB monitoring and intervention approach requires strengthening. There is a strong focus by DHBs on monitoring new funding and managing marginal pressures on services, rather than considering how efficiency and quality of outcomes from base funding can be increased. The balance of emphasis needs to shift if we are to deliver better value for money.

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\(^4\) The indicative timing for this work, including receipt of DHBs’ 2018/19 annual plans, will be influenced by the timing for providing DHBs with planning guidance, which is still under Ministerial consideration.
164. The Ministry needs to develop a stronger partnership with DHBs, one which enables it to have a deeper understanding of operations and act as a guide to governors and senior managers in making strategic choices. Expectation setting of governors and senior executives will be critical in this regard.

165. This should be underpinned by a stronger monitoring and intervention framework that enables us to identify likely system issues and work with DHBs to get ahead of them. Delivering a more robust monitoring framework will require greater reliance on the following factors:

- **Predictive analysis**: understanding how factors such as behaviour, lifestyle choice and our environment impact on the prevalence of long term conditions.

- **An indicators framework**: a set of clinical, service and financial metrics that enable us to identify financial and non-financial performance issues before they arise.

- **Use of performance levers**: looking closely at how current levers to drive performance can be used to greater effect and identifying any gaps.

- **The selective and considered application of intervention levers** such as Crown monitors. For example, DHBs who are experiencing significant change at the executive management and/or governance level could be supported by Crown monitors during transition periods.

166. The Ministry has begun preliminary work on a framework for a refreshed view of DHB performance and has engaged with key DHB representatives on how to develop this further together (refer Appendix 4). This framework is intended to provide additional assurance throughout 2018/19 and inform the Budget 2019 planning process.

167. As mentioned in ‘A. Governance, Leadership and Stewardship’, the Ministry is also investigating potential new health targets and is considering the role that these targets could play in driving system performance.

**Strengthen our performance story**

168. The Ministry collects a lot of information from the health sector, but there are challenges in turning this information into insights about resource allocation decisions, how expenditure links to improved productivity and health outcomes and how DHBs are balancing local needs versus national priorities.

169. The Ministry is using analytics to build an understanding of the impact of investment in health, effectiveness and efficiency and the outcomes we are achieving from the investment. These insights will form the basis of a health system performance story. A statistical model that forecasts health service costs and health loss over time is an example of analytics already underway that will inform a strong performance story. However, continued effort in this area will need to continue to ensure the health sector has a strong view of performance and can make the case for new or alternative resources when they are required.

170. The performance story, particularly the understanding of effectiveness and efficiency, informs a picture of how sustainable the health system is. In particular, having a strong view of performance leads to understanding how well-placed the health system is to respond to changing demand; how shifts in technology or policy settings will impact on how services need to be funded or delivered, and the outcomes we achieve from them; what the cost growth for health will look like; and how New Zealand’s system compares internationally.

171. There are two additional streams of work underway that will support our understanding of and movement towards a sustainable health system and improved system performance:

- We have launched a Health System Stewardship Project, which includes the establishment of a working group within the Ministry focusing on our medium-term stewardship role. In
particular, the group will consider how we can use medium-term policy settings to improve system performance. This group will map New Zealand’s system arrangements, test our current policy settings against international best-practice and evidence, identify how we can optimise system performance and provide the basis for a medium-term strategic policy agenda, considering:

- what good system performance looks like and how the current system and its component parts are tracking against this
- aspects of system performance that need improvement
- underlying causes for why the system is performing as it is
- system settings or levers that could be adjusted or improved to lift performance
- whether the system is sustainable.

The Ministerial Advisory Group is developing a programme of work to consider system-level changes that could make the system fairer, more equitable and more sustainable. This work will take into account the strategic, system-level issues facing the health and disability sector and how we can work with the sector to optimise system design.

**Forward work programme**

172. The tasks that are already underway to improve sector performance will take time to develop and will require extensive engagement and co-development with the sector. An initial phase is expected to be completed within six months.

173. Delivering the work outlined above will require a change within the Ministry to ensure the necessary capacity and capability is available. In particular the Ministry needs:

- improved analytical capabilities, both financial and clinical
- enhanced credibility in the form of well-respected senior people who can engage with DHB governors and managers
- better management and monitoring of major capital projects (i.e. buildings and IT)
- service re-design capability. Experienced clinicians and health planners that can work across the sector to design and implement a refresh of the approach to services, as needed, for example if a new approach to elective surgery was taken.

174. Using system-level data and predictive modelling to forecast system demand and workforce requirements will be an ongoing feature of the Ministry's forward work programme around system performance. There will be challenges to ensure the information systems and wider technology and digital architecture are in place to enable the new approach to monitoring performance. Furthermore, as part of its stewardship function, the Ministry will also consider how this information is disseminated to the sector, to inform their planning and prioritisation processes.

**Digital Health Strategy**

175. Digital health is the use of digital technologies and accessible data, and the associated cultural change it induces, to help New Zealanders manage their health and wellbeing and transform the nature of healthcare delivery. The health system needs to be flexible enough to adapt to rapid and non-linear change in the digital health ecosystem to fully harness the benefits that technology can bring. In order to do this, the health system needs to have:

- enablers (e.g. interoperability; architecture and standards; privacy, security and trust; foundation services; investment and commercial frameworks; and innovation frameworks) that are created and mandated to ensure that activity across the digital health ecosystem is aligned
• capabilities that underpin the creation and effective use of digital health services are identified and advice given
• digital health services that recognise the digital environment that influences their success.

176. A key component of gaining a better view of system performance and reducing pressure is access to information, both at an operational level to ensure clinicians have the patient information they need for sound clinical judgement, and a stewardship level to enable analytics and insights on the drivers of performance. Some of the information platforms within the Ministry and in the sector are at risk of failure.

177. The Digital Health Strategy and Electronic Health Record (EHR) go some way to alleviating these risks, however, concentrated effort and investment will be required. The Digital Health Strategy sets out a programme of work over three years that includes:

• addressing the barriers to access and use of digital services
• reducing the fragmentation and complexity of technology and digital systems
• applying international standards from the Continuity of Care Maturity Model to lift DHBs’ coordination of care capabilities
• applying international standards from the Electronic Medical Record Adoption Model to lift DHBs’ baseline system capabilities, which will enable clinical information to be accessible electronically across inpatient services
• building and nurturing a health innovation network
• completing the EHR business case and initiating EHR delivery projects
• developing and implementing a strategy for moving to cloud-based solutions, for both the Ministry’s internal systems and key National Digital Services, as well as guiding the sector.

G. Clarity, execution and measurement of our strategy

Key challenges identified in the PIF Review

178. The PIF Review raised a number of concerns regarding the ability of the Ministry to implement the New Zealand Health Strategy. The PIF Review also noted a number of positive attributes regarding the Strategy itself and the process by which it was developed through engagement with the public, and the health, disability and social sectors.

179. The PIF Review is clear that the Ministry needs to take a more active and deliberate approach to implementing the Strategy. The PIF Review makes an important observation: “It is time critical to the Ministry’s stewardship role in the health and disability system, for the Ministry to re-engage with its partners in the health and social sector to significantly increase the degree and pace of transformation.”

What we are doing to respond

Articulating more clearly what we want to achieve in a way we can measure more effectively

180. The New Zealand Health Strategy identifies productive ways of working together that will help to achieve a range of objectives, i.e. the ‘how’. However, responding to the concerns raised in the PIF Review has required us to better articulate the outcomes or changes we are seeking to achieve, i.e. ‘the what’. This is summarised through the ‘system shifts’ listed below:

• **better health maintenance**: to reduce the risk of mortality and death across our population
• **targeted investment**: signalling a general shift in investments to early intervention and less acute settings
- **lower acuity in the system**: to reduce the cost of acute care through effective early interventions and lower prevalence of chronic conditions
- **greater equity**: to focus more on those who do not have access to services they need or who are experiencing poor health outcomes, especially Māori, Pacific peoples and vulnerable groups
- **sustainability**: to ensure the health and disability system delivers sustainable outcomes through investment in and management of our workforce and infrastructure, including physical equipment, property and technology.

181. Setting out the system shifts above has allowed us to drive the development of some of the key missing pieces of strategic architecture noted by the PIF Review. Without this architecture, developing a clear implementation approach with the sector is difficult. The key elements we have designed and/or are working on are set out below:

- Outcomes and Tracking Framework

182. We have commenced development of an Outcomes and Tracking Framework to measure and track progress towards achieving our desired system shifts. The Outcomes and Tracking Framework defines what success looks like (i.e. how we expect the health and disability system will shift), how this will be measured (i.e. key performance indicators) and on which areas the system will need to focus to bring about these shifts.

183. Once we have defined these elements, we will be able to track how investment in the system shifts over time to support our strategic direction. The ultimate goal is a framework that can be substantiated with measures to address key questions, which support our decision-making and investment choices. For example:

- Are we getting the health system shifts sought? (e.g. are we seeing a reduction in the inequality of access to services?)
- Are we seeing improvements in outcomes as a result of these system shifts? (e.g. are all population groups demonstrating a lower incidence and prevalence of mental health conditions?)
- Are we focusing on the right things to get there? (e.g. are we investing proportionately more in primary and community care rather than hospitals?)
- Are we executing well along our journey? (e.g. are we seeing the system shift at the rate we would expect?).
184. We are taking an iterative approach to developing the Outcomes and Tracking Framework so that it can be refined over time in response to progress. We are now defining outcomes, drivers and measures for each of our strategic themes in turn. A high-level summary of the Framework is attached as Appendix 5.

185. To accommodate Ministry and DHB annual planning timeframes, we expect the Framework to be completed (including consultation) by 30 June 2018.

**Implementation Framework**

186. We have developed an Implementation Framework to steward successful execution of our desired system shifts. The Implementation Framework is comprised of six parts: Engagement; Governance and Steering; Monitoring and Evaluation; Annual Refresh of the Roadmap of Actions; Ministry Implementation Planning; and Sector Business Planning.

187. Current priority items on that work plan include:

- confirming preferred governance arrangements to support implementation
- giving effect to our annual implementation plan for the remainder of 2017/18
- tracking progress to date
- developing an engagement plan to support our overarching approach to improving sector and consumer engagement and relationships.

188. Further elements of the Implementation Framework are set out in Appendix 6.

189. It is important that performance and progress towards achieving our strategic objectives is monitored to ensure that the system is heading in the direction to best meet current and future challenges and needs, and also to motivate ongoing learning and change.

**Forward work programme**

190. The forward work programme for this response area will encompass the ongoing work on the items above, including:

- development of the Implementation Framework and early-stage implementation plan
- refinement and finalisation of the Outcomes and Tracking Framework
- working with the Ministerial Advisory Group to consider challenges and opportunities for implementing our strategy
- considering tracking implementation milestones through the development of the Ministry’s Four Year Plan.

191. Developing the New Zealand Health Strategy was a very useful exercise with the sector to identify productive ways of working together that will help to achieve a range of objectives. We consider these ways of working will provide a foundation to continue to improve the impact the sector and the Ministry can have together. Our next challenge is to be clear across the sector how working in ways suggested by the New Zealand Health Strategy can support the achievement of the Government’s health priorities and the objectives that the sector and the Ministry continue to develop together.

4. WORK PACKAGES – KEY RESPONSE AREAS
Appendix 1: UNDERSTANDING FOCUS AND PERFORMANCE – draft for discussion

First...Stabilise and Focus on Priority

Core Departmental Functions and Measures - Limited Snapshot Only

Policy Advice [includes other functions e.g. Legislation]
- The annual score attained by written policy advice (as assessed by and external reviewer) - 7.0
- Total policy function cost per output hour - $175 to $185

Ministerial Servicing
- The percentage of responses to OIAs provided to the Minister or the request author within agreed timeframes – 95%
- The percentage of requested briefings provided with agreed timeframes - 96%

Regulatory Services [includes other functions e.g. mental health and other regulatory functions]
- Percentage of all licences and authorities issued to providers under the Medicines Act 1981 and the Misuse of Drugs Act 1975 within target timeframes – 80%

DE Financial Performance
- Full-year forecast vs budget

Technology and Core Insights / Analytics
- Percentage of published Tier 1 statistics meet Stats NZ standards within the agreed timetable – 100%
- Percentage of time for which key sector and public-facing systems are available

Organisational Health
- Gross staff turnover
- Staff engagement – metrics in development

Sector Operations
- Percentage of claims paid on time – 98%
- Percentage of claims processed accurately – 95%

Risk Monitoring
- Major project monitoring (time, quality and cost; risk rating)

Commissioning
- NDE Financials – e.g. undervend and overspend, variance)
- Disability Support Services – e.g. all new DSS clients are assessed within 20 days of referral – at or above 80%
- Public Health – e.g. all 11 DHBs with a high incidence of rheumatic fever continue to reduce or maintain incidence levels from previous year (100%)
- Non-devolved Personal Health – e.g. the percentage of the population who received 84 School Checks – 90%

Sector Performance
- DHB Financial Performance – e.g. current forecast DHB deficit (vs 2017/18 funding requirement)
- DHB System Performance – e.g. improved access to elective surgery [metrics?]
- Non-DHB Crown Agents – e.g. planning and funding advice is provided to Crown entities by 31 December
- Patient Satisfaction – e.g. HQSC Patient Experience Survey – Adult Inpatient Experience and Primary Patient Care indicators

Optimising the Health System – Issues to be Addressed

Good performance
- What are the key outcomes we want for the health system and how are they measured?
- How well do we perform against these measures and other international benchmarks/best practice?
- What levers (e.g. regulation and commissioning) does the Ministry have to influence system outcomes and how well do we utilise them?

Decision-making and institutional arrangements
- What is the optimal balance of decision-making between the centre and devolved parts of the system?
- Are system settings (e.g. governance arrangements, funding incentives and distribution of entities) aligned to outcomes?
- What role does the centre have to support performance measurement and improvement (including interventions)?

Resources and workforce
- What are the system underpinnings (e.g. workforce supply and facilities and infrastructure) needed to deliver the future health system?
- How can we use new technologies to enhance efficiency, drive change and support new models of care?

People at the centre
- What does a people-centred system look like and how can we reflect this in performance measurement?
- How do we reflect individual patient experiences at a system view/level?

Then...What’s the Future-focused System?

Strategic Priorities
- Improving equity
- Child wellbeing
- Mental Health
- Primary Care
- Drinking water regulation
- Maternity
- DHB Performance Framework

Working Differently
- An engagement model built on partnering with the sector to deliver on Government priorities
- Engaging more widely with the sector to look for areas of improvement

Delivering on Government priorities

Implementing the NZ Health Strategy

Better engagement with the health sector

Better information about sector performance

Core Reporting Framework
- Redesigning the DHB Outcomes Framework
- Health Performance Story
- Statistical Model of the Vote

Responding to the PIF Review Findings

Aligning capacity and capability to Government priorities

Support for Government and Executive Services
- Analytics and Insight
- New ways of working

Organisational Capability

Good performance measures
- What role does the centre have to support performance measurement and improvement (including interventions)?
- How well do we perform against these measures and other international benchmarks/best practice?
- What levers (e.g. regulation and commissioning) does the Ministry have to influence system outcomes and how well do we utilise them?

Decision-making and institutional arrangements
- What is the optimal balance of decision-making between the centre and devolved parts of the system?
- Are system settings (e.g. governance arrangements, funding incentives and distribution of entities) aligned to outcomes?
- What role does the centre have to support performance measurement and improvement (including interventions)?

Resources and workforce
- What are the system underpinnings (e.g. workforce supply and facilities and infrastructure) needed to deliver the future health system?
- How can we use new technologies to enhance efficiency, drive change and support new models of care?

People at the centre
- What does a people-centred system look like and how can we reflect this in performance measurement?
- How do we reflect individual patient experiences at a system view/level?
This report provides a summary of the Ministry’s performance for quarter two of the 2017/18 financial year and details:

- key highlights and challenges
- progress against the measures included in the Vote Health – Estimates of Appropriations 2017/18
- financial performance
- key people metrics
- significant trends, risks or issues that will impact performance
- key activities we have planned for next quarter.

Throughout the report we use the following definitions to assess the status of performance:

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>✔️</td>
<td>On-track/achieved</td>
</tr>
<tr>
<td>🟢</td>
<td>Partially on track/being watched</td>
</tr>
<tr>
<td>🔴</td>
<td>Off-track/not achieved</td>
</tr>
</tbody>
</table>

### Appendix 2

<table>
<thead>
<tr>
<th>CORE DEPARTMENTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ministerial Servicing</td>
</tr>
<tr>
<td>Policy Advice and Legislative Programmes</td>
</tr>
<tr>
<td>Regulatory Services</td>
</tr>
<tr>
<td>Water Quality</td>
</tr>
<tr>
<td>DE Financial Performance</td>
</tr>
<tr>
<td>Organisational Health</td>
</tr>
<tr>
<td>Sector Payment Services</td>
</tr>
<tr>
<td>Risk Management</td>
</tr>
<tr>
<td>Major Sector Projects</td>
</tr>
<tr>
<td>Technology, Core Analytics and Insights</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>COMMISSIONING</th>
</tr>
</thead>
<tbody>
<tr>
<td>NDE Financial Performance</td>
</tr>
<tr>
<td>Disability Support Services</td>
</tr>
<tr>
<td>Public Health</td>
</tr>
<tr>
<td>Primary Care</td>
</tr>
<tr>
<td>Non-Devolved Personal Health Services</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>SECTOR PERFORMANCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>DHB Sector Aggregate Financial Performance</td>
</tr>
<tr>
<td>DHB Financial Performance</td>
</tr>
<tr>
<td>DHB System Performance</td>
</tr>
<tr>
<td>Crown Entity Performance</td>
</tr>
<tr>
<td>Patient Experience</td>
</tr>
<tr>
<td>Health Workforce NZ</td>
</tr>
</tbody>
</table>
**APPENDIX 3: ACTION-ORIENTED STEWARDSHIP EXAMPLES**

**Example 1: Providing more action-oriented stewardship across the sector**

We have illustrated an example approach below, based on the different aspects of our Stewardship capabilities introduced on the previous page.

A joined-up view of the spectrum of potential actions across the Stewardship capabilities and expertise available across the Ministry would inform and enable more deliberate planning and service design, as well as comparisons between system components or service clusters. The right setting for how ‘loose’ or ‘tight’ we are as Steward, would drive specific outcomes in specific areas.

<table>
<thead>
<tr>
<th><strong>Funding</strong></th>
<th><strong>Loose</strong></th>
<th><strong>Tight</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Per-capita funding via DHBs in each location, across services</td>
<td>Direct funding for services from Ministry with volume SLAs &amp; access KPIs</td>
<td>Targeted cohort funding with clinical, service quality and patient satisfaction SLAs</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Commissioning</strong></th>
<th><strong>Loose</strong></th>
<th><strong>Tight</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Indirect commissioning via DHBs and local choices</td>
<td>National &amp; regional service commissioning</td>
<td>Standardised national service definitions and SLAs (e.g. script repeat, tele-consult, first assessment, care plan design, clinical outcomes etc.)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Structure</strong></th>
<th><strong>Loose</strong></th>
<th><strong>Tight</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Range of service providers (public and private) across geographies and DHBs</td>
<td>National contracts and providers for services</td>
<td>Feedback loop on impact (e.g. reduced ASH rates expected with more primary care investment)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Policy</strong></th>
<th><strong>Loose</strong></th>
<th><strong>Tight</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Generalised approach to equity through universal access</td>
<td>Targeted funding for under-served patients (e.g. Low Decile)</td>
<td>Directed capacity investments (e.g. rural access)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Regulation</strong></th>
<th><strong>Loose</strong></th>
<th><strong>Tight</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Through Professional Medical Bodies</td>
<td>Geographic Licensing</td>
<td>Workforce Regulation and scope of practice (e.g. Nurse Practitioner with prescribing rights)</td>
</tr>
</tbody>
</table>

**Example 2: Using the lever settings to improve equity**

In this example, we have illustrated how different settings might be used to reduce inequality of outcomes, using the five levers from the previous example.

<table>
<thead>
<tr>
<th><strong>Funding</strong></th>
<th><strong>Loose</strong></th>
<th><strong>Tight</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Tagged funding to DHBs for care access and use by target populations</td>
<td>Direct funding to providers, with at-risk components to drive up target population access and use</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Commissioning</strong></th>
<th><strong>Loose</strong></th>
<th><strong>Tight</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Specific consideration of target populations within service commissioning approaches</td>
<td>Separate and specific commissioning (e.g. vertically integrated) to reach and service target populations</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Structure</strong></th>
<th><strong>Loose</strong></th>
<th><strong>Tight</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Range of public and private providers, geographically based, with performance requirements</td>
<td>Greater performance-based funding (with private profit at risk) for regional / national providers</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Policy</strong></th>
<th><strong>Loose</strong></th>
<th><strong>Tight</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Universal access obligations, with stronger emphasis on target populations</td>
<td>Differentiated levels of access and services for target populations</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Regulation</strong></th>
<th><strong>Loose</strong></th>
<th><strong>Tight</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Increased scope of practice for Nurse Practitioners to include some prescribing rights</td>
<td>Specific support for new service certification, relating to target populations</td>
<td></td>
</tr>
</tbody>
</table>

This would reduce the discretion DHBs currently have to make trade-offs suiting their local pressures to ensure funding is specifically used for services to target populations.

Potential to shift from ‘tweaking’ current services to be more accessible, to commissioning new integrated services in collaboration with, and targeted to, specific communities within target populations.

Potential to drive stronger incentives by shifting more performance risk to private sector, with financial consequences that avoid adverse public sector service / financial sustainability issues.

Deliberate policies to direct funding and services to target populations, rather than ‘rising tide lifting all boats’.

Remove regulatory hurdles that create obstacles to service access and service provision.
Appendix 4: DHB Performance Framework

Basis for future monitoring and intervention framework

Factors that will help us understand the relationship between future investment and demand for healthcare and to identify current and future risks to monitor are outlined below.

<table>
<thead>
<tr>
<th>System elements</th>
<th>Facilities and infrastructure</th>
<th>Workforce</th>
<th>Social and demographic link to health</th>
<th>Network configuration</th>
<th>Data and IT</th>
<th>Models of practice</th>
</tr>
</thead>
<tbody>
<tr>
<td>Possible inputs/measures</td>
<td>List of critical infrastructure and risk assessment for each</td>
<td>Immigration and emigration trends</td>
<td>Income/poverty trends</td>
<td>Where and what services are offered:</td>
<td>State of data provision</td>
<td>Trends in re-infection and recovery</td>
</tr>
<tr>
<td></td>
<td>Risk management approach</td>
<td>Tertiary education graduates</td>
<td>Population subgroup demographics and health outcomes</td>
<td>- vs area demand/need</td>
<td>State of data management</td>
<td>Market ready tech and impact on cost, experience, equity and QALY/DALY</td>
</tr>
<tr>
<td></td>
<td>Overall facility age, performance, depreciation</td>
<td>Demographics across professions</td>
<td>Impact by age, ethnicity, socio-economic status etc</td>
<td>- vs cost of provision</td>
<td>Data quality</td>
<td>Impact from changing practice on cost, experience, equity and QALY/DALY</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Professional standards &amp; monitoring thereof</td>
<td></td>
<td>- vs scope and cost of management</td>
<td>Use of data to inform delivery/management</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Patient and public experience</td>
<td></td>
<td>State of provision in key services/locations for network sustainability</td>
<td>Public transparency of health data</td>
<td></td>
</tr>
</tbody>
</table>
Appendix 5: Outcomes and Tracking Framework

Desired system shifts
- Better health maintenance
- Targeted investment
- Lowered acuity in the system
- Greater equity
- Sustainability

People Powered
- Outcomes
  - Lower incidence and prevalence of chronic conditions
  - Greater equality of outcomes
  - Greater rates of access
  - Greater rates of satisfaction with health services

Closer to Home
- Outcomes
  - Lower per capita expenditure (in acute settings)
  - Lower incidence & prevalence of chronic conditions
  - Greater equality of outcomes
  - Greater rates of access
  - Greater rates of satisfaction with health services

Value and High Performance
- Outcomes
  - Lower per capita expenditure
  - Lower incidence of “failure / adverse” events
  - Greater equality of outcomes
  - Greater equality of outcomes for target populations
  - Greater rates of satisfaction with health services

One Team
- Outcomes
  - Greater productivity against long term outcomes
  - Greater rates of satisfaction with health services
  - Greater workforce resilience and satisfaction

Smarter Systems
- Outcomes
  - Lower per capita expenditure
  - Greater resource utilisation
  - Greater rates of access
  - Greater rates of satisfaction with health services

Change Drivers
- People Powered
  - Develop consumer insights
  - Build Co-Design Capabilities
  - More Consistent Experience
  - Increase Awareness
  - Encourage Positive Behaviours
  - Improve Service Engagement

- Closer to Home
  - Strengthen Commissioning
  - Improve Infrastructure
  - Reduce Barriers to Access
  - Improve Service Integration
  - Greater Scale and Reach through Standards
  - Increase Early Intervention

- Value and High Performance
  - Strengthen Accountability & Governance
  - Align Risk Management Incentives
  - Become a Learning System
  - Increase Transparency
  - Design for Quality and Safety
  - Harness Evidence and Knowledge

- One Team
  - Increase Workforce Capacity and Capability
  - Increase Flexibility, Diversity & Resilience in the Workforce
  - Improve Team Integration
  - Create Collaboration Incentives
  - Increase Workforce Engagement

- Smarter Systems
  - Develop Informatics & Insight Capabilities
  - Build High Performing Asset Portfolio
  - Increase Design Thinking
  - Harmonise Operating Models
  - Strong Information Management
  - Reduce Innovation Lag
Appendix 6: Overview of the NZ Health Strategy Implementation Framework

The Future Direction
Sets the ten year future direction for the New Zealand Health System. Implementation of the Future Direction requires all participants in the health system to consider how they can adapt what they are doing to be more people-powered, provide services closer to home, and provide value and high-performance as part of one team in a smart system.

The Roadmap of Actions
Outlines the set of actions that we aim to progress over the next five years (refreshed annually). Implementation of the Roadmap of Actions requires a focus on specific activities or initiatives that will significantly progress a particular theme.

Engagement Plan
Identifies the range of ways the Ministry intends to engage with the sector on NZHS implementation and sets out the timeframes and approach to an annual Health Symposium.
- The Ministry of Health is initiating a rolling series of engagements with the health system timed to align with key points in the government and health sector planning cycles.
- This will include both information sharing and direction setting conversations which reinforce the strategic direction. New Zealand health system — from the perspective of system stakeholders.
- The third annual Health Symposium will be held in April 2018 to bring participants in the system together for a shared view of the strategic direction and to announce an updated Roadmap of Actions.

Governance and Steering Framework
Sets out the arrangements for providing oversight and leadership of implementation of the Strategy.
- Establish a Strategy Leadership Group with representation from across the system, to advise the Director-General on the Strategy’s progress, implementation and refinement.
- Establish Ministry of Health stewardship and oversight arrangements.
- Document responsibility and accountability for implementation of Roadmap of Actions.

Monitoring and Evaluation
Arrangements to track how implementation of the Strategy is progressing and whether the Strategy is achieving desired outcomes.
- Develop measures and outcomes through which to monitor progress implementing the Strategy.
- Track Ministry of Health progress through the business planning cycle.
- In collaboration with the system, develop a vehicle for communicating progress by parties outside of the Ministry.
- Publish an annual report on progress of the implementation of the NZHSS.

MoH Annual Implementation Plan
Describes the priority initiatives for the Ministry over a four year period and comprises a section of the Vote Health Four Year Plan.
- Identify the priority actions for the Ministry to deliver progress on the Strategy Future Direction and Roadmap of Actions.
- Identify key milestones, trade-offs and strategic choices.

Annual Roadmap of Actions Refresh
Entails the annual process for selecting priority Actions to progress the five themes of the Strategy.
- Evaluate progress and relevance of current Actions to determine which should be amended or removed.
- Develop a prioritisation framework for selecting actions.
- Through the regular engagements with the health system and the Strategy Leadership Group (described in the Engagement Plan and Governance and Steering Framework), obtain system recommendations for new or amended Actions.
- Prepare implementation material for each new or amended Action.
- Release an updated Roadmap of Actions at the annual Health Symposium in April.

Business Planning
Outlines the work programmes to be undertaken to progress the Strategy and the resources to achieve it alongside other core elements that the Ministry of Health and District Health Boards are going to deliver in a financial year.
- Check that submitted business plans are aligned with the Strategy
- Audit business plans to ensure all Roadmap Actions are present across Ministry and DHB work programmes.
- Track progress of work programmes through existing business plan monitoring arrangements.