

**High-level assessment
of Te Aka Whai Ora
progress against
Cabinet expectations,
commitments and
priorities for the
Hauora Māori
Advisory Committee**

2023

Executive summary

Background and purpose

The Health and Disability System Reforms are a once-in-a-generation opportunity to fundamentally improve outcomes across the health system of Aotearoa New Zealand. The creation of Te Aka Whai Ora | Māori Health Authority will strengthen Māori leadership and influence in the health system, as well as initiate a serious improvement in health system performance for Māori.

At the end of March 2023, the Minister and Associate Minister of Health commissioned the Hauora Māori Advisory Committee (the Committee) to undertake a high-level assessment of the early progress and plans of Te Aka Whai Ora to ensure it is meeting expectations, commitments and priorities set by Cabinet.

Scope and approach

The Ministers and Committee agreed on the following scope of this high-level assessment, as well as any other matters of significance:

- Commissioning and co-commissioning functions
- Iwi-Māori Partnership Boards and localities planning
- Monitoring with particular focus on Te Whatu Ora
- Implementation plan focused on years one and two
- Delivery against Budget 22 announcements
- Development of the Hauora Māori Strategy with Manatū Hauora

This high-level assessment reflects engagement with 16 Te Aka Whai Ora Board and executive members, a desktop scan of Te Aka Whai Ora documentation (both provided and publicly available) and workshops with the Committee. Further detail on stakeholder interviews and reviewed documentation can be found in Appendix A and Appendix B respectively.

Board and executive awareness

Many of the issues, themes and recommendations outlined in this report were identified by Board and executive members themselves in the interviews.

This high-level assessment was undertaken within five weeks, as such, analysis in some areas was limited due to the lack of access to relevant and necessary documentation and information in a timely manner.

Te Aka Whai Ora operating context

Te Aka Whai Ora is a start-up organisation that has had to scale up at speed to meet large ambitions and expectations, growing from a small number of kaimahi to just over 227 kaimahi to manage the workload in nine months, including inheriting over \$350m in existing provider contracts and the requirement to commission \$95.5m in new initiatives in FY22/23.

It should be acknowledged that Te Aka Whai Ora has been incredibly busy across directorates and is managing demanding expectations not only from Ministers but also the general public. Te Aka Whai Ora has had to manoeuvre through a difficult labour market and time for recruitment, as well as changes in the wider landscape that have included inducting a new Minister of Health and Te Whatu Ora Board Chair which have required reallocations of effort and resources.

The Board has operated with six members during this past 10 months, with an additional appointment offset by a resignation (two more appointments are pending). During this time, Te Aka Whai Ora has also been actively working on relationships with Te Whatu Ora and Manatū Hauora in order to give effect to the reform objectives.

Milestones and highlights

The passion and commitment of the Board, executive and staff is evident and reflected in the volume of work and activity they have undertaken to ensure Te Aka Whai Ora is able to deliver on its aspirations. Since its establishment on 1 July 2022, Te Aka Whai Ora has achieved a number of milestones including but not limited to:

- The establishment of baseline functions and Board/executive relationships with Manatū Hauora and Te Whatu Ora;
- Early commissioning activity;
- The establishment of the first 11 Iwi-Māori Partnership Boards (IMPBs) with four more likely to be formally recognised before the end of FY22/23;
- The shaping of policy advice on the Therapeutics Bill to promote rongoā Māori;
- The development of an interim Oranga Whānau Outcomes Framework; and
- The response to recent weather events including the Auckland floods and Cyclone Gabrielle.

High-level findings

Our high-level assessment for each of the Minister's focus areas and other matters of significance are summarised below and explored further on the following pages.

Status	Focus area	Overall assessment
Ministerial focus areas		
	Commissioning and co-commissioning	This is an area of significant concern for both the Board and executive and needs a high level of prioritisation. Commissioning activity and Māori provider service provision is tracking behind Government commitments. Te Aka Whai Ora leadership is working through a plan to ensure this is resolved in FY23/24.
	IMPBs and localities planning	This is an area requiring effort and resource. While 11 IMPBs have been established, the activation of IMPBs to deliver their functions as outlined in the legislation varies across the country and support is required to clarify and operationalise their ways of working with the system.
	Monitoring	Monitoring is an area that is currently underdeveloped. While a theoretical framework has been developed, implementation and independence issues continue to be worked through.
	Implementation plan	Organisation-wide planning and prioritisation work for FY22/23 is evident, but below the level of the SOI and SPE, it has not been sufficient to effectively deliver on government commitments. This is an area for significant improvement to drive future performance.
	Budget 22	Projected underspend from finance of approximately \$66m means the highly anticipated boost in services for Māori will not be fully realised in FY22/23. It is acknowledged that this is due to a myriad of factors outlined throughout the assessment. More focus and prioritisation is required on Budget 24 bid process going forward.
	Hauora Māori Strategy	The interim Hauora Māori Strategy is expected to be delivered by June 2023. However, tensions described between Manatū Hauora and Te Aka Whai Ora teams working on this require an intentional reset of the ways of working.
Other matters of significance		
	Governance	The Te Aka Whai Ora Board is passionate and committed but may need to re-balance its delivery priorities in the context of its operating environment and establishment imperatives.
	People and capability	This is an area that is lacking overall and requires concerted effort and attention to ensure Te Aka Whai Ora has the capacity and capability to deliver on its core functions.
	Ministerial requests	There is an opportunity to streamline requests from the four health Ministers in order to assist Te Aka Whai Ora to deliver on its urgent priorities.

Overall, while Te Aka Whai Ora has been successful in achieving a number of important milestones in this early period development, its inability to put in place the necessary level of capability and capacity to progress its key functions has hampered performance.

We have found that the milestones have been achieved despite a prolonged lack of resource, capability and capacity in key areas, as raised in several interviews with the Board and executive. We note that the early focus for Te Aka Whai Ora called for building critical capability and capacity, in particular in its commissioning and monitoring teams. This was also a theme raised by the independent assessment on Day One readiness by Deloitte in April 2022 and by the Transition Programme Assurance Group in May 2022.

The passion and urgency of the Board to inject deep transformative thinking and te ao Māori approaches into the Te Aka Whai Ora strategic and operational functions, while understandable, has at times needed balancing with the pressing need to keep things simple in order to rapidly establish the set of core foundations and systems required for key functions.

Additionally, discretionary choices made by the Board and/or executive have occasionally detracted from Te Aka Whai Ora's delivery of its core functions. A key example raised in interviews related to staff transfers from Te Whatu Ora to Te Aka Whai Ora (an agreed process as part of building Te Aka Whai Ora capability), whereby the Te Aka Whai Ora prime focus (choice) was on acquiring Māori personnel / teams instead of strategic targeting core capability requirements and staff with the necessary skills and experience to deliver these (e.g. commissioning and contract management expertise, given the volume of Māori provider contracts being transferred). Other decisions related to monitoring, commissioning, recruitment, and executive focus were raised.

Commissioning and co-commissioning

- Expectations to establish a new commissioning system and manage the contracts transferred from the Manatū Hauora and Te Whatu Ora were ambitious for a newly established organisation.
- Delays in reaching decisions on an agreed commissioning implementation plan for FY22/23 introduced delivery challenges.
- We are advised that the majority of new funding will be 'committed', but there will be time delays in funds being expended. The net effect is that the boost in services for Māori communities Cabinet had intended for FY22/23 will not be fully realised this financial year.
- Investing in the commissioning function and pipeline needs focused attention to ensure the procurement and execution of contracts is seamless for new contracts and those being renewed. Attention to the end-to-end commissioning process must be a priority.
- Commissioning and co-commissioning are key levers to influence health system performance for Māori. It is incumbent on Te Aka Whai Ora to deliver on Budget 21 and Budget 22 commitments for when it comes to Budget 24.
- Co-commissioning arrangements with Te Whatu Ora are underway, albeit with a dis- proportionately low profile and attention given the reach of those services.

IMPBs and localities planning

- The readiness of the 11 established IMPBs to engage and carry out their full suite of functions varies. There is also a lack of clarity around how the IMPBs will give effect to their functions and how they will shift from their current state to being active leaders and contributors in the health system. IMPBs have also had difficulty recruiting the level of capability required to operationalise themselves. There is currently limited investment in capacity within Te Aka Whai Ora to support their establishment and progression.
- Where the established IMPBs overlap with the 12 locality prototypes run by Te Whatu Ora, we are advised there is some evidence of IMPB influence and Te Whatu Ora support.
- A draft operating model is currently being developed to give IMPBs clarity on how their functions could be achieved and how they interrelate to influence the health system for Māori health gain.

Monitoring with particular focus on Te Whatu Ora

- Te Aka Whai Ora should be deploying its monitoring function to ensure Te Whatu Ora is delivering hauora Māori services against its Māori Health Plan (as embedded in Te Pae Tata). However, there have been delays in the development of the monitoring framework due to insufficient deployment of resource (capacity) and capability to date, and this area not being sufficiently prioritised.
- Te Aka Whai Ora has in the short-term employed contractors to develop the prototype for discussion with its partners.
- The appropriate level and means of independence in the monitoring function has yet to be decided. The potential transfer of a significant proportion of Te Whatu Ora Māori personnel to Te Aka Whai Ora could also complicate monitoring leverage, if it creates a dependency on Te Aka Whai for commissioning or delivery of its own Māori health services.
- There has been a level of misunderstanding on the role of Te Aka Whai Ora as it relates to monitoring system performance. Tension surfaced between Te Aka Whai Ora and Manatū Hauora with regard to their respective roles of monitoring in the system, but this has since been settled with a joint approach worked out.

Implementation plan for years one and two

- As part of this high-level assessment, we tried to source a Board-approved implementation plan that outlined the Year One priorities for Te Aka Whai Ora and set out the detail on how these will be planned, delivered, managed and monitored (with regards to activities, timeframes, resources, accountabilities, and performance). A 'living' planning document that would guide strategic prioritisation, decision-making and trade-offs throughout the year. There appears to be no such overarching plan.
- Strategic planning and prioritisation for Te Aka Whai Ora is currently dispersed across a number of documents including Te Pae Tata, the Statement of Intent, Statement of Performance Expectations, and a set of 16 priority actions signed off by the Board in December 2022.

- We are advised there is monthly Board reporting by the Chief Executive and team on priorities, progress and performance, but multiple interviews indicated the strategic planning orientation needs strengthening as the executive are constantly occupied by a short term focus on issues of the moment, distracting attention from critical Year One deliverables.

Delivery against Budget 22 announcements

- New and enhanced services flagged by Ministers in Budget 22 announcements for delivery this year, will not be fully achieved.
- Delays in getting decisions on commissioning plans and commissioning teams in place mean approximately \$66m of these services will not materialise until FY23/24. Commitments covering all of Budget 22 will be made this year, but the late timing of the procurement means that proportion of new initiative funding will not translate into services until next financial year.

Development of the Hauora Māori Strategy with Manatū Hauora

- Delivery of the interim Hauora Māori Strategy is expected in June 2023.
- It was intended that the process should be jointly run by the two entities, however, challenges arose in the relationship between those Te Aka Whai Ora and Manatū Hauora managers due to differing views on how the strategy development process should run. This has yet to be resolved.

People and capability

- Overall, Te Aka Whai Ora has had insufficient internal capacity to deliver on its core functions due to the delayed finalisation of the organisation structure, recruitment to Tier 2 leadership and decisions to hold back on permanent recruitment pending organisational structure decisions (this had an impact on commissioning capability, despite the importance placed on prioritising this function by the Deloitte Day One Readiness Assessment and the Transition Assurance Group).
- Te Aka Whai Ora staff have significant workloads and are struggling with forward planning. Concerns were raised about staff transfers not being focused on the critical skills and expertise needed, and on the potential for the focus on Māori personnel / team transfers to diminish Te Whatu Ora's own Māori capability.

Governance

- Given current demands on the executive and their teams, and known challenges with capacity, capability, enabling systems and delivery, views were expressed about the Board taking a stronger role in prioritisation of focus and effort. To focus back on the core priorities and critical foundations needed by Te Aka Whai Ora. This includes a better balance between the desire (and need) for radical and transformational change and the necessity of rapidly getting the core functions and systems in place and embedded.
- We are advised there is a monthly strategic portfolio tracker reported to the Board, as a source of performance tracking.
- Risk management is highly important for Te Aka Whai Ora, given the significant expectations and challenges to manage. The Board appears to have made little

progress in establishing a governance level risk monitoring and management framework, despite repeated

Ministerial requests

- During the interviews, a number of comments were made about the resource and time involved in servicing the increasing demands of information requests from the offices of the four health Ministers, in addition to the high volume of other official requests. There may be an opportunity for a streamlined process between offices to better manage demands.

High-level recommendations

1. It is clear from the assessment that the Te Aka Whai Ora Board and executive need to prioritise their focus and resources for the next six months. They need to decide on what the core 'must do' activities are and stop, avoid or defer any activities that are currently non-essential. An indication of what this could look like is presented in Section 4.
2. New and enhanced services flagged by Ministers in Budget 22 announcements for delivery this year, will not be fully achieved. Delayed decisions mean a significant proportion (\$66m worth) will not materialise until FY23/24. The level of Board involvement and engagement, the need for urgent resourcing and upcoming contract renewals are a few of the issues that need to be immediately addressed, along with the introduction of a phased approach to 'revamping' and redesigning existing contracts and a shift to integrated contracts over the next 18 months.
3. The readiness of the established IMPBs to engage and carry out the full suite of their functions varies. IMPBs have found it difficult to get the capability required and Te Aka Whai Ora has had limited capacity to support in this space. This internal capacity and capability needs to be built urgently so IMPBs can start applying influence in the system as intended.
4. Resource and capacity issues have seen a lack of progress in implementing the monitoring function. These issues need addressing. Concerns around the independence of this function also need to be resolved so Te Aka Whai Ora can better leverage its monitoring role with regards to Māori health outcomes.
5. The Te Aka Whai Ora executive need to focus attention on delivering, before 30 June 2023, a comprehensive and robust implementation plan for Year Two. It is imperative that once this plan is approved it be used as the basis for Board monitoring, prioritisation of trade-offs, performance management, and executive accountabilities.
6. An improved commissioning function and improved reporting on the progress of Budget commissioning commitments is needed to assure the Board and Ministers that investment is being made where it was promised, in a timely manner, and that the associated services, whānau experiences and outcomes are being told.

7. The Te Aka Whai Ora executive need to urgently deploy resource to support the critical enabling functions, including Human Resources, Planning and Finance. These functions are central to ensuring Te Aka Whai Ora has the capability, capacity, resources and systems in place to deliver on its core roles, manage risk, drive innovation and make necessary progress in both the immediate and long-term future.

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Introduction

Te Aka Whai Ora is a once-in- a-generation opportunity to drive improvements in hauora Māori

Health and Disability System Reforms

The New Zealand Health and Disability System Reforms are a once-in-a-generation opportunity to fundamentally improve outcomes across the health system. The vision of the reforms are to achieve Pae Ora – Healthy Futures for all New Zealanders. This means that people and whānau will live longer in good health, have improved health and quality of life, are part of health resilient communities and live in environments that sustain their wellbeing.

The role of our health system is to provide services to protect, promote and improve health outcomes across Aotearoa New Zealand to work towards pae ora.

Establishment of Te Aka Whai Ora

The creation of Te Aka Whai Ora | Māori Health Authority was a bold and significant feature of the new health system that launched on 1 July 2022. The innovative features crafted into the design of Te Aka Whai Ora, and reflected in the Pae Ora (Healthy Futures) Act 2022 (the Act), were intended to substantially strengthen Māori leadership and influence in the health system and initiate a serious step-change in health system performance for Māori.

“These are the largest enablers for Māori health we have ever had”.

Hauora Māori Advisory Committee

Under section 89 of the Act, the Minister of Health agreed to establish a Hauora Māori Advisory Committee (the Committee). The purpose of the Committee is to provide independent advice to the Minister of Health and ensure a Māori voice and perspective is involved in the exercise of a range of Ministerial powers and decision-making, especially with regard to Te Aka Whai Ora. The Committee is a key element in strengthening the Te Tiriti-based relationship between the Crown and Māori in the health system, providing Māori a voice at the highest level of decision making in the new system.

Background and purpose

Achieving major advances in equitable health outcomes for Māori will take time, given the wide- spread and deeply entrenched nature of the current disparities. That said, it is strategically important for the reforms that Te Aka Whai Ora provides confidence to both Government and Iwi/Māori that it is moving with urgency to deliver on its role, including establishing the capability, capacity and early wins needed to build the change momentum.

The official commencement of the Board was on 1 July 2022, however, it is worth noting that the majority of the Board alongside the Chief Executive, have provided leadership (in interim and confirmed roles) for more than a year now. Six of the interim members were formally appointed to the Board 1 July 2022, a new member was appointed in October, then one member resigned in December. This added additional pressure to the governance of Te Aka Whai Ora.

The Minister and Associate Minister of Health are keen to develop a better understanding of the early progress Te Aka Whai Ora has made against Ministerial and Cabinet expectations.

Scope and approach of the assessment

The Committee agreed to undertake a high-level assessment of the early progress and plans of Te Aka Whai Ora against Ministerial and Cabinet expectations, commitments and priorities. The scope of this high level assessment has been agreed with the Minister and Associate Minister of Health and broadly covers the:

- Commissioning and co-commissioning functions
- Iwi-Māori Partnership Boards and localities planning
- Monitoring, with particular focus on Te Whatu Ora
- Implementation plan focused on years one and two
- Delivery against Budget 22 announcements
- Development of the Hauora Māori Strategy with Manatū Hauora
- Any other matters of significance.

The high-level approach to this assessment comprised the following steps:

1. A meeting of the Committee to discuss the questions and issues they wished to address, as well as to agree the outcomes of the assessment.
2. A desktop scan of publicly available accountability documents and organisational documents sent by Te Aka Whai Ora in relation to the Minister's areas of focus (see Appendix B for further details).
3. Interviews with 16 governance and executive leaders to understand the progress made against expectations, commitments and priorities (see Appendix A for further details).
4. Outputs including key milestones achieved to date and issues encountered were consolidated in the following pages of this report.

5. Recommendations were developed and shaped in a workshop of the Committee.

This report outlines, at a high-level, the Cabinet expectations for each focus area, the milestones Te Aka Whai Ora has achieved, key issues raised in interviews and discovered in documentation and recommendations for consideration across each focus area.

This high-level assessment has considered decisions of the Board and executive and the impacts on core functions including commissioning and monitoring Te Whatu Ora performance for Māori health outcomes to date.

The Committee will present the findings of this high-level assessment, along with the proposed recommendations, to the Minister of Health.

Considerations

Given the five week timeframe, this report is a high-level assessment of findings against Ministerial focus areas only. We have relied on publicly available documentation, documents provided to us by Te Aka Whai Ora in a timely manner as well as insights obtained from the interviews to develop the recommendations outlined in this report.

The analysis in some focus areas has been limited due to the lack of access to some documentation and information within a reasonable timeframe.

What is out of scope

The assessment has not considered the role or performance of Te Whatu Ora in relation to the above focus areas.

Assessment against Ministerial focus areas

Operating environment

Te Aka Whai Ora is in a unique environment in which it is a start-up organisation that has had to scale up at speed to manage the workload and deliver on the expectations of a range of stakeholders. This meant it had to:

- Establish itself and its identity/ethos.
- Develop its strategic thinking and approaches.
- Determine its operating model and organisation structure.
- Establish base systems, frameworks and processes from scratch.
- Build capability and capacity to deliver on core functions and commitments.
- Grow from a handful of staff to over 227 in 9 months.
- Inherit over \$350m in existing provider contracts.
- Commission \$95m in new funding in 2022/23.
- Engage and formalise relationships with larger key health partners that have existing pools of capacity and capability.

Passion and commitment

It is clear that the Board and executive are deeply invested in the promise and the once-in-a-lifetime opportunity of Te Aka Whai Ora. This is reflected in their commitment, passion and the sheer volume of work they willingly take on in a fluid and challenging environment. It is reported that most who have joined the organisation share this mindset.

Significant milestones to date

- Entity establishment – standing up the organisation, growing quickly, with significant work and progress delivered by a small number of people to get Te Aka Whai Ora to where it is today.
- Response to Cyclone Gabrielle and other weather events – rapid release of funding to providers and the mobilisation of resources.
- 11 IMPBs have been Gazetted and four more are in the process for official recognition before the end of the financial year.
- Policy function established early and operating well, including shaping advice on Therapeutics Bill to promote rongoā Māori.

- Partnership commitment with Te Whatu Ora at a governance and executive level. Strong, collaborative and shared commitment to achieving Te Tiriti and equity goals.
- Sign-off of the interim Oranga Whānau outcomes framework that is now being developed to guide the operational approach to commissioning, partnering, influencing and monitoring.
- Public-facing community engagement.
- Relationships built with Māori providers.

“I can see how Te Aka Whai Ora will look in 12 months time and it’s beautiful”.

Commissioning and co-commissioning

Overall assessment: This is an area of significant concern for both the Board and executive and needs a high level of prioritisation. Commissioning activity and Māori provider service provision is tracking behind Government commitments. Te Aka Whai Ora leadership is working through a plan to ensure this is resolved in FY23/24.

The ability for Te Aka Whai Ora to directly commission and co-commission services to meet Māori needs was a key design feature of the new system and a lever to embed Te Tiriti and drive improved health and wellbeing outcomes for Māori.

Currently, Te Aka Whai Ora commissioning covers both ‘business-as-usual’ (BAU) funding (the transfer of ~\$350m of contracts from the Manatū Hauora and Te Whatu Ora) and the investment of new money from successive Budget announcements for ‘new initiatives’.

Across interviews with the Board and executive, commissioning in FY22/23 was noted as a key area of concern. The section below outlines the expectations, commitments, highlights and commentary on the issues that have led to a projected underspend.

Cabinet expectations, commitments and priorities relating to commissioning and co-commissioning are clear

- Te Aka Whai Ora should be a lead commissioning agency, with direct-commissioning powers, in relation to Māori services.
- Te Aka Whai Ora should act as a co-commissioner with Te Whatu Ora for other health services where there is a significant impact on Māori health outcomes and work jointly with Te Whatu Ora to ensure that hauora Māori is prioritised.
- Te Whatu Ora will work jointly with Te Aka Whai Ora to approve commissioning plans and priorities and will jointly develop major plans.

- Te Aka Whai Ora will lead nationwide Māori provider development and the expansion of kaupapa Māori services.
- Te Aka Whai Ora will influence and agree intended outcomes, set service expectations and initiatives to reduce bias, undertake monitoring, engage with iwi/Māori, and approve final plans and resource allocation.

Successive budgets have significantly invested in commissioning functions

- Budget 21: Te Aka Whai Ora received an initial multi-year commissioning budget of \$127m to develop kaupapa Māori services that meet Māori needs. This included \$15.5m approved to be commissioned and allocated in FY21/22.
- Budget 22: The announcement of a funding boost of \$71.6m in commissioning investments by Te Aka Whai Ora. Accounting for total uncommitted appropriations, Te Aka Whai Ora had a 'new initiative' commissioning budget of \$95.5m in FY22/23. See page 19 for further detail.

Milestones achieved to date

- The commissioning plan for FY21/22 was agreed upon and implemented. Related monitoring activity is occurring.
- Allocations for FY21/22 include \$12.4m in provider innovation and sustainability (149 providers); \$2.3m to expand Rongoā Māori services (30 existing, 4 new providers) and \$800k in exemplar projects.
- The commissioning plan for FY22/23 (against Budget 22 commitments) was agreed upon and is partly implemented.
- FY22/23 funding allocations have been determined and procurement processes have begun. Allocations include: uplift to seven per cent for all Māori providers; Mātauranga Māori/Rongoā funding, provider and workforce development funds, New Zealand Health Plan priority areas (Kahu Taurima, Oranga Hinengaro, cancers and long-term conditions).
- Some joint activity and early movement on co- commissioning and partnered commissioning is occurring.

Commissioning activity and Māori provider service provision is tracking behind Government commitments for FY22/23

- An initial Budget 22 commissioning investment plan was developed in June 2022. This was presented to the Board several times before an August 2022 decision was made that allocated 75% of the Budget 22 commitment, with a decision on the remaining 25% made in December 2022. As a result of the delayed decision making, little time was left to run procurement processes and establish provider contracts that would enable services to be delivered within FY22/23 to the full extent committed by the Government in Budget 22.

- The delay was, in part, due to Board expectations of new and innovative te ao Māori commissioning approaches along with a frustration that their advice/feedback was not being heeded. The Board held to these expectations of a commissioning team that was known to be understaffed.
- Additionally, on more than one occasion the Board has ‘leaned in’ to operations due to a lack of confidence and assurance in commissioning processes. For instance, a Board ‘working group’ was established to meet weekly and develop a commissioning outcomes framework and roadmap when deciding the allocation of the remaining 25% of the commissioning budget for FY22/23, pushing for contracts to be in place by Christmas 2022 and for delivering services by 30 June 2023.
- We acknowledge that there are occasions and periods of time where Boards ‘leaning in’ may be warranted and appropriate. This should be against a clear plan and process. It should also balance the demands on executives to develop new transformational thinking and approaches with the need to ensure base functions are rapidly established and bedded in. There is also a need to factor in demands on executives and their teams to service weekly meetings alongside delivery of the core functions.

“We [the Board] were uncomfortably and deeply involved in commissioning”.

- Commissioning teams were under resourced, well below the level required to take over existing Māori provider contracts and to commission new funding in a timely manner. The Board were aware of these constraints but maintained their expectations outlined earlier.
- Another contributing factor to the delays was the decision to hold back recruitment for permanent positions (a “recruitment freeze”), pending confirmation of the organisational structure and chart. Recruitment of permanent commissioning staff did not start until November 2022.
- This has occurred despite repeated recommendations to focus early on developing commissioning capacity and capability including from the independent assessment on Day One readiness by Deloitte in April 2022 and the Transition Programme Assurance Group in May 2022. See section three for further detail.
- Commissioning teams were mobilised in January 2023 but were temporarily redeployed to focus on short-term funding decisions relating to the extreme weather events in February 2023. This also impacted delivery against the Budget 22 commitments made by Government.
- There were varying opinions on the procurement methods that should be used for commissioning. Comments from the Board suggest alternative procurement options to an open Request for Proposal (RFP) process were preferred to accelerate commissioning, but were not acted upon. In some instances, this was because commissioning teams felt the provider market was largely unknown and so an RFP would help uncover and build this market.

Other issues uncovered include:

- The transfer of existing contracts has introduced a significant volume of contract management administration, including the impending renewal of 500+ contracts.

- There is currently no clear plan or process exists currently for determining how this will be managed, nor for balancing of effort and resource required between new commissioning and existing contact management which adds additional pressure on the commissioning teams (which are still in the process of forming centrally and in the regions).
- The negotiated staff transfers from Te Whatu Ora do not appear to have been driven by the critical capabilities required of Te Aka Whai Ora to deliver on its core functions (for example, staff with experience in managing provider contracts and services). It appears to have been primarily driven by a focus on acquiring Māori staff / teams.
- Materially, this has meant the management of Māori provider contracts transferred to Te Aka Whai Ora (approximately \$350m worth) is still handled by Te Whatu Ora commissioning staff, with Te Aka Whai Ora invoiced quarterly for this.
- We note that elements relating to consumer price index uplifts and payment relativity have had a Te Aka Whai Ora lens and review applied.
- As a result of the focus on new commissioning and existing contracts, co-commissioning with Te Whatu Ora has had a disproportionately low profile and attention, despite the exponentially larger budget covering a much wider range of services accessed by Māori that are either delivered or commissioned by Te Whatu Ora.
- The type of discretionary decisions and trade offs made by the Board and executive, such as not targeting critical commissioning capabilities in the transfers, has unfortunately impacted on the timely development of the capacity and capability of Te Aka Whai Ora to carry out the fundamental roles and deliver on Year One and Budget 22 expectations.

Appointed leadership have a clear plan going forward

Based on the approved organisation structure, commissioning now sits across three directorates:

1. Deputy Chief Executive, Service Development.
2. Deputy Chief Executive, Public and Population Health.
3. Deputy Chief Executive, Mātauranga Māori.

Between March and April 2023, the Board re-established weekly check-ins to ensure Budget 22 commissioning funding was being committed, allocated, and spent in a way that delivers on commitments made by the Minister. We understand these have recently stopped.

Going forward, we understand new ways of working are being established to ensure there is a single view of commissioning across the three directorates, including through the establishment of a lead national commissioner and steering group.

Recommendations	
Minister	<ul style="list-style-type: none"> An amended Letter of Expectations picking up on the major recommendations outlined throughout this high level assessment.
Te Aka Whai Ora leadership	<ul style="list-style-type: none"> Develop an urgent commissioning management plan, process and resourcing to address the impending high volume of Māori provider contract renewals. Prioritise the build of significant capability in the commissioning team and the associated development of commissioning model/frameworks. If required, include an injection of temporary capability and expertise to establish these frameworks, as well as exploring opportunities arising from Te Whatu Ora consultation process. Include greater coverage of the FY23/24 commissioning plan and associated progress reporting in Ministerial reporting. Develop a robust Year Two commissioning implementation plan, ahead of 30 June 2023, including deep consideration of resourcing, timing and delivery implications. Rollover the contracts coming up for renewal under existing terms and conditions to avoid/minimise any changes unless absolutely unavoidable. This will buy time to build internal capability, while providing certainty for providers. Phase in co-design and revamp of those contracts over time, in a manageable and prioritised manner. <p>Note: recommendations relating to governance and leadership can be found in 'Section 3: Other matters of significance'.</p>

Iwi-Māori Partnership Boards and localities planning

Overall assessment: This is an area requiring effort and resource. While 11 IMPBs have been established, the activation of IMPBs to deliver their functions as outlined in the legislation varies across the country and support is required to clarify and operationalise their ways of working with the system.

A landmark feature of the reformed health system is the presence of IMPBs which are expected to engage and voice the aspirations and priorities of Māori, agree locality priorities and plans with Te Whatu Ora and Te Aka Whai Ora and influence regionally through their relationship with Te Aka Whai Ora and Te Whatu Ora.

Cabinet expectations, commitments and priorities for IMPBs are clear

Te Aka Whai Ora has a critical role in supporting IMPBs both in their establishment, developing their capability, and in continuous support for IMPBs to carry out their intended functions as described in Cabinet expectations and legislation. Specifically Te Aka Whai Ora is expected to:

- Support IMPBs in the development of their capacity and capabilities.
- Support IMPBs carry out their functions and fulfil their role in the local system.
- Alongside Te Whatu Ora, provide all reasonable information to IMPBs to support them to monitor the performance of the health system in their relevant locality or localities.
- This support includes providing system leadership and may also include administrative, analytical or financial support such as providing mātauranga Māori strategic analysis, research and insight into kaupapa Māori services across the country, or any other services and resourcing to elevate IMPBs capability, functions and activities.

As outlined in the Statement of Performance Expectations, the performance priorities for Te Aka Whai Ora FY22/23 are:

1. IMPBs are established and supported.
2. Ways of working together are developed and communicated including working relationships with Te Whatu Ora and Te Aka Whai Ora.
3. A shared understanding of what success looks like for IMPBs and localities, and the Te Aka Whai Ora role in this.

Milestones achieved to date

- 11 IMPBs have been officially recognised under the Pae Ora (Healthy Futures) Act 2022 with four more in the process to be Gazetted.
- An additional two IMPBs (Tuhoe and Chatham Islands) are expected to be established in 2024.
- The establishment of IMPBs has shown that Te Aka Whai Ora can bring the collective voice of Iwi-Māori together in an unprecedented way and land agreement from multiple iwi and communities on how they might come together in a new structure and endeavour.
- Regional hui with IMPBs are now occurring, bringing them together for the first time to network and develop a shared understanding of their roles and common areas of interest.
- IMPBs were also invited to engage in the series of hui on the development of the interim hauora Māori strategy.

Ongoing investment in IMPBs

- In FY21/22, \$3m was available for IMPB establishment. This was a combination of \$1.5m from Budget 21 and \$1.5m matched funding by Manatū Hauora.
- Budget 22 saw annual funding for IMPBs rise to \$10.3m for secretariat, analytical and engagement-focused resource that would support IMPBs to fulfil their role in the new system.

The readiness of established IMPBs to engage and carry out the full suite of their functions varies

- There has been limited investment in dedicated capacity within Te Aka Whai Ora to stand up IMPBs. Just over 2 FTE were available to support establishment. This level of resourcing was inadequate given the level of support required to establish them, including navigating boundary issues, clarifying roles in the system, providing analytical support, and involvement in the Te Whatu Ora locality work programme.
- This has been acknowledged by the Chief Executive who gave assurance that forecasted underspend had been reprioritised to include greater support for IMPB establishment.
- IMPBs have had difficulty bolstering their own capacity and capability. Funding to IMPBs was distributed promptly, however, it has been reported IMPBs have experienced issues recruiting the level and capability of staff required to operationalise their functions.
- There is a lack of clarity around how IMPBs will give effect to their functions. We were advised that Te Aka Whai Ora has not provided sufficient support and guidance to IMPBs to develop their operating models. The concept of an IMPB operating model which will give clarity to how IMPBs might carry out their functions has been raised, and work on this is now getting underway (not a 'one-size-fits-all')
- There is also a level of expectation and relationship management required with IMPBs in terms of commissioning roles in the new system. Cabinet decisions were very clear that there are two commissioners in the new system – Te Whatu Ora and Te Aka Whai Ora. The IMPB influence comes in the development approval and monitoring of locality plans, within their respective areas, which is part of the commissioning process. This does not appear to be universally understood by IMPB members, and needs communicating.
- The readiness of IMPBs to engage in the system varies, with some more mature and keen to be exerting influence while others are still finding their feet. This readiness can reflect the familiarity and relationships of members at the table including, the level of access to data and insight of their local health environment, established community linkages, relationships with Te Whatu Ora and Te Aka Whai Ora decision makers, and a clear sense of the role and function of IMPBs. Ten months into the financial year, it was expected that IMPBs generally would have been supported by Te Aka Whai Ora to be at a more advanced level of readiness.

Recommendations

Te Aka Whai Ora leadership

- Urgently boost the capacity and capability of the Te Aka Whai Ora IMPB support functions to ensure critical assistance is available to get IMPBs underway.
- Clarify the tripartite agreement and expectations between IMPBs, Te Whatu Ora and Te Aka Whai Ora and their respective role in the system.
- Develop a clear roadmap by June 2023 for the activation of each IMPB, including how each will be supported to develop their operating models, build confidence in Te Aka Whai Ora as a backbone service provider, establish their thinking, and input into locality plans, strategies and policies.

Recommendations

- Prepare and support IMPBs to engage with (and respond to multiple requests from) Te Whatu Ora, including participation in appropriate locality and sector planning.
- Bring together, engage and support IMPBs across the motu on their role in informing Te Aka Whai Ora strategy work, and monitoring Te Aka Whai Ora performance against Iwi/Māori expectations.

Monitoring with particular regard to Te Whatu Ora

Overall assessment: Monitoring is an area that is currently underdeveloped. While a theoretical framework has been developed, implementation and independence issues continue to be worked through.

The fundamental role of Te Aka Whai Ora is to drive hauora Māori improvement through its own actions as well as acting in partnership with the other key entities in the system. The monitoring function of Te Aka Whai Ora is a powerful lever to monitor the system for Māori health outcomes including Te Whatu Ora to account and monitor its performance against its Māori Health Plan (as embedded in Te Pae Tata).

Monitoring was raised as an area of concern throughout the governance and executive interviews. Although it was noted that some progress has been made, the monitoring function is still largely in its establishment phase with implementation taking longer than anticipated. This has not been prioritised to date.

The section below outlines the expectations, commitments, highlights and commentary on the issues that have led to the delayed implementation of the monitoring function.

Cabinet commitments, expectations and priorities relating to Te Aka Whai Ora monitoring function

- Te Aka Whai Ora will monitor the performance of hauora Māori services by Te Whatu Ora against the Māori Health Plan, which is agreed between Te Whatu Ora and Te Aka Whai Ora, and will manage delivery in partnership with Manatū Hauora.
- Te Aka Whai Ora will partner with Manatū Hauora to monitor performance of the overall system with respect to hauora Māori objectives, outcomes and health inequities, and will work in partnership to develop and embed the health sector accountability framework.

“There are huge opportunities for latitude and independence”.

Milestones achieved to date

- The Māori Health Plan was jointly agreed by Te Aka Whai Ora and Te Aka Whai Ora and is embedded in Te Pae Tata. The Plan, published December 2022, forms the basis of the Te Aka Whai Ora monitoring framework and Te Whatu Ora delivery of hauora Māori services.
- The first monitoring report on the jointly agreed Māori Health Improvement Plan was presented to the Board in April 2023 which focussed on the accountabilities of both Te Aka Whai Ora and Te Whatu Ora.
- Although it took longer than anticipated, the conceptual and theoretical thinking of the monitoring framework was landed in late 2022 and more work on the formal monitoring model is currently underway.
- A Board sub-committee for monitoring has been established to provide oversight and recommendations in this space. However, this sub-committee has yet to have its first meeting. It is also anticipated that this sub-committee will ensure a level of independence for this function in the future.
- Good engagement has taken place with Manatū Hauora with regards to the roles and responsibilities relating to respective monitoring functions for the entities.

Te Aka Whai Ora can better leverage its monitoring powers with regards to Te Whatu Ora and it's Māori Health Plan, and Māori health outcomes

- There have been delays in the development of the monitoring framework due insufficient investment in resource (capacity) and capability in the monitoring team. This was not helped when the interim Deputy Chief Executive, Monitoring had to reallocate time in late 2022 to support the establishment of the commissioning function. It was noted that contractors have been employed in the interim to boost this team in the short term.
- Te Aka Whai Ora cannot yet monitor Te Whatu Ora in the way it was intended.
- Following the conceptual framework that was landed in late 2022, the first draft report on the monitoring framework and implementation plan was presented to the Board in April 2023.
- We have sighted the Te Aka Whai Ora 'strawperson' monitoring framework. This outlines the approach to establishing a baseline monitoring framework and also the approach to developing the emerging monitoring framework and next steps for implementation.
- There was initial tension in the relationship between Te Aka Whai Ora and Manatū Hauora with regard to their respective roles of monitoring in the system. However, both parties are currently working through this and reports are both entities are rebuilding a positive relationship in this space.
- There has been a level of misunderstanding on the role of Te Aka Whai Ora as it relates to monitoring with Te Aka Whai Ora seeking to include monitoring Manatū Hauora as part of its remit in the past. However, this was never part of the Te Aka Whai Ora monitoring function as agreed by Cabinet.

- A level of independence in the monitoring function of Te Aka Whai Ora is required in order to provide an objective assessment of performance. This independence has been raised and considered in the context of both governance (joint Board committee) and operational roles. While there has been some insight and clarity gained, the appropriate level and means of independence has yet to be settled.
- Concerns have also been raised relating to the transfers of staff from Te Whatu Ora to Te Aka Whai Ora and the effect this could have on the monitoring function of Te Aka Whai Ora. We are advised the focus was primarily driven by the desire to acquire (transfer) Māori staff and teams to Te Aka Whai Ora. Currently, Te Whatu Ora jointly agree priorities and key performance indicators with and ask for feedback from Te Aka Whai Ora Māori staff on the management of Māori services and service commissioning. The greater the level of dependence on Te Aka Whai Ora, the greater the potential to blunt the independence of the monitoring function of Te Aka Whai Ora. This will remain the case until the co-commissioning arrangements are worked out in detail, including clear plans to mitigate conflicts and preserve monitoring independence.
- There is a resource and capability shortage in the monitoring team. No staff with monitoring expertise or experience were proactively identified for transfer to Te Aka Whai Ora, which was a missed opportunity.
- This remains the only directorate with a tier 2 role not yet permanently appointed.

Recommendations

Te Aka Whai Ora leadership

- Prioritise the implementation of an initial monitoring framework by June 2023 covering Te Whatu Ora progress and performance against their Māori Health Plan (as embedded within Te Pae Tata).
- Urgently build resource and capability within the monitoring team, including recruiting a permanent Deputy Chief Executive.
- Engage with Audit NZ on an appropriate and reasonable level of independence for the monitoring function at Board and executive levels, and the separation between the monitoring and learning functions and that of commissioning.
- Develop a detailed Relationship Agreement with Te Whatu Ora that defines how both parties will work together (at national, regional and local levels) on interfaces between the two operating models, agreed operational activities and frameworks, commissioning and co-commissioning, performance measurement, and the management of conflicts that may arise (including from a monitoring perspective).

Implementation plan for years one and two

Overall assessment: Organisation-wide planning and prioritisation work for FY22/23 is evident, but below the level of the SOI and SPE, it has not been sufficient to effectively deliver on government commitments. This is an area for significant improvement to drive future performance.

A key deliverable in the Letter of Expectations to the then interim Māori Health Authority was the development of a detailed workplan that outlined the path to Day 1 and at least the first six months post-1 July 2022. We have seen the interim establishment plan to Day 1 and that developed on July 22.

The interim establishment plan noted the development of the operating model, recruitment of tier 2 leadership, and key areas of capability as priorities in the establishment of the organisation. While we note most areas have at least started, commentary from the executive was that this plan was not followed or updated, and that the organisation is well behind where it might have been if things had been put in place earlier.

“Any alignment with the plan is by default rather than design”.

Currently, strategic planning and prioritisation is dispersed across number of documents

- As part of this high-level assessment, we tried to source a Board-approved implementation plan that outlined the Year One priorities for Te Aka Whai Ora and set out the detail on how these will be planned, delivered, managed and monitored (with regards to activities, timeframes, resources, accountabilities, and performance). We were looking for a ‘living’ planning document is guiding Board and executive strategic prioritisation, decision- making and trade-offs throughout the year. There appears to be no such overarching plan.
- We understand this level of detailed strategic and business planning for FY22/23 has not occurred and is instead dispersed across multiple sources and accountability documents including the Statement of Performance Expectations, the Statement of Intent and Te Pae Tata which all came into effect around Q2 of FY22/23.
- Given the high level of expectations, the scale of establishment tasks, the inherited and new commissioning, core roles around strategy, policy, monitoring and supporting IMPBs, let alone joint/shared roles with Manatū Hauora and Te Whatu Ora, the need for a highly prioritised and robustly monitored Year One implementation plan should be critical to guide Board and executive decision making, progress, tracking, prioritisation trade offs, and accountabilities for performance management.
- We are advised there is monthly Board reporting by the Chief Executive and team on priorities, progress and performance.
- Despite this, multiple interviews indicated the strategic planning orientation needs strengthening as the executive are constantly occupied by a short term focus on issues of the moment, distracting attention from critical Year One deliverables.

FY23/24 business planning process for Te Aka Whai Ora must clearly outline the path forward

- We understand business planning for FY23/24 is underway now with the appointment of all Deputy Chief Executives (apart from DCE Monitoring), tier 3 and 4 leadership, and the close of the consultation process.
- It is paramount that the Board and executive focus on what must be achieved over the next 18 months, and how this will be done, including individual accountabilities.
- An enterprise programme management office (ePMO) or equivalent change/transformation function, would aid focus and oversight of the planning and implementation of critical establishment and transition deliverables.

Recommendations

Te Aka Whai Ora leadership

- Develop a comprehensive and robust Year Two implementation plan, ahead of 30 June 2023. To form the basis of Board oversight and monitoring, strategic prioritisation, individual accountabilities, workplans, and reporting to Ministers.
- Re-establish an ePMO (or equivalent) to oversee and track Te Aka Whai Ora progress against key priority deliverables.

Delivery against Budget 22 announcements

Overall assessment: Projected underspend from finance of approximately \$66m meaning the highly anticipated boost in service for Māori will not be fully realised in FY22/23. Acknowledgement this is due to a myriad of factors outlined throughout the assessment. Focus and prioritisation required on Budget 24 bid process going forward.

Ministerial announcements noted the clear need to drive equitable outcomes for whānau and communities, and the funding allocated in Budget 22 reflected this. The table below outlines Budget 22 commitments and the appropriation breakdown.

Budget 22 Activity	Budget Allocated
Te Pae Tata priority areas including workforce development	29,332
Māori primary and community providers	12,983
Te Ao Māori solutions, Mātauranga Māori and Population health including workforce development	17,598
Support innovation, workforce development and whānau voice	11,732
Commissioning TOTAL	71,600
Activity (Information Requested – Appropriation Breakdown)	Budget Allocated
New Initiatives	95,530*
IMPBs	10,286
Legacy DHB Contracts	350,454
Legacy MoH Contracts	31,967
Operational Expenditure	65,480
Commissioning funding (mainly one-off transfers from year prior)	11,685
TOTAL	565,402

*Appropriation includes \$71,600 from Budget 2022 and 'carry over' from FY21 (i.e. total unallocated appropriations for FY22/23). Note 75% of the New Initiatives money was agreed and allocated in August 2022 while the remaining 25% was approved in December 2022.

Source: Budget 22 Announcement and Te Aka Whai Ora Excel : "Untitled"

A myriad of factors has led to a projected underspend of \$66m and therefore under delivery of promised services in FY22/23

- Budget 22 was an intentional investment towards the Government's aspirations and commitments to a range of new and strengthened services being made available to Māori whānau and communities in FY22/23.
- New and enhanced services flagged by Ministers in Budget 22 announcements for delivery this year will not be fully achieved.
- Delays in getting decisions on commissioning plans and commissioning teams in place mean approximately \$66m of these services will not materialise until FY23/24.
- Commitments covering all of Budget 22 will be made this year, but the late timing of the procurement means that this proportion of new initiative funding will not translate into services until next financial year.
- Extensive work has been done to date to monitor and track budget allocation against Budget 22 initiatives through an investment tracker. This has been a joint project between the Planning and Performance, Commissioning, and Finance teams.
- Going forward, the teams are working through the roles, responsibilities and process to manage and track expenditure.

- Interviews highlighted that there is discussion to be had as to the extent to which funds can be reallocated towards IMPBs and winter preparedness initiatives, though this is not in line with Government commitments for this funding.
- The Board was clear that one-off use of any underspend carried over to FY23/24 is not sustainable funding and commissioning expectations must be managed accordingly.

The Budget 24 multi-year funding approach requires the full confidence of relevant Ministers in order to be supported

- In October 2021, Cabinet agreed to establish a multi-year funding arrangement for Vote Health from Budget 24 onwards. This comprises:
 - three-years of fixed funding to cover all cost pressures and new investments in the health system and;
 - an indicative funding commitment from Year Four to Six to support long-term sector planning and investment prioritisation.
- The proposed approach moves away from historic fixed nominal baselines and the annual Budget process towards a multi-year arrangement that gives more certainty and focus to address long terms outcomes. It is dependent on Ministers having full confidence that all required settings, agency capabilities and checks and balances are in place.
- We note that the likely Treasury response to a bid will be informed by progress of current delivery against Budget 22 (via commissioning) and achievement of pre-conditions.
- The current underperformance in commissioning has been raised as a concern. The remediation plan and rapid development of commissioning capacity, capability and performance will be important factors to concentrate upon in order to provide confidence that this is a temporary issue which will be resolved in the next six months.
- We have sighted documentation outlining the programme of work that will inform a Budget 2024 bid and note that this will be a key focus for the next six months.
- Going forward, this will require that the Board’s focus to be on the strategic direction and deliverables is appropriately balanced with short term imperatives.

Recommendations

Te Aka Whai Ora leadership

- Early development and approval of a clear commissioning investment plan for FY23/24, inclusive of the ‘effective’ one-off spend carried over, by 30 June 2023
- To then be translated into internal workplans, with resourcing, timeframes and accountabilities

Development of the Hauora Māori Strategy with Manatū Hauora

Overall assessment: The interim Hauora Māori Strategy is expected to be delivered by June 2023. However, tensions described between Manatū Hauora and Te Aka Whai Ora teams require an intentional reset of the ways of working.

The development of the interim Māori Health Strategy (the Strategy) between Te Aka Whai Ora and Manatū Hauora is on track for delivery in June 2023. However, apparent tension between the two organisations warrants an intentional reset of ways of working.

Cabinet commitments, expectations and priorities

- The Pae Ora (Healthy Futures) Act 2022 requires a Hauora Māori Strategy be jointly prepared by Te Aka Whai Ora and Manatū Hauora to provide a framework to guide health entities in improving Māori outcomes.
- It is noted this is also a pre-condition for the Budget 24 bid.

Milestones achieved to date

- Four very successful wānanga have taken place with whānau and communities across the country.
- Conversations and discussions between Te Aka Whai Ora and Manatū Hauora have progressed in this space over time.
- Te Aka Whai Ora believes it has the right level of capacity and capability dedicated to the development of the Strategy.

There is minimal delivery risk of the Strategy

- During interviews with executive members of both entities, it was determined that there is no immediate risk to the delivery of this interim strategy and therefore Ministers should have confidence it will be delivered by June 2024.

There is a need for a relationship reset

- Although the Hauora Māori Strategy is on track for delivery, a number of issues and concerns relating to the current relationship between the respective entities at a management level (in this area) were raised during the interviews (relationships at other levels have been noted as effective and cordial).
- This stems from differing views on how the Strategy development process should be run. The intention was that this process should be jointly run, however in reality this has not occurred to the extent expected.

- Reasons vary from capacity constraints, delays in decision making, and the differing cultural dynamic of the organisations – one (Manatū Hauora) is familiar and experienced with such development processes and is taking a more BAU approach and the other (Te Aka Whai Ora) is still finding its feet, seeking a new way of doing things and taking a system change approach, along with a ‘culture of independence’.

Recommendations

Te Aka Whai Ora leadership

- Reset the relationship with Manatū Hauora Strategy team (as was done with the monitoring function). Go back to the reform intent and work forward from there, identifying opportunities to align approaches and leverage the strengths of both parties.

Other matters of significance

Cross-cutting issues that can guide Te Aka Whai Ora

This assessment identified key 'cross-cutting' issues that warrant attention as Te Aka Whai Ora looks to reset

Across the areas of focus identified by the Minister of Health, key themes arose which warrant further exploration. These include:

- Leadership at both governance and executive levels.
- People and capacity.
- Ministerial requests.

Governance

Overall assessment: The Te Aka Whai Ora Board is passionate and committed but may need to re-balance its delivery priorities in the context of its operating environment and establishment imperatives.

It is clear the Board comprises deeply passionate and committed individuals who are determined to see Te Aka Whai Ora realise its aspirations of embedding Te Tiriti in the health system and improving health outcomes for Māori.

Due to the new and unique role and functions of Te Aka Whai Ora in the reformed system, Board members reported a deep need and desire to ensure all elements of Te Aka Whai Ora are grounded in new, distinctly te ao Māori thinking and framing.

Key insights identified

- The Board has been through periods of change since its establishment including members from the interim Board completing their terms and the appointment one new member, and the resignation of another member in December 2022. It was noted that the Board is currently awaiting the appointment of two more members.

- It has not been uncommon for there to be a discrepancy between what the Board expects in papers and what it receives. This has led to a feeling that their advice and direction has not been heeded and reflected in executive thinking.
- The desire to undertake 'deep thinking' on new approaches and business models to drive change has at times needed balancing with the pressing need to keep things simple in order to rapidly establish the set of core foundations and systems required for key functions.
- Interviews revealed that the Board has stepped closer in to management and an operational mode at times. This appears to be when it has not had confidence in delivery by the executive or sought to bring specialist knowledge or experience to bear, such as commissioning. There are differing views and levels of comfort with this, particularly in the absence of a strategically focused plan against which Board oversight, monitoring and decision-making is gauged. Concern was also expressed at the levels of detail Board members are delving into.

"We're more involved than a Board should be and in a lot of the detail...however this is understandable due to our 'start-up' nature".

- A counter-point raised to this level of Board involvement was that the Board should be holding the Chief Executive and management to account for performance and delivery issues, through the use of a robust and appropriate accountability framework.
- Familiarity with public sector and machinery of government conduct, and associated expectations for an independent statutory entity such as Te Aka Whai Ora, was identified as an area where greater experience would be beneficial to the Board.
- Some of the core reform tenets may need revisiting as well, as the Board and executive have occasionally challenged or sought to redesign elements of the system that are beyond Te Aka Whai Ora core business (such as monitoring Mānatu Hauora performance).
- Board members raised concerns about delays in the establishment of a governance-level strategic risk framework, that has been requested of executive.
- There are intensive demands on the executive and their teams currently, compounded by known challenges with capacity, capability, enabling systems and delivery. Given this, it would be appropriate for the Board to take a stronger role in demanding prioritisation of effort and focus on the absolute core priorities, along with ensuring the necessary trade-offs.
- The organisation is operating under considerable pressure. The concerns raised spoke to a combination of demanding expectations, capacity constraints, a fluid environment, and a high degree of reactive activity (executives spoke of being driven by/to the next big issue rather than strategic imperatives). Executives spoke to a commitment to the cause which drives them and their staff, but the workload is not sustainable. It is important that the Board and Chief Executive move to address this with some urgency, as noted above.
- Several Board members raised the need to undertake a formal governance review, including examination of structures, roles, the current governance-management demarcation, associated demands on executive time, alternative means of driving performance accountability and identification of Board training opportunities.

Recommendations	
Te Aka Whai Ora leadership	<ul style="list-style-type: none"> • Undertake an urgent assessment of current priorities and delivery requirements, against current capacity and capability constraints and risks. Work with the executive on an agreed, stripped back plan through to 30 June 2023 and into early FY23/24. • Prioritise strategic risk identification and management, through the Audit, Accountability & Assurance Committee (or equivalent), with a focus on capability and capacity challenges impacting core functions. • Implement and act upon a strengthened performance accountability framework and measures for the Chief Executive and the executive. Focus areas include planning, commissioning and monitoring functions; capability and capacity development; bedding in of critical enabling systems and processes; and shifting the baseline organisational work patterns from reactive (urgent, unplanned, overloading) to planned, prioritised and resourced. • Undertake a formal governance review, covering the matters raised in this high-level assessment.

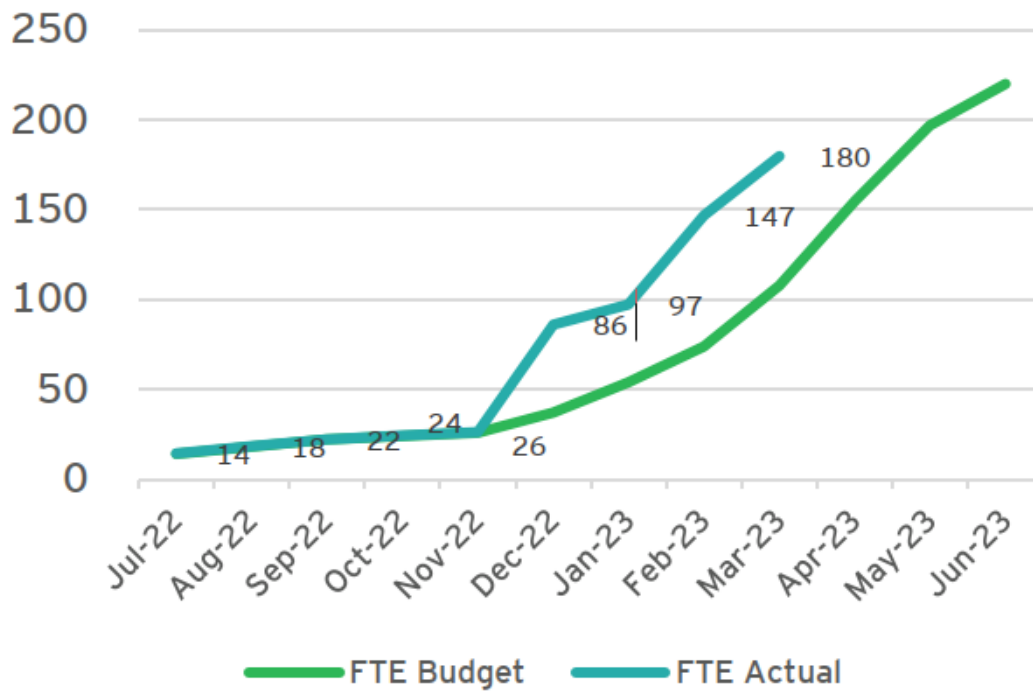
People and capability

Overall assessment: This is an area that is lacking and requires concerted effort and attention to ensure Te Aka Whai Ora has the capacity and capability to deliver on its core functions.

Establishment and delivery expectations of Te Aka Whai Ora for its first two years were high. The Letter of Expectations to the interim Māori Health Authority signalled Te Aka Whai Ora needed to “design and set up an organisation which will be equipped to fulfil its strategic partnering, planning, commissioning and development roles”. Additionally, the assessment on Day One readiness by Deloitte in 2022 also signalled that building commissioning capability quickly was critical for success.

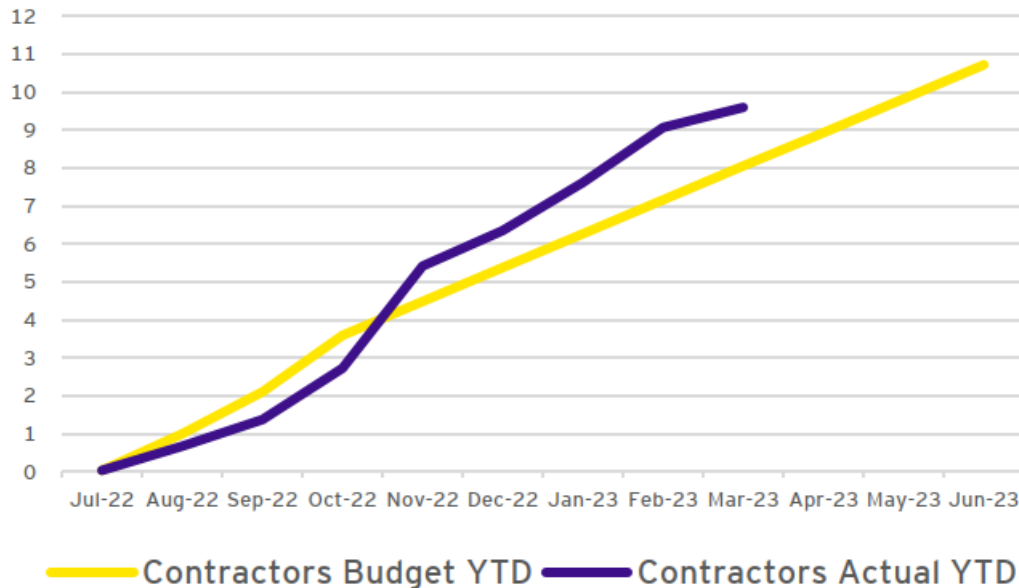
A recurring theme across interviews was the level of passion and commitment to the kaupapa across Te Aka Whai Ora. As noted earlier however, capacity and capability constraints have hindered delivery on key focus areas and priorities. The organisation has been working hard to deliver on expectations with limited means. Figure 1 shows that, until November 2022, Te Aka Whai Ora had under 30 FTE to deliver on its ambitious work programme, although these were supplemented by contractors, as per Figure 2.

Figure 1: Te Aka Whai Ora FTE across FY22/23



Source: Te Aka Whai Ora Excel : "HMAC info requested.xlsx"

Figure 2: Cumulative contractors FY22/23



Source: Te Aka Whai Ora Excel : "HMAC info requested.xlsx"

Issues in building capacity and capability stem, in part, from executive decisions relating to delays in setting an operating model and organisation structure, a related 'recruitment freeze' on permanent positions (until structure was finalised), the approach to transfers from Te Whatu Ora that did not prioritise capability requirements, and an early signal for the organisation to stay 'lean'. On this last point, some Board members raised this topic and their view that there was no need to stay lean given the magnitude of the task ahead.

Additionally, a competitive job market and political discourse on the future of Te Aka Whai Ora increased the recruitment challenges.

Overall, there has been insufficient internal capacity and capability to deliver key functions

- Delayed finalisation of the organisation structure and tier 2 appointments. It was reported the executive had reached an agreement on the organisation structure in August 2022, however this was not officially approved by the Board until 7 December 2022. Some appointments of permanent tier 2 leaders were not finalised until February 2023 – eight months into the financial year (the Deputy Chief Executive, Monitoring has yet to be appointed). This impacted the recruitment of staff across Te Aka Whai Ora and commissioning, strategy and policy leaders started to bring in contractors in the interim.
- Misalignment between staff transfers and capability needs. Staff transfers were also noted as a key reason to hold off on recruitment, as it was anticipated they would be able to map into the roles required. As seen in Figure 1, these were a key reason for FTE growth over FY22/23. However, several interviewees noted a large discrepancy between the capability required to deliver functions and that which transferred over.
- Concerns were also raised that the transfers of Māori health staff from the former DHBs has resulted in diminishing Te Whatu Ora Māori capability. Given a large proportion of the Māori population use services delivered or commissioned by Te Whatu Ora, this is an important capability for Te Whatu Ora to have.
- As noted earlier, the wholesale transfer of Māori staff also introduces implications for the independence of the Te Aka Whai Ora monitoring function.
- Significant workloads preventing forward planning. All executives reported extremely heavy workloads, a sense of fire-fighting and simply moving from one urgent matter to the next. There seems to be limited capacity to forward plan, prioritise, and shift resource to free up time and headspace to think, make strategic trade-offs, and track against a single agreed plan with the Board.
- Conflict between delivery expectation of staff and values. The executive praised staff dedication to the Te Aka Whai Ora kaupapa, noting many have been working long hours to meet delivery expectations. Equally, concerns were raised about staff wellbeing and the conflict with core organisational values, as the sheer volume of work is not sustainable and threatens burnout.
- Challenges with onboarding and building culture. Interviewees noted that the influx and scale of staff transfers has introduced difficulties in building a distinctive culture that aligns staff to the unique kaupapa of Te Aka Whai Ora. This has also highlighted a variable understanding across these staff of the strategic role of Te Aka Whai Ora in the reformed system. This lack of understanding has surfaced in papers received by executives that are not well aligned to reform intent, resulting in the need for re-work and delays in decision-making.

Strengthening the enabling functions of Te Aka Whai Ora

- Delayed establishment of enabling functions had material impacts on their ability to support the organisation. The limited HR capacity and finance functions were highlighted. It was reported that three seconded HR staff were responsible for the Te Aka Whai Ora recruitment process, which is insufficient for an new organisation that had requirements to scale up at speed.
- The Finance team within Te Aka Whai Ora has a number of partner entities supporting their functions, including Sector Operations, Health Source and previously the Auckland District Health Board. To get an accurate view and understanding of expenditure, information from across these partner organisations must come together.
- Concerns were also raised that current financial systems have made it difficult to access accurate financial information within the organisation. It has been reported this process is 'coming along' but overall this has been a challenge. We note that the finance function has commissioned independent (internal audit) advice from PwC to ensure a focus on policies, systems and processes is in place.
- Issues with communications capability and capacity. The focus of this team has been described as being too reactive and transactional, lacking a strategic lens and approach to help shape the narrative for the Board, Ministers, the Māori health sector and other stakeholders.

Recommendations

Te Aka Whai Ora leadership

- Implement an urgent remediation plan for enabling functions including HR, Planning and Finance.
- Prioritise an immediate boost to HR capability to support onboarding and effective induction of new staff and teams into their roles and functions within Te Aka Whai Ora.
- Prioritise resourcing of critical capabilities Te Aka Whai Ora requires for delivery on Government commitments and strategic priorities (i.e. Planning, Commissioning, Monitoring and IMPBs).
- Commit additional support to plan and manage the significant increase in the commissioning workload anticipated with the impending renewal of existing provider contracts. Use this to drive team development and creation of critical business processes and controls.
- Strengthen the communications function to deliver a greater level of strategic focus, support and delivery for the Board, executive and business.

Ministerial requests

Through the governance and executive interviews, other recommendations were identified beyond the focus areas of this report. One of these relates to comments made by different members of the executive about the demands of servicing the information requests coming from the offices of the four health Ministers.

One of the key commissioning executives noted that up to 60% of their time was currently spent on Ministerial business (aide mémoires, memos, briefings, information for Ministerial site visits and events, talking points, Official Information Act requests, parliamentary questions, and so forth).

At a time when the organisation is under significant pressure to deliver on current expectations, any opportunity to streamline the requests from the four offices may assist Te Aka Whai Ora to focus resource on its urgent priorities.

The high volume of requests reported from other sources may well be related to the impending General Election, which means they may well reduce in volume later this year.

Recommendations	
Minister	<ul style="list-style-type: none"> • Coordinate requests coming to Te Aka Whai Ora from the offices of the four health Ministers.
Te Aka Whai Ora leadership	<ul style="list-style-type: none"> • Increase capacity in the communications team to proactively release relevant information to prevent these requests. • Build temporary additional capacity in the organisation to respond to Ministerial requests in a timely manner.

Summary of recommendations and advice

The section below has sequenced the recommendations outlined in this report to guide the key priorities and advice that should be undertaken “Now” (within the next 0-6 months and “Next” (within the next 6-12 Months). We recommend that accountability for actioning the below recommendations is allocated to specific individuals and informs the Te Aka Whai Ora FY23/24 business planning process.

Now: 0-6 months

Focus area	Recommendations/advice
Commissioning	<ul style="list-style-type: none"> Minister of Health to send an amended Letter of Expectations to the Te Aka Whai Ora Board that outlines the major recommendations outlined throughout this high-level assessment. Te Aka Whai Ora needs to develop an urgent commissioning management plan and process, and increase resourcing to address the impending high volume of Māori provider contract renewals. Te Aka Whai Ora needs to prioritise the build of significant capability in the commissioning team and the associated development of the commissioning model/frameworks. If required, include an injection of temporary capability and expertise to establish these frameworks, as well as exploring opportunities arising from Te Whatu Ora consultation process.
IMPBs	<ul style="list-style-type: none"> Te Aka Whai Ora needs to urgently boost the capability and capacity of its IMPB support functions to ensure critical assistance is available to get IMPBs underway. Te Aka Whai Ora needs to clarify the tripartite agreement and expectations between IMPBs, Te Whatu Ora and Te Aka Whai Ora and their respective roles in the system. Te Aka Whai Ora needs a clear roadmap for Year Two by June 2023 for the activation of each IMPB, including how each will be supported to develop their operating models, build confidence in Te Aka Whai Ora as a backbone service provider, establish their thinking, and input into locality plans, strategies and policies.
Monitoring	<ul style="list-style-type: none"> Te Aka Whai Ora must prioritise the implementation of an initial monitoring framework by June 2023 covering Te Whatu Ora progress and performance against their Māori Health Plan (as embedded within Te Pae Tata).

Focus area	Recommendations/advice
	<ul style="list-style-type: none"> Te Aka Whai Ora must urgently build resource and capability within the monitoring team, including the recruitment of a permanent Deputy Chief Executive, Monitoring.
Implementation plan	<ul style="list-style-type: none"> Te Aka Whai Ora must develop a comprehensive and robust Year Two implementation plan, ahead of 30 June 2023. This should then form the basis of Board oversight and monitoring, strategic prioritisation, individual accountabilities, workplans, and reporting to health Ministers. Te Aka Whai order should re-establish an ePMO to manage and track Te Aka Whai Ora progress against key priority areas and streamline executive time.
Budget 22	<ul style="list-style-type: none"> Te Aka Whai Ora need to work on the early development and approval of a clear commissioning investment plan for FY23/24, inclusive of the 'effective' one-off spend carried over, by 30 June 2022, to then be translated into internal workplans, with resourcing, timeframes and accountabilities.
Hauora Māori Strategy	<ul style="list-style-type: none"> Te Aka Whai Ora needs to reset its relationship with the Manatū Hauora Strategy team (as was done with the monitoring function). Both parties need to look back to the reform intent and work forward from there to identify opportunities where they can align approach and leverage strengths.
Governance	<ul style="list-style-type: none"> Te Aka Whai Ora must urgently undertake an assessment of the current priorities and delivery requirements, against current capacity and capability constraints and risks. Work with the executive on an agreed, stripped back plan through to 30 June 2023 and into early FY23/24. Te Aka Whai Ora needs to prioritise strategic risk identification and management, through the Audit, Accountability & Assurance Committee (or equivalent), with a focus on capability and capacity challenges impacting core functions.
People and capability	<ul style="list-style-type: none"> Te Aka Whai Ora must urgently implement a remediation plan for its enabling functions including HR, Planning and Finance. Te Aka Whai Ora needs to prioritise an immediate boost to HR capability to support onboarding and effective induction of new staff and teams into their roles and functions. Te Aka Whai Ora needs to prioritise the resourcing of the critical capabilities it requires for delivery on Government commitments and strategic priorities (i.e. Planning, Commissioning, Monitoring and IMPBs). Te Aka Whai Ora needs to commit additional support to plan and manage the anticipated significant increase in the commissioning workload anticipated with the impending renewal of existing provider contracts. Use this to drive team development and creation of critical business processes and controls.

Now: 6-12 months

Focus area	Recommendations/advice
Commissioning	<ul style="list-style-type: none"> • Future quarterly reports to health Ministers need to include greater coverage of the FY23/24 commissioning plan and associated progress reporting in Ministerial reporting. • Te Aka Whai Ora must develop a robust year two commissioning implementation plan, ahead of 30 June 2023, including deep consideration of resourcing, timing, and delivery implications. • The commissioning team needs to rollover the contracts that are coming up for renewal under existing terms and conditions to avoid/minimise any changes unless absolutely unavoidable. This will buy time to build internal capability, while providing certainty for providers. • Te Aka Whai Ora should phase in co-design and revamp of those contracts over time, in a manageable and prioritised manner.
IMPBs	<ul style="list-style-type: none"> • Te Aka Whai Ora needs to prepare and support IMPBs to engage with (and respond to multiple requests from) Te Whatu Ora, including participation in appropriate locality and sector planning. • Te Aka Whai Ora needs to bring together, engage and support IMPBs across the motu on their role in informing Te Aka Whai Ora strategy work, and monitoring Te Aka Whai Ora performance against Iwi/Māori expectations.
Monitoring	<ul style="list-style-type: none"> • Te Aka Whai Ora should continue to engage with Audit NZ on an appropriate and reasonable level of independence for the monitoring function at Board and executive levels, and the separation between the monitoring and learning functions and that of commissioning. • Te Aka Whai Ora needs to develop a detailed Relationship Agreement with Te Whatu Ora that defines how both parties will work together (at national, regional and local levels) on interfaces between the two operating models, agreed operational activities and frameworks, commissioning and co-commissioning, performance measurement, and the management of conflicts that may arise (including from a monitoring perspective).
Governance	<ul style="list-style-type: none"> • Te Aka Whai Ora needs to implement and act upon a strengthened performance accountability framework and measures for the Chief Executive and executive team. Focus areas include planning, commissioning and monitoring functions; capability and capacity development; bedding in of critical enabling systems and processes; and shifting the baseline organisational work patterns from reactive (urgent, unplanned, overloading) to planned, prioritised and resourced. • Te Aka Whai Ora needs to undertake a formal governance review, covering the matters raised in this high-level assessment.
People and capability	<ul style="list-style-type: none"> • Te Aka Whai Ora needs to strengthen its communications function to deliver a greater level of strategic focus, support and delivery for the Board, executive and its wider teams.
Ministerial requests	<ul style="list-style-type: none"> • There is a need to coordinate requests coming to Te Aka Whai Ora from the offices of the four health Ministers. • Te Aka Whai Ora needs to increase capacity in its communications team to proactively release relevant information to prevent these requests. • Te Aka Whai Ora needs to build capability in the wider organisation to respond to Ministerial requests in a timely manner.

Appendix A: List of personnel interviewed

It is worth noting and acknowledging the candid nature with which the interviewees responded to this assessment. This was appreciated, given the significant and pressing workloads at this point in time. The free and frank nature of the interviews provided key insight on the focus areas and informed the core recommendations provided in this report.

Name	Role
Riana Manuel	Chief Executive
Tipa Mahuta	Chair, Te Aka Whai Ora Board
Dr Mataroria Lyndon	Member, Te Aka Whai Ora Board
Dr Sue Crengle	Member, Te Aka Whai Ora Board
Awerangi Tamihere	Member, Te Aka Whai Ora Board
Fiona Pimm	Member, Te Aka Whai Ora Board
Steven McJorow	Member, Te Aka Whai Ora Board
Kingi Kiriona	Deputy Chief Executive, Mātauranga Māori
Craig Owen	Deputy Chief Executive, Governance and Advisory Services
Merewaakana Kingi	Deputy Chief Executive, Finance and Support
Jade Sewell	Deputy Chief Executive, Service Development
Juanita Te Kani	Deputy Chief Executive, Systems, Strategy and Policy
John Whaanga	Deputy Director-General, Māori Health (Manatū Hauora)
Nigel Chee	Acting Deputy Chief Executive, Monitoring
Mara Andrews	Chief Advisor, Systems, Strategy and Policy
Sharon Shea	Former member, Te Aka Whai Ora Board

A number of follow up conversations were conducted following the interviews to get clarity of and further insights into commissioning, finance and Budget information and the implementation plan.

Name	Role
Mara Andrews	Chief Advisor, Systems, Strategy and Policy
Anna Berwick	Group Manager, Performance and Planning
Mark Keenan	Group Manager, Finance

Appendix B: List of documents reviewed and received

Document title	Source	Date received	Ref.
09 May 2022 - SWC Health Reforms final checkpoint report	Public		1
07a October 0221 - Health reform progress and implementation update	Public		2
210325 Health system reform - Final for Cabinet	Public		3
07 September 2021 Final Health and Disability Review further policy	Public		4
decisions for the health reform bill	Public		5
Budget 22 announcements (online)	Public		6
Interim Government Policy Statement on Health 2022-2024	Public		7
Te Pae Tata (October 2022)	Public		8
Te Aka Whai Ora Statement of Intent	Public		9
Te Aka Whai Ora Statement of Performance Expectations	Public		10
Pae Ora (Healthy Futures) Act 2022	Public		11
Crown Entities Act 2004	Te Aka Whai Ora	5-April	12
iMHA Work Plan v9_091221	Te Aka Whai Ora	5-April	13
The Government's Delivery Expectations of Te Aka Whai Ora	Te Aka Whai Ora	5-April	14
Letter of Expectations to Te Aka Whai Ora Board members	Te Aka Whai Ora	5-April	15
2022 12 07 Approved Organisational Structure	Te Aka Whai Ora	5-April	16
Consultation document final embargo	Te Aka Whai Ora	5-April	17
2022 09 29 Hauora Māori Strategy	Te Aka Whai Ora	5-April	18
Te Aka Whai Ora 2022-23 Quarter 1 report	Te Aka Whai Ora	5-April	19
Te Aka Whai Ora 2022-23 Quarter 2 final	Te Aka Whai Ora	4-April	20
Draft Letter of Expectations 2023/24 for Te Aka Whai Ora	Te Aka Whai Ora	14-April	21
Papers for Joint Ministers Meeting - Wednesday 7 December 2022	Te Aka Whai Ora	14-April	22
ELT Paper on Government's Delivery Expectations	Te Aka Whai Ora	17-April	23
2022 12 19 Board paper "The Roadmap to 2024 – Budget 2024 and Strategy Development" including appendices	Te Aka Whai Ora	21-April	24

Document title	Source	Date received	Ref.
Te Aka Whai Ora People Reporting 16.04.23	Te Aka Whai Ora	21-April	25
“Untitled” – includes SPE financials, appropriations breakdown 22/23, summary and detailed P&L, FTE budget and contractors budget vs. actual	Te Aka Whai Ora	21-April	26
‘Strawperson’ Monitoring Framework	Te Aka Whai Ora	27-April	27
Māori Health Priorities Report	Te Aka Whai Ora	27-April	28

Appendix C: Prospective statement of comprehensive revenue and expenditure for the years ended 30 June 2023 and 30 June 2024

Prospective statement of comprehensive revenue and expenditure for the years ended 30 June 2023 and 2024

Income	2022/23 Original Forecast \$000	2022/23 Revised Forecast \$000	2023/24 Forecast \$000
Revenue from the Crown	535,325	565,402	644,588
Interest Income		4,820	2,000
Total Income	535,325	570,222	646,588
Expenditure	2022/23 Original Forecast \$000	2022/23 Revised Forecast \$000	2023/24 Forecast \$000
Total Personnel Costs	41,280	35,920	48,000
Board Costs	480	443	450
Commissioning	138,481	91,157	229,826
Primary and Community Contracts (Districts)	350,000	350,653	411,417
Travel & Accommodation	1,577	1,422	1,500
Contractor & Consultancy Costs		21,973	20,000
Audit Fees		250	250
Other Costs	3,507	1,549	2,000
TOTAL	535,325	503,367	713,443
Surplus/ (Deficit)	0	66,855	(66,855)

Source: Te Aka Whai Ora GM Finance Excel : "HMAC info requested.xlsx"

Appendix D: Te Aka Whai Ora proposed leadership structure (as at 3 April 2023)

Overview – Proposed Leadership Team

