

HEALTH SYSTEM REFORM

System Reform Progress Report Q1 FY 2023/24

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In Confidence - 11 September 2023

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1. Purpose

This report summarises progress, risks and issues with the implementation of health reform for the period to September 2023.

2. About this report

The System Reform Integration Office (SRIO) is required to provide system level assurance and advice to the Director-General and system leaders that the health reforms are progressing in line with the requirements of the Pae Ora Act and Governments intentions.

A system level plan for reform implementation has been developed in collaboration between Manatū Hauora | the Ministry of Health, Te Whatu Ora | Health New Zealand and Te Aka Whai Ora | the Māori Health Authority (the "entities") and detailed in the reform roadmap (Appendix 1). Using the roadmap, the entities have completed an assessment of progress, confidence in achieving roadmap items in the future and risks to that achievement. This information has been used as the basis of this report.

The roadmap and this progress report follows the structure of the Reform Implementation Model (detailed in Appendix 2). This report details overall progress, key risks and issues that have been identified, how reform is improving (or impacting on) health service delivery, the things that need to be in place to deliver reform outcomes and managing implementation.

The System Reform Integration Office (SRIO) processes have provided a level of assurance to ensure alignment and traceability to specific plans. Assurance of the reported progress, risks and issues is the responsibility of entities. There may be additional insights and detail relating to the roadmap implementation provided by the entities own external assurance arrangements, Ministerial advisory committees, and monitoring functions.

The risks and issues identified in this report in section 5 will be used as the basis for system level reform risk and issues management to be completed in October 2023.

Areas of focus for the next period detail the key next steps that are planned to be taken by entities to progress reform implementation. These will be used as part of the next assessment and reporting cycle to understand progress, risk and issues with reform implementation progress to be completed by end December 2023.

3. Background

The implementation of the health reform is the largest and most complex transformation programme in Aotearoa New Zealand. It involves the merging of 26 large entities into a Crown Entity, and the formation of Te Aka Whai Ora as an independent statutory entity. Manatū Hauora is also being reconfigured to meet the requirements of this new system design. The performance of health services needs to be maintained and improved as these new organisational arrangements are being implemented.

There is increased focus on addressing regional and local health needs and enabling equity through regional structures, Iwi Māori Partnership Boards and localities planning.

The intention is that these new arrangements will improve health system performance by taking a national perspective on service delivery and realising efficiencies through economies of scale in key areas. This will be complemented by a better understanding of community, whānau and patient needs reflected in the development of new models of health care over time.

The implementation of health reform is the largest transformation programme in New Zealand. International evidence and local experience, such as the Inland Revenue transformation, identifies several critical success factors that need to be addressed. These include clarity of intent, effective leadership and governance, sufficiently detailed transition planning, putting people and their experience in the centre, an engaged workforce and being able to manage the risks. This scale and complexity of transformation would normally take a number of years to plan and then to implement over a very long period. Therefore, the reforms are in their early period of implementation and require the ongoing focus on ensuring the culture, capability and capacity for change are in place.

The most significant work to come is the implementation of new operating models and new models of care that address the intent of reform and the delivery of the required system shifts and objectives. The next phase of reform is intended to progress this, informed by the new health strategies, and given effect through Government Policy Statements (GPS) and availability of funding.

The SRIO was established to work with agencies and provide advice and assurance that reforms are progressing in accordance with the Government's intent.

A System Reform Roadmap has been developed, which details the major elements of reform that need to be achieved in this phase. An assessment has been undertaken to understand the current state of implementation and confidence in next phases. This provides a transparent view of progress, risks, and issues with reform implementation.

4. Overall Progress

Progressing the work that lays the foundations for reform

The first two years of the health reforms (FY 2022/23 and 2023/24) intended to focus on the development, refinement and consolidation of roles, functions and relationships between the system entities. Organisations, processes and ways of working would be refined, and service delivery and outcomes would continue to improve, with a particular focus on initial priority areas.

Several significant foundational aspects of reform implementation are in place. Overall, the entities are confident that other planned elements of reform will be in place by mid-2024. However, there are significant risks (Section 5) that need to be managed in the near term to be able to substantiate this confidence.

Achievement of system shifts

The system shifts are:

- The health system will reinforce Te Tiriti o Waitangi principles and obligations.

- All people will be able to access a comprehensive range of support in their local communities to help them stay well.
- When people need emergency or specialist healthcare this will be accessible and high quality for all.
- Digital services will mean that many more people will get the care they need in their homes and local communities.
- Health and care workers will be valued and well-trained for the future health system.

As expected, at this early stage of reform, it is not yet clear that there are sufficient activities in place to achieve the objectives and system shifts (refer Appendix 3). However, analysis of the reform roadmap activities indicates a high degree of alignment between what is currently being planned and delivering system shifts. Further planning is being progressed through the GPS, Budget 2024, and Te Pae Tata | the New Zealand Health Plan to ensure that there are sufficient activities in place to achieve the objectives and shifts.

Honouring Te Tiriti o Waitangi

The health sector is committed to honouring the special relationship between Māori and the Crown under Te Tiriti o Waitangi (Te Tiriti). The Crown has a responsibility to enable Māori to exercise authority over their health and wellbeing, and to achieve equitable health outcomes for Māori in ways that enable Māori to live, thrive and flourish as Māori. The Pae Ora (Healthy Futures) Act that came into effect on 1 July 2022 contains specific provisions intended to give effect to the Crown's obligations. The vision and direction of He Korowai Oranga and Whakamaua have guided the health reforms to date and continue to enjoy strong support from Māori and the Māori health sector. This direction and supporting actions have been integrated into the interim GPS and Te Pae Tata and will form the foundation for development of the future GPS and Te Pae Tata.

The reform provides new structures to progress the health sector's commitment to honouring the special relationship between Māori and Crown under Te Tiriti o Waitangi. Since the introduction of the Pae Ora Act, Te Aka Whai Ora has been established as an independent statutory entity to respond to the aspirations of whānau, hapū, iwi and Māori. The Hauora Māori Advisory Committee was established. Fifteen iwi-Māori partnership boards (IMPBs) have been formally recognised, and Pae Tū: Hauora Māori Strategy was developed jointly by Manatū Hauora and Te Aka Whai Ora. Pae Tū guides the whole health system to give effect to Te Tiriti o Waitangi and achieve Māori health equity. It builds on the foundations of Whakamaua: Māori Health Action Plan 2020-2025 and is an interim step ahead of a full review and refresh of He Korowai Oranga | Māori Health Strategy.

Implementing Pae Tū: Hauora Māori Strategy is critical to ensuring the reformed health system upholds Te Tiriti o Waitangi, improves equity, and enhances long-term health outcomes for whānau Māori. Further detail on implementation approach will be provided through the next Government Policy Statement and Te Pae Tata, currently in development.

Reform progress markers

Reform markers are the main indicators of progress of the reforms. They are a combination of reform roadmap achievements and general requirements for change of this scale and

complexity. They provide a high-level view of reform progress and focus system level assurance activities.

A summary of the progress relating to these markers is detailed below.

Marker 1 - Progress to completion of the establishment of the entities

The new entities functioning effectively is the major determinant of the ability for the organisations to deliver on reform intent. By mid-2024 the entities are required to have new structures in place, and they will continue to evolve over the longer term.

Progress has been reported as 'on track' with a high level of confidence for completion, but there is the potential of significant change risks (change resources and processes) impacting on service delivery if not managed.

The new health entities have been established and been in place now for over 12 months. Their establishment has been progressed whilst maintaining focus on health service delivery and preparing for the next level of change through the development and embedding of new operating models.

Manatū Hauora has started to evolve its organisation and responsibilities to respond to its new role in the system. The leadership level design has been completed and will be implemented before the end of 2023. Work is underway to finalise the detailed operating model and this work is a key element that will inform further organisation design, functions, and ways of working.

Establishment of Te Whatu Ora involves over 80,000 people and changes will take some time to progress through the organisation. The leadership structures are defined, and most key leaders appointed. Considerable progress has been made by all business units to define operating models and these have been finalised to a level that allows the structures to be developed and consulted on. Final structure decisions having been released for many business units. Fully implementing the decisions will be progressed over the next year.

Te Mauri o Rongo | the Health Charter has been agreed that provides all health entities with shared values and behaviours.

Te Whatu Ora established and is jointly chairing Regional Integration Teams with Te Aka Whai Ora across the four regions (Northern, Te Manawa Taki, Central, and Te Waipounamu | South Island) to ensure alignment between hospital and specialist services, commissioning, and national and district level planning/delivery.

The Te Aka Whai Ora leadership structures are defined, and key leaders appointed. Key organisational policies and processes are established. An operating model has been completed with ongoing work in some areas further defining scope and roles such as Iwi-Māori Partnership Boards (IMPBs), regions and monitoring. The Hauora Maori Advisory Committee's recent review of progress made by Te Aka Whai Ora was valuable and Te Aka Whai Ora has developed a plan to respond to the report's recommendations over the next six months.

Given the scale and complexity of these changes and the increasing impact on the workforce delivering health services, there are significant change risks to be managed through increased levels of change management approaches, engagement and communication.

As part of their establishment each entity a role in monitoring parts of the system. Each entity's board is accountable for entity performance, and some entities also hold specialist monitoring roles for elements of the system. The Pae Ora (Health Futures) Act 2022 includes a specific focus on monitoring for Māori health outcomes.

As steward of the system, Manatū Hauora has a key role to monitor system performance and performance of health entities.

Implementation of performance monitoring has been challenging. Each entity has implemented minimum viable products for performance management and monitoring.

A high-level system performance framework has been defined, with the focus now on advancing the development of a unifying framework for system performance. Clarity is still needed around monitoring roles and responsibilities, both internally at Manatū Hauora and with other entities. Utilisation of the framework is expected to help improve all entities' understanding as to monitoring roles and responsibilities.

Te Aka Whai Ora, Manatū Hauora and Te Puni Kōkiri | Ministry of Māori Development are working together to develop a monitoring framework to assess the performance of the publicly funded health sector in relation to hauora Māori.

In addition, Te Aka Whai Ora and Te Whatu Ora are undertaking a joint assessment of outcomes specified in Te Pae Tata.

Marker 2 - Establishment of regional and local engagement and planning functions

The reform establishes new structures for the local and community voice to be included in health service planning, which is a fundamental element of the reformed system. By mid-2024 it is expected that these mechanisms will be in place, including the IMPBs and localities. Fifteen IMPBs have now been formally recognised.

There is a high level of confidence in the implementation of these structures, but this area requires a significant focus on developing capability and embedding new ways of working. This includes the interaction and decision-making arrangements between national, regional, and local planning.

A locality plan will be developed by Te Whatu Ora for each locality that sets out the priority outcomes and services for the locality and gives effect to the relevant requirements of Te Pae Tata. To develop locality plans, Te Whatu Ora must engage with Te Aka Whai Ora and the IMPBs for an area, and consult with consumers and communities, local authorities and social sector agencies -and other entities that contribute to relevant population outcomes. The first 12 locality prototypes have been testing new models and ways of working ahead of further rollout, with all locality boundaries to be set by mid-2024.

The reform creates the platform for enhancing health outcomes by improving service access and effectiveness and operating as a unified system. This is expected to be a major part of the reform as there are significant pressures in this part of the health system. Any changes will impact a wide range of health system stakeholders, communities and whānau. Progress is being made with key directions being set but this is in the very early stages of development and planning.

Primary and community care design features were agreed by Cabinet. These design features will underpin primary and community healthcare in Aotearoa New Zealand. In addition to the health sector principles, these design features (subject to consultation with key partners) will ensure that primary and community care within the reformed health system will be comprehensive and accessible, continuous, coordinated, individual and whānau centred, fit for purpose, and continually improving.

A system-wide team has been established to progress the implementation of the changes in primary and community care. A Steering Group will provide strategic direction and guidance across the primary and community healthcare work being led by Manatū Hauora in conjunction with Te Aka Whai Ora and Te Whatu Ora. This will include ensuring that the primary care policy work programme is aligned with reform directions.

Marker 3 - Budget 2024, GPS and Te Pae Tata Planning

Budget 2024 is the first opportunity to establish a new multi-year funding track for health, covering July 2024 to June 2027. Funding is one of the key levers of the reform to promote sustainability of the health sector.

Conditions for shifting to a multi-year funding arrangement for health at Budget 2024 were agreed by Ministers in December 2022. These include minimum requirements for the GPS, Te Pae Tata to be fully costed, structures and financial delegations in place to govern funding flows and improvements in financial reporting and capability to manage a multi-year funding allocation. Progress being made to address Budget 2024 conditions was outlined by health entities in the July 2023 Joint Ministers (Minister of Finance and Minister of Health) briefing. Joint Ministers agreed the critical path and approach to develop and align the key components of the GPS, Te Pae Tata and Budget 2024 in August 2023. With this critical path developed, work towards Budget 2024 is progressing. However, delivery of the preconditions for multi-year funding is challenging and there is still a significant risk that all the planning components across the GPS, Te Pae Tata and Budget 24 will not align due the inherent complexity of the work and continued management is required.

Marker 4 – Level of engagement and support for reform

The reform will ultimately be implemented by the health workforce and therefore their engagement and support for the system, entities and reform is critical. There is also a need for changes in culture which will take time to embed.

For the broader workforce, the workforce strategy and plans have been approved and implementation is underway. Te Mauri o Rongo | the Health Charter has been endorsed and will rollout progressively. These are critical foundations for building engagement with the workforce. Several significant employment relationship matters have been progressed.

Te Whatu Ora and Manatū Hauora conducted workforce surveys in 2022 that identified opportunities for improvement. Te Whatu Ora in particular is leading work to improve engagement and communication with the health workforce on reform implementation. The scale, distribution and diverse nature of Te Whatu Ora poses a challenge to effective communications as is the lack of one unified digital platform for staff to access information.

Given the significant changes ahead it is critical that the level of workforce engagement is understood and increased. As entities prepare (especially Te Whatu Ora for the next level of

operating model development and change management, a degree of uncertainty exists related to the risks and issues associated with undertaking such a major change process across the system simultaneously. Without sufficient and effective engagement with the health workforce there is risk of negative impacts on workforce engagement. The ultimate benefit of reform will be better health outcomes for all New Zealanders. Consumers and whānau will experience the reformed system themselves, or through hearing about the experiences of others through a variety of mediums, including social media. Sharing high-quality impactful communications with the public is a major driver of improving public understanding and sentiment as to reform.

More work needs to be done in this area to improve the understanding of public sentiment for reform and the level of trust and confidence they have in reform and the health system. An approach is being developed at a system level to measure trust and confidence and improve it.

Marker 5 - Progress of national health service delivery programmes

The reform is intended to enable a national perspective to be taken to improving the performance of health services and achieving pae ora and reduce unwanted variation. Significant changes in health services were implemented prior to reform but it is important understand how reform implementation impacts on performance.

A national approach to waitlist reduction has been taken and the reform has enabled inter-district collaboration, empowering districts to share resources and capacity to support waitlist reduction. There has also been the ability to better understand comparative performance and respond as one organisation and so to share and implement best practices more easily. Although there are indicators of improvements in wait time for treatment it is too early to determine the relationship between reform implementation and reduction in waitlists.

Te Aka Whai Ora is making progress on the design and implementation of Hauora Māori services through Hauora Māori partners and partnering with Te Whatu Ora. These include mātauranga Māori, Kahu Taurima (maternity and early years) and primary care services for long term conditions, cancer support and life course interventions. This will require partnerships to be embedded between Te Aka Whai Ora, Te Whatu Ora and hauora Māori providers.

There are existing national approaches to immunisation and prevention through screening. However, immunisation rates are much lower than desired. Overall, the impact of reform should be positive for public health initiatives by being able to take an integrated national approach, including identifying what is working well and scaling to other areas, for key areas such as screening and immunisation and providing greater opportunities for national campaigns. However, significant challenges with the rates of immunisation will have a complex set of contributing factors.

The approach to mental health policy and investment and the development of programmes was put in place in 2019. The reformed system enables a more national approach to implementing these programmes to be taken. The reformed system has the potential of making this more effective to deliver by enabling a more consistent approach to the national programme of working, which has assisted in addressing unwarranted variation.

Marker 6 - Clinical networks and governance in place

Reform enables a national approach to clinical governance and risk management, a key step in removing unwarranted variations in clinical practice and critical to maintaining clinical safety and outcomes. As governance is ultimately about performance, improved arrangements will drive uplifts in clinical performance.

National clinical networks are a vital clinical enabler of the new health system. They involve health professions from across the system working with whānau and consumers to influence how we prioritise, drive system change, and remove unwarranted variation through the development of national standards and models of care.

Establishing the national structures for clinical governance, specifically the national clinical governance leadership team, national clinical governance arrangements and clinical networks is in progress. Recruitment for Clinical leadership positions is underway, and the interprofessional leadership model and definition of clinical leadership excellence and governance will be defined by the end of the year.

Clinical governance and networks currently being established are largely within hospital and specialist services and at present it appears there is limited primary and community involvement. Current funding levels mean only the key networks can be resourced. It is intended that networks are not static and will evolve as required. This evolution may smooth resourcing requirements, mitigating funding and resourcing pressures.

There is anecdotal evidence of disruption to clinical governance as some clinicians have noted delays and some have halted aspects of clinical governance in anticipation of the future governance model.

Marker 7 - Reform integration and assurance in place

There is an ongoing need to integrate reform activity across the system and provide assurance that the reform is progressing as intended. The reform roadmap has been developed in collaboration with the three entities and it enables system level reform implementation progress reporting and risk management.

Assurance arrangements for reform implementation are developing at entity and system level. The Ministerial Advisory Committee and Hauora Māori Advisory Committee continue to provide an essential independent perspective on reform implementation, and the DPMC Implementation Unit provides further assurance.

Governance and leadership arrangements for reform implementation continue to mature. There have been changes at entity board level; the health system Joint Leaders Group (with the Director-General of Health and Chief Executives of Te Whatu Ora, Te Aka Whai, and Whaikaha | Ministry of Disabled People) has been strengthened; and a Reform Working Group of senior executives has been established.

These arrangements are supporting an important focus for the first two years of the health reform which is the development, refinement and consolidation of roles, functions and relationships between the system entities.

5. Key Risks and Issues

The key things that could impact (or are impacting) successful reform implementation

Although there is significant progress and confidence in the next phases of reform, significant risks and issues have been identified through analysis of confidence assessments and other information. These will need to be addressed in the near term to ensure successful implementation of reform.

The successful implementation of reform is defined as:

- the achievement of the Governments reform intent as defined by legislation and policy (including delivery of the objectives and shifts)
- no significant degradation of health service performance due to the implementation of reform
- no increased clinical risks to patients due to the implementation of reform

The risks and issues identified in this progress report require specific responses to ensure that there are adequate measures in place to reduce risk to an acceptable level. Responses will be developed with entities so that the risks identified have mitigations put in place, acknowledging that entities may have existing measures in place already. Responses to risk and issues - and the effectiveness of the response - will be overseen by the Joint Leaders Group. Key risks and issues identified as part of the assessment process are detailed below. Initial responses are provided but these will require more detailed response planning.

	Risk or Issue	Initial Responses Identified
1.	<p>Insufficient or ineffective engagement with the health workforce on reform</p> <p>Health entities need to sufficiently engage their workforces and support them to be ready to implement reform related changes as they are progressed, as well as find ways to unlock the valuable ideas and efforts that health workers have to contribute to the reforms. This is particularly relevant for Te Whatu Ora given its scale, complexity and service delivery role. This risk increases in the next phases where reform extends out beyond the entity borders into the broader health workforce, such as primary care.</p>	<ul style="list-style-type: none"> • Development and implementation of change, communications and engagement strategy and plans • Implementation and engagement on Te Mauri o Rongo the Health Charter

<p>2.</p>	<p>Insufficient resources for implementing reform changes</p> <p>The entities identified challenges with availability of suitable people to implement reform changes. There are a range of reasons leading to this, including the general shortages of appropriate skills, the organisational change processes, and the overriding focus on operational health service delivery.</p> <p>This issue intersects with the broader issue of workforce sufficiency and flexibility across professional groups.</p>	<ul style="list-style-type: none"> • Continued entity level reform implementation planning including prioritisation, sequencing that considers people • Development of reform implementation strategy (focused on Horizon 2) • Capability and resource planning for reform implementation • Implementation Workforce Strategy and Plans
<p>3.</p>	<p>Reform planning and integration is hampered by system complexity</p> <p>To implement new operating models and models of care required by reform, a wide range of capabilities such as workforce, clinical and administrative processes, contracts, data and systems need to come together. Entities have acknowledged that existing plans are not sufficiently mature or aligned across all the key dimensions.</p>	<ul style="list-style-type: none"> • Implement model and capability for integrated planning across the system and with entities • GPS, Te Pae Tata and entity level planning
<p>4.</p>	<p>Readiness for implementation of reform changes</p> <p>As entities implement the next level of operating model changes there is an increasing requirement to ensure the workforce and broader health system entities are ready for the change and it can be implemented successfully. This is particularly important given the degree of change that is required to be implemented simultaneously.</p>	<ul style="list-style-type: none"> • Increase capability for integrated planning across the system and with entities • Development and implementation of change, communications and engagement strategy and plans • Development of reform implementation strategy (focused on Horizon 2)
<p>5.</p>	<p>Insufficient financial resources for reform initiatives</p> <p>There is general risk of there not being sufficient funding for specific</p>	<ul style="list-style-type: none"> • GPS, Te Pae Tata and entity level planning • Increase capability for integrated planning across the system and with entities

	<p>reform initiatives. This could be due to insufficient funding allocated to the initiative (through planning processes) and/or through unexpected increases in costs of the initiative. It could also be the impact of broader finance related issues across the entity (such as unplanned public health events).</p>	<ul style="list-style-type: none"> • Implementing financial controls and reporting to be able to manage and forecast initiatives financial status
<p>6.</p>	<p>Organisation design does not deliver on reform intent</p> <p>There is a broad risk that the design (and implementation of) the entities of the reformed system do not deliver on the reform intent. Also, the roles and responsibilities between entities (and within organisations) to not be sufficiently clearly defined or delineated, and so leading to misalignment, duplication, or gap in reform activity.</p>	<ul style="list-style-type: none"> • Organisation design and implementation assurance • Identification of roles and responsibilities issues by JLG and progressively addressing
<p>7.</p>	<p>Low public trust and confidence in reform</p> <p>Integrated communication activity and stakeholder engagement in reform implementation and its outcomes is critical to implementation. There needs to be mechanisms in place to enable stakeholders and the wider public to engage with the work of reform and to support it. The risk is that trust and confidence could degrade and prevent the successful implementation of reforms.</p>	<ul style="list-style-type: none"> • Development of a unified, evidence based, audience-led communications and engagement strategy • Development of a system narrative that reflects collective progress to date across the entities
<p>8.</p>	<p>Te Tiriti o Waitangi is not given full effect</p> <p>The nature of the reforms, legislative intent of the Pae Ora (Healthy Futures) Act 2022 and organisation arrangements all give effect to Te Tiriti o Waitangi but there is a risk that these will not be fully effective.</p>	<ul style="list-style-type: none"> • Assurance arrangements consider implementation of Te Tiriti o Waitangi as required the by Pae Ora (Healthy Futures) Act 2022

<p>9.</p>	<p>Lack of clarity of reform intent</p> <p>There is the potential for the intent of reform to be misunderstood or inconsistently defined, resulting in misalignment of roles, responsibilities, and the associated work of reform. Reform related strategies, plans and direction setting documents are not yet consistent and could result in fragmented activities that in aggregate do not deliver to the intent of reform. This can also cause issues creating effective workforce and stakeholder engagement - without appropriate communications.</p>	<ul style="list-style-type: none"> • Partly addressed through GPS, Te Pae Tata and entity level planning • Reconciliation of reform intent related material • Development of consistent reform communication message and collateral
<p>10.</p>	<p>System performance management and monitoring in not in place</p> <p>Being able to understand if reforms are delivering to their intent requires a detailed understanding of the performance of health services and the broader system. There are challenges with assessment of performance during periods of transformation. There is the risk that if this is not sufficiently in place it will be difficult to take appropriate action to improve performance and reduce risk. A current issue for the new entities in relation to monitoring for Te Whatu Ora and Te Aka Whai Ora, is the resources required to respond to the evolving monitoring requirements.</p>	<ul style="list-style-type: none"> • Development and implementation of system performance management and monitoring functions
<p>11.</p>	<p>Critical enablers of reform may not be sufficiently established or integrated</p> <p>There are a wide range of functions and capabilities that need to be established at a national level to be able to fully implement the reforms. These include planning at all levels,</p>	<ul style="list-style-type: none"> • Programme level assurance across the delivery of the critical enablers • Increase capability for integrated planning across the system and with entities

	<p>financial and contract systems, commissioning, provider networks, digital services and hospital infrastructure. The planning and implementation of these capabilities is managed through programmes. The risk is that they may not be sufficiently integrated or progressed to deliver new operating models and models of care required for reform.</p>	
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6. Delivery of Health Services in the Reformed System

Improvements in health services and service delivery resulting from the implementation of reform

This section reports on the health services from the perspective of the health reform and includes progress towards the key achievements as identified in the health system reform roadmap.

6.1 Consumer and Whānau Experience

Consumers and whānau experience of the reformed system

Improvement in experiences and equitable access to health care will support the achievement of pae ora for all.

Current state

The experiences of consumers and whānau are being understood through various means at a service delivery level. It is not yet possible to identify how they are impacted by the health reforms, although there are some indications that some services are improving through a national system that is enabling patients to be referred and treated outside their region.

Focus for the next period

- In line with the broader development of the performance management and monitoring of services, experiences of consumers and whānau will be measured and reported.

6.2 Hospital and Specialist Care

The reform enables national level approaches to be taken to major system challenges such as waitlists for first specialist appointments and treatment. The focus will be to increase surgical capacity in priority areas and increase the overall capacity for planned

and acute care, enhance ambulance services, and address broader system challenges that impact hospital services such as aged care facilities and primary and community care.

Current state

A Planned Care Taskforce was established, and a national plan to reduce waitlists for planned care (including the removal of patient flow barriers) has been approved by Cabinet.

Work has been progressing to reduce the number of patients waiting for treatment, with an initial focus on those waiting over 365 days. Additional support is being provided to districts to meet the target to eliminate those who have been on waitlists longer than 365 days.

Embedding new functional structures has resulted in integration and prioritisation challenges in implementing transformed models of care (e.g., between commissioning services, primary care, infrastructure and delivery of hospital and specialist services).

An agreed workplan to address acute care across the continuum has not yet been agreed and will need to be appropriately resourced. Funding is largely in place but has not been secured for transformational improvement initiatives.

The approach to improve equitable access to assessment and treatment, as well as the agreed plan for delivery of acute patient flow, are currently unclear as the intended approach to each has not yet been agreed.

Focus for the next period

- Continuing to implement the planned care taskforce recommendation to reduce waitlists. In addition, increased focus on reconciliation of data across regions to support a more effective understanding and monitoring of progress.
- Clarifying the approach to improve equitable access to assessment and treatment and the workplan to address acute care.
- Strengthening and broadening collaboration between national and regional functions (including purchasing services) to facilitate inter-district collaboration and to identify districts requiring resources and those with capacity to share resources.

6.3 Primary and Community Care

System-level improvements in primary and community care will be initiated through the review of policy settings. Giving effect to strategic directions set for primary and community healthcare will be considered as part of the GPS and Budget 2024.

Improvements will also result through implementation of the national operating model for commissioning and full operation of the Regional Integration Teams, IMPBs and completion of Regional Health Service Plans.

In the near term, regional networks for living well, aging well, being mentally well and starting well will be established. In addition, progress will be made on reviewing contracting arrangements to support new models of care and service. It is also expected

that new provider networks will be established, including new networks of Pacific providers.

Current state

Work is being undertaken to review primary care settings and arrangements. Ministers are considering primary and community care settings, including investment and funding that will form the basis of longer-term shifts in how primary and community healthcare is provided. Te Whatu Ora and Te Aka Whai Ora will continue to make shorter-term improvements in the primary and community healthcare system that align with Cabinet decisions on future directions.

Primary and community care design features were agreed by Cabinet. These design features will form the base for the work reviewing primary and community care settings and arrangements in Aotearoa New Zealand.

As a direct result of the reform, localities are being implemented. A locality is a geographical area and constitute areas within which health services are planned and delivered. Te Whatu Ora must develop locality plans that set out the priority outcomes and services for the locality and gives effect to the relevant requirements of Te Pae Tata. To develop locality plans Te Whatu Ora must engage with Te Aka Whai Ora and the IMPBs for an area, and consult with consumers and communities, local authorities and social sector agencies, and other entities that contribute to relevant population outcomes.

The development of locality boundaries is on track with 34 localities proceeding through the mapping process, covering the majority of the North Island and approximately 57 percent of New Zealand's population. Twelve locality prototypes have been testing new models and ways of working ahead of further rollout. The reform is supporting the process of working as 'teams of teams', between national, regional, and local teams (including stakeholders). There is further opportunity to reduce existing variation and ensure greater integration across business functions to successfully transform front line delivery.

Work has commenced for primary options for acute care (POAC) to be put in place. This builds on the experience of POAC in the Auckland region. System pressures uplift for POAC has enabled regions to increase activity and to extend primary and community care.

Reviewing contracting arrangements to support new models of care and service by the end of 2023 is looking unlikely, due to the disestablishment of existing staff and the restructure of the Te Whatu Ora Commissioning function, and due to the high volume of existing contracts (approximately 8,000).

The establishment of national strategic networks to enhance universal service design across the lifespan, including living, ageing, being mentally well and starting well is progressing.

Establishment of Pacific networks is well underway. The Pacific provider network was strengthened during the response to COVID-19, and this work builds on that.

Focus for the next period

- Health entities are to develop a communication and engagement plan for engagement across government (with health and other sectors) on the vision for primary and community care.
- Ensure that there is a clear understanding as to how the localities planning will work in practice.
- Building on the first 12 localities established to date, and secure agreement of all locality plans, a requirement of the Pae Ora Act. Finalise all locality boundaries for approval and progress locality plans with IMPBs, ensuring that the locality frameworks and plans will support the primary and community care policy parameters. This will support improvement in Māori health outcomes across the system.
- Complete procurement for the national rural clinical telehealth which will improve the services and outcomes for people located in rural Aotearoa New Zealand. Te Whatu Ora and Te Aka Whai Ora are jointly procuring this.

6.4 Hauora Māori Care

It is a statutory responsibility of Te Aka Whai Ora to monitor the performance of the publicly funded health sector in relation to Hauora Māori, with Manatū Hauora and Te Puni Kōkiri. With the establishment of Te Aka Whai Ora in 2022, the entity is now progressing its role in commissioning and monitoring (including Te Whatu Ora delivery of Hauora Māori services), which will be fully in place by the end of FY 23/24. The shift in direction through the reform has been good for mātauranga Māori solution providers.

Current state

Te Pae Tata, including the Te Whatu Ora Māori health improvement plan, was considered by Cabinet on 19 October 2022. Enhanced and new contracted services for Hauora Māori have been put in place and will continue to rollout through the reform. In the short term, several mātauranga Māori based services will be defined and the Kahu Taurima child wellbeing service will be enhanced.

Fifteen IMPBs have been formally recognised under the Pae Ora Act 2022. IMPBs are legislatively recognised to represent local Māori perspectives.

The anti-racism system change model Ao Mai Te Rā will be progressively embedded over several years to support improvements for hauora Māori - as well the overall improvement of the health system. Te Aka Whai Ora will also fully implement its monitoring role in the delivery of hauora Māori services by Te Whatu Ora; provide public reports on the results of that monitoring; and monitor (in co-operation with Manatū Hauora and Te Puni Kōkiri) the performance of the publicly funded health sector in relation to hauora Māori.

New funding has been provided to Hauora Māori partners for new initiatives to support redesign of Hauora Māori services that are essential for the implementation of priority population programmes to achieve pae ora. Success is highly likely for the redesign of Hauora Māori services by mid-2024.

Work is underway on the enhancement and contracted new Hauora Māori services being in place, and implementation of improvement initiatives, expected by 30 September 2024. The enhancement of the Kahu Taurima child wellbeing service, which is focused on pre-conception through to the first 2,000 days of life, by mid-June 2024 is well underway. Identification of mātauranga Māori solutions by 30 June 2024 is progressing well, subject to funding for commissioning of further solutions.

Focus for the next period

- Work to ensure that it is understood across all health service delivery areas that improved Māori health services are an 'all of system' responsibility and should not be defined or restricted to Hauora Māori services.
- Implement some new mātauranga Māori solutions by the end of FY 2023/24 that will lead to Hauora Māori services improvements over time.
- Continue to work in partnership with Hauora Māori partners to develop the elevation of whānau voice through the establishment and continued development of localities and IMPBs.
- Progress the remaining IMPBs through the formal recognition process and embed them across the health sector.
- Support Hauora Māori services to continue working from a pae ora approach - with significant behavioural and operational changes to demonstrate improvements for those that receive care.

6.5 Public Health Services

Public health was a national function before reform was implemented. In accordance with the reform health and disability policy and legislation, the functions of public health and funding of public health providers, are covered by the Public Health Agency function in Manatū Hauora, and the National Public Health Service in Te Whatu Ora.

Current state

It is expected that the public health organisation, governance, leadership, and functions will be in place, as required by reform, by the end of FY 2023/24. Development and implementation of the public health knowledge and surveillance system and the prevention activities of immunisation and screening are important achievements for the system.

National approaches to immunisation and prevention (e.g., screening) were defined in response to the Immunisation Taskforce Report published April 2023 and Quality Improvement Review of Clinical Quality and Safety for Breast Screening Aotearoa (May 2023). These should be easier to implement with an integrated national approach. This also applies to the work progressing Smokefree 2025, routine communicable diseases and border health functions, prevention of non-communicable diseases, and environmental health programmes.

Public health immunisation and screening programmes may not reach the desired outcomes, due to frontline clinical workforce capacity constraints and engagement with

the population groups they serve. Improvements are being implemented to immunisation and screening through FY 2023/24 as a priority to improve immunisation rates.

Implementation of national immunisation system improvements by 30 June 2024 is well underway. System improvements will be based on successful implementation of the Immunisation Taskforce recommendations, of which 44 of 54 recommendations have been progressed to date. However, immunisation rates are not showing evidence of improvement.

Implementation of the national breast, cervical and bowel screening improvements by mid-2024 is progressing well. This significant change programme includes major information system changes for breast and cervical screening. The model of care for cervical screening with the introduction of HPV (human papillomavirus) testing is in progress, and changes to bowel screening have been proposed.

Implementation of changes to the national bowel screening settings for Māori and Pacific by 30 September 2024 is progressing.

Implementation of multi-agency pandemic preparedness measures by 30 June 2024 is ongoing. This includes the future of managed isolation and quarantine capability that is under discussion along with the strategic approach to the border. Implementation of the emergency management operating model by mid-June 2024 is underway.

Implementation of the public health intelligence operating model and system by mid-June 2024 is facing capacity and capability challenges.

Focus for the next period

- Ensure clarity of the roles and responsibilities of the Public Health Agency and the National Public Health Service and embed the new operating models and ways of working.
- Continue to implement recommendations from the Immunisation Taskforce group to the national immunisation system and progressing the range of system, process and workforce changes required.
- Develop communication and engagement approaches to target key population groups for immunisation and screening, to improve uptake.
- Continue monitoring and reporting of immunisation and screening outcomes.
- Ongoing focus on establishing the restructured co-ordinated, system level response to provide emergency management functions across health entities.

6.6 Mental Health Care and Addiction Services

The approach to mental health policy and investment and the development of programmes was put in place in 2019. The reformed system enables a more national approach to implementing these programmes to be taken. The reformed system has the potential of making this more effective to deliver by enabling a more consistent approach to the national programme of working, which has assisted in addressing unwarranted variation.

Current state

The *Oranga Hinengaro System and Services Framework* was agreed and published in April 2023. The Framework identifies the core components of a contemporary mental health and addiction system with a 10-year view.

The second tranche of policy proposals for mental health to repeal and replace the Mental Health Act 1992 has been agreed by Cabinet. This followed He Ara Oranga, the report of the independent Inquiry into Mental Health and Addiction, which recognised that the Mental Health (Compulsory Assessment and Treatment) Act 1992 (the Mental Health Act) has not kept pace with the shift towards a recovery and wellbeing approach to care. Government accepted the recommendation to repeal and replace the Mental Health Act and these policy proposals progress this work.

Every Life Matters – He Tapu te Oranga o ia Tangata: Suicide Prevention Strategy 2019–2029 and Suicide Prevention Action Plan 2019–2024 for Aotearoa New Zealand describes what the health system aims to achieve for suicide prevention over the next ten years. Updates are reported to Cabinet annually, with the most recent report completed in July 2023.

The rollout of national mental health addiction programmes, which aims to reduce inequities, is ongoing. These programmes were funded as part of Budget 2019 and Budget 2022. As a result of this established funding for mental health service improvements, there is external media interest in progress. Workforce shortages across the mental health and addiction sector are likely to impact timeframes for the roll out of new/expanded services.

By the end of FY 2023/24 a range of significant mental health models will be defined and improved including: understanding social determinants, tertiary students, Kia Pika Te Ora (Māori suicide prevention), Oranga Hinengaro (Māori mental health needs), Kahu Taurima (maternity and early years), and access to addiction facilities.

Focus for the next period

- Continue the rollout of national mental health and addiction programmes (Budget 2019 and Budget 2022) to address inequities in models of care.
- In FY 2024/25 models for increasing specialist mental health and addiction services will be implemented.

7. Enablers of Reform

The key things that need to be in place for reform to be implemented successfully

7.1 Direction Setting and Funding

The health system direction is articulated through variety of documents from across the system: Pae Ora (Healthy Futures) Act; the Pae Ora | Healthy Futures Strategies; the interim Government Policy Statement on Health; the interim New Zealand Health Plan (Te Pae Tata); Government Budget Policy and Cabinet papers mandating the health reform.

The health system reform altered the structure and reduced the number of Vote Health appropriations to protect funding for primary and preventative services, while allowing Te Whatu Ora to invest flexibly to reduce reliance on hospital and specialist services in the future. The reforms also intend to provide funding certainty through shifting to multi-year appropriations. Budget 2024 is the first possible opportunity to establish the new multi-year funding track for health.

Meeting our obligations under Te Tiriti is central to realising the overall aims of the Pae Ora Act and enabling Māori to live longer, healthier, and more independent lives. The vision and direction of He Korowai Oranga | Māori Health Strategy and Whakamaua | Māori Health Action Plan 2020-2025 have guided the health reform to date and this direction and supporting actions have been integrated into the interim GPS and Te Pae Tata.

Current state

Direction setting work across the system has focused on: developing the core structures outlined within the Pae Ora Act; developing longer term direction in the key areas of workforce, primary and community care and embedding Te Tiriti across the reforms; and putting in place the funding structures needed for financial stability.

A core set of direction setting documents have been published: the six Pae Ora strategies, each strategy identifies for priority population groups a direction and opportunities to address inequity and improve health and wellbeing outcomes. Te Pae Tata, the Interim Government Policy Statement on Health (2022-2024) and a draft reform benefits framework have been developed. These documents have been developed over time and each reflect a different perspective of health reform.

The Health Workforce Strategic Framework and the supporting work programme to mobilise this framework has been approved. This framework is designed to guide health system settings and ensure New Zealand has a sustainable, representative, and responsive health workforce. The framework outlines five policy areas to deliver the changes needed: education and training, employment settings, commissioning of health services, investment across the health system and legislation. These address the priority issues including the need to tackle structural and system barriers which prevent Māori from achieving in the health sector.

Specific design features to underpin the provision of primary and community health care were agreed to (in principle) by Cabinet in July 2023. Cabinet also agreed the policy parameters that will underpin the development of localities and locality plans. There is a high degree of confidence in progressing the policy development to review primary care settings and arrangements and move to the vision for primary and community care. There is confidence in development of the supporting financing and funding settings that will form the basis of longer-term shifts in how primary and community health care is provided. However, this work is likely to attract a high level of health entity interest, and this could impact on time frames.

Delivery of Budget 2022 initiatives by both Te Whatu Ora and Te Aka Whai are behind what was anticipated at Budget 2022. The Budget 2022 funding package was intended to provide time for entities to mature governance and accountability settings, in turn supporting the move to multi-year appropriations within Budget 2024.

The planned transition to multi-year funding at Budget 2024 is predicated on significant improvements in health system planning and financial controls, including advice on the Government Policy Statement (GPS) and funding flows, and greater clarity around the scope of the financial analysis that will underpin Te Pae Tata.

Entities are working towards meeting milestones in the lead up to Budget 2024 final decisions on health funding (due in November 2023). The focus is on addressing significant uncertainties identified in achieving a multi-year appropriation. A project team has been set up within Te Whatu Ora to review and develop an output class roadmap and specifically to review output classes in three strategic areas (specialist services, workforce, and child and youth). Currently this work is in the data collection and initial analysis phase. Completion of the output class work is a key deliverable required to give Ministers and Treasury confidence to move to multi-year appropriation.

The 2024-2027 GPS and Te Pae Tata are in development. An initial framework to guide development of the GPS was agreed to by the Minister of Health in June 2023. There is a high degree of confidence of the entities in delivering the products. Although achieving the level of collaboration and alignment in developing these documents when at the same time bedding in new structures, new roles, responsibilities, and ways of working across the system will be challenging and require continual management effort and focus. In addition, as noted, delivering to all pre-conditions for multi-year funding is challenging.

Progress has been made embedding Te Tiriti across the system, with both the Te Aka Whai Ora and Hauora Māori Advisory Committee established, 15 IMPBs formally recognised, and Pae Tū | The Hauora Māori Strategy was published. Pae Tu guides the whole health system to give effect to Te Tiriti o Waitangi and achieve Māori health equity. Pae Tu will be provided through the next Government Policy Statement on Health and Te Pae Tata, currently in development. In addition, progress has been made to clarify entities' roles, responsibilities, and functions for guiding the health system's response to Te Tiriti o Waitangi and Māori health equity, although some areas will require on going work.

There are currently over 200 claims seeking to participate in the Waitangi Tribunal's Wai 2575 Health Services and Outcomes Kaupapa Inquiry and there is currently no cut-off date for filing claims. The outcome of these inquiries will have ongoing impact on health direction setting, policy, and practice.

Focus for the next period

- Following Cabinet agreement to the vision for primary and community care, the underpinning design features and the locality framework, Manatū Hauora will collaboratively progress the work programme to achieve this vision and the supporting communication and engagement plan, and Te Whatu Ora and Te Aka Whai Ora will develop implementation guidance for the locality frameworks.
- The policy workstreams and stakeholder engagement to support the agreed strategic health workforce programme will be progressed.
- Further ministerial advice will be developed on the quantum and makeup of cost pressure funding bids for Te Whatu Ora and Te Aka Whai Ora and how they align to decisions on the GPS.
- Manatū Hauora, Te Whatu Ora, and Te Aka Whai Ora will work collaboratively to implement the critical path aligning development of the GPS, Te Pae Tata, and Budget 2024 (including the multi-year funding work and continued development of output class analysis). Continued confidence in delivery of these products will be supported by the new cross agency steering group overseeing development of the GPS and budget 24 and the cross agency working group.
- Comprehensive advice on options and trade-offs for the GPS will be provided to Ministers following the election. This advice will inform Budget 2024 submissions. In addition, draft costings for Te Pae Tata will be available and the financial annex to support Te Pae Tata will be completed based on the minimum requirements established by Ministers.
- The benefits realisation framework developed jointly by Te Whatu Ora and Te Aka Whai Ora, will be applied across Te Whatu Ora and Te Aka Whai Ora and work will be undertaken to explore broadening this to take a cross-system view and reflect all aspects of the reform intent.
- Manatū Hauora will continue to lead the process to coordinate the Crowns response to the Waitangi Tribunal 2575 Kaupapa Inquiry.

7.2 Whānau Voice

Voices of consumers, whānau and community at the centre.

To achieve pae ora and create a more equitable health system, the voices of consumers, whānau and community must be embedded across the system including 'day to day' operations. This will be necessary to improve the quality and consistency of care for the people it serves and support the design of systems and services that place the voices of consumers, whānau and community at the centre.

Current state

Engagement and consultation on the health strategies has begun and will be an ongoing focus across the system.

IMPBs and localities will be the primary source of whānau voice in the system and are legislatively recognised to ensure Māori leadership of health priorities for iwi and Māori across localities.

Te Tahū Hauora | Health Quality & Safety Commission is recognised within the Pae Ora Act as having a role to work collaboratively with the health entities and set expectations for how entities within the health system engage with and amplify the voices of whānau and consumers to improve access and health outcomes.

The Code of expectations for health entities engagement with consumers and whānau, sets the expectations as to how health entities must work with consumers, whānau and communities in the planning, design, delivery, and evaluation of health services. The Code of Expectations (as required by the Pae Ora Act) was launched on 25 August 2022.

Focus for the next period

- The voices of Māori will be strengthened across the entities through genuine and meaningful engagement under pae ora obligations.
- The voices of Pacific people and Tangata Whaikaha | Disabled people will also be strengthened. Mechanisms will be developed for all communities including migrant and refugee, rural communities, and the Rainbow community to partner and share their experiences.
- The health entities, with support from Te Tahū Hauora | Health Quality and Safety Commission, will consider the impact of the reform on consumers and whānau and how the entities are working to applying the Code of Expectations throughout the reform.
- Understand and incorporate the work on the consumer and whānau voice framework as part of the reform implementation roadmap.

7.3 Organisations, Functions and Capabilities

Effective organisational design, integration, roles/responsibilities and capabilities to deliver reform outcomes

The first horizon of reform was focused on the establishment of the new health entities, Te Whatu Ora and Te Aka Whai Ora, and new functions such as the IMPBs. The establishment of these organisations has taken place in the context of significant health system demand.

There are a range of critical functions and capabilities that need to be established at a national level as without these functions working effectively it will not be possible to implement reform. Functions and capabilities include performance management, monitoring, reporting, commissioning, and provider networks.

Current state

The new health entities have been established and have now been in place for over 12 months. There is a high degree of confidence in completing the implementation of organisational structures and functions.

The development of Manatū Hauora operating model started through the development of Tikanga Whakahaere, This has been further informed by an external review. The high-level design has been completed. A transformation management office director has been appointed and work is underway to finalise the detailed operating model.

Te Mauri o Rongo | the Health Charter providing shared values and behaviours has been agreed. One area of ongoing attention is ensuring that there are shared digital tools and other enabling systems.

Te Whatu Ora has made considerable progress on the 'Simplify to Unify' change process designed to move to one national and consistent operating model. In April 2023, Te Whatu Ora commenced consultation with staff this occurred in waves with business functions grouped together. This was later transitioned to a business unit led approach.

Decisions have now been released for National Public Health Service (plus some re-consultation on areas), Data and Digital, Infrastructure and Investment, Commissioning, Pacific Health, Finance, and Procurement and Supply Chain. Hospital and Specialist Services (H&SS) has released a decision on the Group Director of Operations roles. Service Improvement and Innovation have released decisions for some functions and are undertaking re-consultation in certain areas. The Office of the Chief Executive and H&SS National Functions are intending to release a final decision document during September. It is expected that People and Communications will undertake re-consultation with a view to having decisions made in October.

Of the 5115 employees in scope for these changes, 1,158 roles are not impacted, 3,306 roles have impacts and 921 roles have been disestablished.

Te Whatu Ora established and is jointly chairing Regional Integration Teams with Te Aka Whai Ora across the four regions (Northern, Te Manawa Taki, Central, and Te Waipounamu) to strengthen alignment and integration between public health, hospital and specialist services and commissioning, including between national, regional and local levels of activity across the four regions of Aotearoa New Zealand. Regional Integration Teams will provide system leadership for developing integrated annual regional health and wellbeing plans. Further work is being completed to fully embed this way of working, including decision making responsibilities and processes.

Te Aka Whai Ora has published its establishment plan. This document sets out the initial structures in place for Day 1, an approach to co-design and co-commissioning for the system, the approach to change management and operating model development and a set of principles to support change management.

Fifteen IMPBs have been formally recognised and established, further work is underway to support IMPBs as they take up their role in the system.

Several issues relating to the clarity of roles and responsibilities have been identified and are under active management by the Joint Leaders Group. These include roles and responsibilities associated with Manatū Hauora, public health, monitoring, delivery of data and information, and Regional Integration Teams.

The implementation and development of critical organisation functions is underway including establishing the clinical governance, supply chain optimisation, developing performance management and monitoring implementing national commissioning and implementing provider networks and there is a high level of confidence these will be

implemented, although continued revision and/or development is needed for each function.

Development and implementation of various performance management and monitoring processes within each entity are progressing well. In general, there are minimum viable products in place for Manatū Hauora and Te Whatu Ora. These will need refinement and cross entity collaboration to manage interdependencies across monitoring.

The scale of the task has meant that implementing the national commissioning operating model within Te Whatu Ora has taken longer than planned and there is still work required to confirm the scope of work for implementing national provider networks.

As entities prepare (especially Te Whatu Ora) for the next level of operating model development and change management, a degree of uncertainty exists. These uncertainties are related to the number of change risks and issues associated with undertaking such a major change process across the system simultaneously. Uncertainties include the impact on workforce engagement and productivity, disruption to decision making, constraints in capabilities delaying establishing functions, fully understanding interdependencies, the effectiveness of organisational designs to deliver on reform intent and the effectiveness and delivery of aligned communication and engagement across the system.

Focus for the next period

- Entities will continue implementation and embedding individual structural establishment plans and development of core functions (e.g., commissioning, provider networks or performance monitoring,) including providing clarity regarding roles and responsibilities across entities.
- In support of the structural changes, entities will roll out communication plans to ensure workforce engagement and commitment to the reforms and the new structures and functions. In addition, entities will continue regular staff engagement and surveys to gauge workforce responses to structural change and work to address identified issues.
- Regional Integration teams will be embedded across the system.
- Continued development of IMPBs and provision of appropriate support to support IMPBs in delivering their function within the system as intended.
- Entities will intensify their focus on change management plans and supporting activities at both a system and entity level (see also communications and engagement). A system wide change management plan will be developed to articulate the changes in culture, process and practices and capabilities needed to deliver on the reform, and what support/development will be provided throughout the reform change period.
- Continued maturity of reform implementation functions established to drive and integrate reform activity across the system (i.e., strengthened JLG role, RWG, change management functions within entities and the SRIO) to oversee progress and manage risks associated with forming the critical national functions and capabilities (functions

and capabilities include performance management, monitoring, reporting, commissioning, and provider networks)

7.4 Health System Alignment

Understanding the impacts of reform on the broader set of health entities and identifying interdependencies, risk and issues

The focus of the reforms to date has been on the three key health entities; Manatū Hauora, Te Whatu Ora, and Te Aka Whai Ora. However, the health system includes a broader number of other entities including Whaikaha, Pharmac, ACC, New Zealand Blood Service and Te Tahū Hauora | Health Quality & Safety Commission. It is important to understand the interdependencies, opportunities and reform related risks that may arise as systems work to become more aligned.

Current state

The interdependencies, risks and opportunities with a tighter integration of entities into reform are not yet defined. Therefore, the level of integration required between the various entities is unknown and could result in unintended consequences.

Due to the interdependencies between health strategy, policy and operations between the health system and Whaikaha, the Chief Executive of Whaikaha, is now a member of the Joint Leaders Group.

The Health System Leaders Group was established in 2022 to identify opportunities for working at a system level and share sector information.

Focus for the next period

- Identify reform interdependencies, opportunities and risks relating to Whaikaha and provide advice to the Joint Leaders Group on the proposed level of integration.
- Identify reform interdependencies, opportunities and risks relating to ACC and provide advice to the Joint Leaders Group on proposed level of integration.
- Identify reform interdependencies, opportunities and risks relating to Pharmac and provide advice to the Joint Leaders Group on proposed level of integration. Noting that it is proposed the medicines, vaccines and medical devices achievements from Pharmac plans are to be added to the health system reform roadmap (version 3, December 2023).
- Identify reform interdependencies, opportunities and risks relating to Te Tahū Hauora and provide advice to the Joint Leaders Group on proposed level of integration.
- Identify reform interdependencies, opportunities and risks relating to the New Zealand Blood Service and provide advice to the Joint Leaders Group on proposed level of integration.

7.5 Workforce

Ensuring that there are sufficient people, with the appropriate skills in the broader workforce to deliver reform outcomes

The health sector workforce is a priority for successfully implementing the health system reform but is under pressure. Workforce shortages exist across professions, with some services struggling to operate sustainably. The COVID-19 pandemic further exacerbated these long-standing health workforce challenges. It is also anticipated Aotearoa New Zealand's aging population means increasing demand for healthcare. Additionally, there is a need to better serve Māori, Pacific peoples, disabled communities, and diverse ethnic communities. Global workforce shortages mean entities will need to deliberately shape flexible pathways for people into health careers. Strategies to address this include growing a diverse workforce to address changing models of care and reviewing scopes of practice within professions.

Current state

A workforce strategy has been approved. The Health Workforce Plan (2023/24) was approved by Cabinet [CAB-23-SUB-0267] and includes a suite of initiatives based on the agreed focus areas.

Initiatives within the Workforce Plan will address the immediate and long-term supply needs of workers to prevent service delivery failures and the accumulation of need elsewhere within the health system. This includes planning in advance for changes to supply-demand pressures, models of care, and anticipated population and health trends, including the need to grow our proportion of Māori and Pacific workforce. These plans are contingent on funding and resourcing to implement.

Te Mauri o Rongo | the Health Charter has been launched in September 2023.

Te Pae Tata includes a clear articulation of the settings and roadmap for achieving the strategic direction of workforce development to meet the objectives of Pae Ora.

There have been a significant number of employment relations matters addressed including the pay equity settlement with nurses and health care assistants.

Focus for the next period

- The Health Workforce Plan (2023/24) is progressing towards implementation of the flagship projects with future initiatives subject to Budget 2024 decisions. There will be work completed on workforce legal and regulatory settings to support the development of the health workforce.
- Te Mauri o Rongo | the Health Charter will be communicated to the workforce.

7.6 Infrastructure

Ensuring that the appropriate buildings and clinical infrastructure are in place deliver reform outcomes

Health infrastructure is a critical system enabler for the delivery of health services that support pae ora for all New Zealanders. Te Whatu Ora was tasked with improving health

infrastructure investment and asset management during the early stages of the reform. In 2022, Cabinet agreed to new capital settings that provide Te Whatu Ora with progressive autonomy to manage the scale and complexity of the health investment and asset portfolio, subject to demonstration of the necessary structure and capability to do so.

Current state

There have been significant early achievements in lifting the management of infrastructure investment and delivery. The Infrastructure Programme and Project Governance Framework has enabled a scalable and right-sized approach for differing size, value, and complexity of projects. The Infrastructure Investment Group's Infrastructure Operating Model was published in December 2022. Implementation of the operating model is well underway.

The Capital and Infrastructure Committee is providing national oversight and has rolled out new governance and delivery structural arrangements for major hospital redevelopments projects. Projects funded through the Health Capital Envelope are all being actively monitored and reported to the Board and Ministers monthly in an agreed and recently refined format.

Key documents (Broader Outcome Strategy, Lessons Learned Framework, Financial Delegations and Project Controls Guideline for Health Infrastructure Projects, Design Guidelines and Cost Estimating Guidelines) have also been completed and published. The infrastructure investment planning for FY 2023/24 has also now been completed.

There is a risk is that it will not be possible to secure a skilled infrastructure workforce to deliver on the planned work programme, which will slow down progress and impact the delivery of the work. There is also a risk associated with the failure to ensure major projects adhere to guidelines, strategy and governance requirements of the national function resulting in regional variations in outcomes or lack of alignment to organisational standards.

If the planned activities around the Infrastructure Asset Management Plan and Infrastructure Investment Plan fail to provide sufficient confidence, the delegation to adjust capital settings will be impacted resulting in potential additional governance and justification of spend. There is a risk that the function may fail to meet expectations of the monitoring framework, resulting in potential additional governance and monitoring of outcomes.

Focus for the next period

- Budget 2024 will inform the major hospitals build and improvement and out years implementation plans (that in turn will support reform outcomes such as delivery of models of care and regional capacity).
- Implementation of the national level integrated operating model for infrastructure. Completion of the Infrastructure Asset Management Plan, Infrastructure Investment Plan and National Clinical Infrastructure Plan by the end of 2023.
- Completion of the Rapid Hospital Improvement Programme, supporting hospital and specialist services post COVID-19, which is expected to be completed in FY 2023/24.

7.7 Data and Digital

Ensuring that the information and digital services are in place for the workforce, consumers and whānau to deliver reform outcomes

The transition to a national focus on data and digital is of significant benefit of reform. This area can be considered in several interconnected domains: digital based health services for consumers and whānau; digital services for the clinical and administrative workforce to enable them to be effective in their work; data and analytics to support effective clinical and operational decision making; and performance and national systems infrastructure. A Data and Digital Strategy has been developed which will inform the Data and Digital Investment Plan, required to develop detailed implementation plans and Budget 2024. Te Whatu Ora is part way through a multi-year programme of data and digital investments aligned to the objectives and aspirations of the Pae Ora Act and Te Pae Tata. This includes investing in new services and models of health care, and in parts of the sector that have historically been subject to limited investment.

The new entity also inherited a complex legacy ICT landscape, managed under the former DHBs and shared services agencies, each of which had different technologies and capacity to invest. There is significant investment required to complete post-merger acquisition and transition activities, maintain the reliability and operation of these systems during that process, and progressively modernise these systems.

Data and digital-related initiatives across the reform programme include alignment of procurement, financial and information systems, integrated IT services for staff, modernised and unified HR systems, data collection and management and the ongoing development of access to health services virtually. While this change is underway, it is essential that the systems previously run by DHBs continue to be maintained to provide services to staff and patients during the transition process as failures in security, privacy or loss of services would be unacceptable.

Current state

Te Whatu Ora developed a strategy and roadmap, inclusive of the original Te Pae Tata and Pae Ora objectives. Both are being actively refined as part of the development of the integrated plan for 2023/24 and the Budget 2024 investment bid. The work programme includes investments in clinical and consumer facing services, as well as core foundations and national corporate systems. It is funded from the national prioritisation of inherited data and digital investments and budgets as well as additional capital appropriations to support uplift in targeted areas.

The Data and Digital unit now operate to a single national budget for investments. The review of the inherited Information Systems Investment Portfolio has been completed (circa 1700 initiatives or line items). The priority was continuing with investments which support the nationalisation/ rationalisation of systems, and the pausing of investments which were not linked to the future national direction or priorities. The revised portfolio is progressing as part of the current financial year delivery (within currently approved funding envelopes).

Te Whatu Ora is currently implementing a new operating model and the organisation structure for the Data and Digital function. This will support the move to national management structures and the adoption of new national ways of working.

Integrated planning for this year (FY 2023/24) will provide a more granular view of national deliverables, by quarter, with the ability to demonstrate planned delivery across various dimensions (e.g., consumer/clinical/corporate, by service, by geography) underpinned by the objectives to simplify and unify the technology landscape. The intention is for a plan to bring together a consolidated view of previously approved strategies (Te Pae Tata commitments, Data and Digital Strategy and Roadmap) and with consideration to emerging priorities (including big shifts, Reform Roadmap Priorities, Operating Plan 2023/24 priorities).

Some parts of the work programme are well defined (e.g., standardisation of core infrastructure, a roadmap to rationalise key systems) while other parts of the work programme are still at the design and feasibility stages and being developed in partnership with other Te Whatu Ora and Te Aka Whai Ora Services. This includes responding to emerging demand as services develop their thinking on new operating models and models of care, to support the broader objectives of Pae Ora and Te Pae Tata).

Budget 2024 contains the required multi-year investment bid, to secure funding for future years. This will support a focus on accelerating the move to new and digitally enabled models of care, such as commissioning, service redesign and trialling, evaluation/learning and refinement ahead of a national rollout. Investment could also include digital modernisation of the corporate functions such as HR, finance, procurement, and IT. While these changes are occurring, disruption to existing Hospital and Specialist Services will be minimised.

There is significant uncertainty around the resourcing required to deliver on planned activities. The current ICT resource market is constrained, placing health in competition with other government agencies undergoing large data and digital programmes of work. Additionally, the national alignment/organisational change processes have created uncertainty, resulting in loss of legacy/skilled workforce.

Focus for the next period

- Continue the data and digital related integrated planning as part of Budget 2024 and Te Pae Tata development, including an increased understanding of investment requirements, allocations and delivery progress.
- Delivery of the improvements in systems, defined by the approved data and digital roadmap to keep systems available and secure. This road map will provide a clear implementation pathway that takes into account resource constraints and the associated impact on delivery rates and articulates priorities and success metrics.
- Progress the improvements to the Hira programme, as the national approach to standardising health information is implemented and people will have a consistent way of accessing health and wellbeing information.

- Progress improvements in how the workforce accesses national level information services. The data and analytics operating model and platform will be implemented to support decision making and performance management.
- Implement data and digital improvements that will improve how consumers experience health service. Initiatives includes digital referrals, enhanced booking and communications for areas such as immunisations, breast screening and pelvic mesh treatment, and sharing of clinical information and access to health records and campaign and cohort management.
- The MAC has undertaken an assessment of data and digital and their recommendations will be considered and implemented as appropriate.

7.8 Performance Monitoring

Putting in place capabilities and processes to understand the performance of the health system and make improvements where needed

Health system performance monitoring is the process of developing intelligence and evaluating how the system (or parts of the system) is operating and delivering against priorities and desired outcomes over time and intervening where appropriate. Monitoring enables the identification of system successes, opportunities, risks and issues to help policymakers and stakeholders make decisions about investments and initiatives to optimise performance.

Health entities each have a role in monitoring parts of the system. Each entity's board is accountable for entity performance, ensuring the entity is performing its functions as a successful ongoing concern. Some entities also hold specialist monitoring roles for elements of the system, such as the Health Quality and Safety Commission which co-ordinates monitoring work across the health sector to improve the quality and safety of services. Additionally, there are monitors of health and wellbeing outcomes outside of the health sector, such as Te Puni Kōkiri for hauora Māori.

Monitoring is a legislative responsibility that both Manatū Hauora and Te Aka Whai hold. The Pae Ora (Health Futures) Act 2022 includes a specific focus on monitoring for Māori health outcomes. As steward of the system, Manatū Hauora has a key role to monitor system performance and performance of health entities.

Current state

Implementation of performance monitoring has been challenging given the amended remit of monitoring for Manatū Hauora and the newly established remit for Te Aka Whai Ora and the role of the entity Boards.

Te Whatu Ora and Te Aka Whai Ora are improving linkages across planning, performance and monitoring. Development and implementation of performance management and monitoring processes within each entity is progressing with minimum viable products in place. Refinement will require collaboration and managing interdependencies.

A high-level system performance framework has been defined and socialised with the relevant entities. Clarity is still needed around roles and responsibilities both internally at Manatū Hauora and with other entities for monitoring.

Te Aka Whai Ora with the support of Manatū Hauora and Te Puni Kōkiri is also developing a monitoring framework to assess the performance of the publicly funded health sector in relation to hauora Māori.

Alignment between the system outcomes framework and GPS and system priorities for performance framework is also underway – the intention is for one unifying framework. The work on strategic intent will support better integration across the entities for performance management and monitoring remits.

Availability of sufficiently thorough and robust performance data from the three entities, for use in monitoring performance is one of the more important issues to address.

Focus for the next period

- Manatū Hauora to develop and implement the system performance monitoring framework, processes and capability to advance the unifying framework for system performance. Manatū Hauora to utilise the system performance monitoring framework to improve the levels of understanding of monitoring roles and responsibilities between entities.
- Manatū Hauora to develop a plan with Te Puni Kōkiri and Te Aka Whai Ora on a collaborative approach to system performance for Hauora Māori.
- Te Aka Whai Ora to provide a joint assessment with Te Whatu Ora of outcomes specified in Te Pae Tata (the New Zealand Health Plan).
- The data and analytics operating model and platform will be implemented to improve the ability to collect, access and analyse performance data.
- The DPMC Implementation Unit to undertake a review of performance management and monitoring, which will provide insight into the progress that has been achieved.

8. Managing Reform Implementation

8.1 General

This section provides a high-level view of the key capabilities that in place for managing a programme of this scale and complexity. A current state view is provided and the work that is to be progressed to address gaps. This is based on initial work undertaken by the SRIO on integration requirements and the confidence assessment. The confidence assessment analysis, based on the quantitative responses from system leaders, is that:

- 65% indicated a high level of confidence in the successful delivery of the roadmap initiatives
- 70 % were indicating that scope and success criteria are sufficiently clear
- 50% were indicating as being adequately funded
- 70% are indicating risks/issues with resources (people)
- 70% are indicating risk/issues with operational areas ready to implement the changes
- 50% are indicating that assurance arrangements are in place to manage risk

This analysis is picked up in this report in the different sections but overall, it indicates that that leaders are confident in delivery and what is needed to be achieved. There are some significant risks to be managed, particularly in resourcing and change areas.

8.2 Intent and Scope

Ensuring there is a common understanding of the intent, objectives, outcomes and benefits of reform

A key input for reform success is a shared, clear articulation of reform intent. It provides the why; the vision and direction for the new system, the ambition in terms objectives, outcomes and benefits and the changes that will be needed to get there. A clear and agreed intent supports decision making, prioritisation, ensures focus and resource is applied on the most important things, and generates buy-in and commitment from stakeholders.

Current state

The health system reform intent is reflected in a variety of documents from across the system: Pae Ora (Healthy Futures) Act; the Health Strategies; the interim Government Policy Statement on Health; the interim New Zealand Health Plan (Te Pae Tata); and Cabinet papers mandating the health reform. These documents have been developed over time and each reflect a different perspective of health reforms.

The Act, and each of the supporting direction setting documents articulates the health reform from a different perspective and as a result there is no common, clear articulation of health reform intent and specifically how the Government intends (via the health reforms) the health system to deliver on the purpose and principles outlined within the Pae Ora Act. There is potential that without a shared articulation of intent to drive and align reform activities it will be challenging for those working across the system to deliver the line of sight across direction setting, planning and change initiatives and for leaders to maintain system level cohesion in reform implementation.

Focus for the next period

- Reform intent will be synthesised from existing direction setting documents to establish a common, shared, and clear articulation of reform intent, for use as a resource for reform implementation strategy, change management, and communications plans.

8.3 Integrated Planning

Clear definition and management of the 'work' required to achieve reform (the 'what' of reform)

For the reform to be implemented effectively there needs to be well-developed plans that align the required reform intent to outcomes, reflecting the availability of resources and funding, and cognisant of sequencing and interdependencies. The reform is a highly

complex endeavour and involves synchronisation of many different elements to be successful at both the system and entity level and to ensure that the workforce, whānau and consumers are at its centre and responses to the dynamics of health system demand. Te Pae Tata and the Government Policy Statement on Health (GPS) provide a foundation for reform implementation planning, with a wide range of implementation planning instruments being developed across the system, including entity accountability documents, agency business plans and plans at various levels and detail in agency subunits.

Current state

In March 2023 the Joint Leaders Group commissioned the development of the System Reform Roadmap ("roadmap") which is a consolidated view of reform implementation activities. A draft was endorsed by the Joint Leaders Group for further development and engagement with Ministers on 27 June 2023. The roadmap has been developed in collaboration with Manatū Hauora, Te Whatu Ora and Te Aka Whai Ora (the 'entities'). It is a compilation, representing entity plans and briefings. It was not intended to be a top-down plan.

The information in the roadmap is predominately derived from authoritative sources, including legislation, Cabinet papers, and approved entity plans. Version 1.0 of the roadmap (as of July 2023) is represented in three horizons, and these will be extended as the health strategies, funding, and implementation plans mature (note that detailed health plans have very long timeframes, reflecting the long-term nature of many health interventions).

The roadmap is based on the logic flow that begins with direction setting (through policy and legislation) and funding for the reformed system and improvement in health system's organisation, functions, and capability. It also improves the key enablers of workforce, data and digital, and infrastructure. These improvements will flow through to the design and implementation of health services, and then become identifiable changes to the actual delivery of health services.

Te Whatu Ora has a significant task in consolidating the information required for effective planning from what had previously been held within 26 entities. This included collating information on the key enablers of workforce, data and digital and infrastructure. Given the diversity of planning and systems within the DHB structures, operating models and data, it will take some time to complete this amalgamation to fully provide the information required as the basis for effective planning.

Budget 2024 and other direction setting work is a key dependency for the roadmap delivery. There will need to be processes established for investment decision making including prioritisation and benefit frameworks.

A key observation across the system is that planning is not sufficiently integrated, given the scale and complexity of the health system, the integration of planning will require very high degrees of sophistication to enable resources to be aligned with the strategy and deliver outcomes.

Focus for the next period

- The Health System Reform Roadmap will be maintained as part of each confidence assessment cycle. It is intended that future versions of the roadmap will reflect interdependencies such as funding and prioritisation, and be able to demonstrate alignment between outcomes, health services and enablers.
- The roadmap will be updated as reform activities are further defined and developed such as through budget planning cycles. It is expected there will be a significant update to the plans, as a result of Budget 2024 work being agreed.
- Entities planning capabilities and processes will continue to develop to manage the increasing complexity of prioritisation, integration and delivery of initiatives as reform progresses.

8.4 Implementation Strategy, Governance, and Leadership

Having the strategy, governance arrangements, ways of working and capability to implement reform well

The critical aspect of the health delivery environment is the high complexity, scale and range of entities involved. It is fundamentally reliant on clinicians who apply very sophisticated methods and disciplines and therefore take a long time to train to the right level. It is a highly visible sector with most whānau engaging with a part of the system on regular basis. It is also subject to a high degree of externalities such as pandemics, and natural disasters which have a profound effect on system capacity. To remain resilient the health system has developed to be adaptive.

The initial years of reform have been highly focussed on establishing the entities that make up the system, and the redistribution of functions and resources to those entities. This has been an all-consuming task for system leaders (Boards, Chief Executives, and senior leaders). In addition, this work has been managed in parallel with operating the system and delivering health services.

The intent for the system, expressed in the Pae Ora Act, including achieving equity and meeting expectations of New Zealanders, is ambitious. Given the current operating model of the system, natural funding and human constraints and the wellbeing of New Zealanders at stake, a critical success factor is that there is effective implementation strategy, governance, leadership and change capability in place.

Current state

The governance and leadership of reform has been established with the reform the following structures being in place:

- The Minister for Health (and Associate Ministers of Health) has ultimate accountability for implementation of reform and provides assurance to the Minister.
- Manatū Hauora in its stewardship role provides oversight of the implementation of reforms.

- Boards of Te Whatu Ora and Te Aka Whai Ora have the responsibility and accountability for performance on their respective organisations and the implementation of reform.
- The Joint Leaders Group is the leadership group for reform implementation - including managing progress and risks relating to reform implementation. Chaired by the Director-General of Health and including the Chief Executives of Te Whatu Ora, Te Aka Whai Ora and Whaikaha as members.
- The Reform Working Group, as a group of senior leaders from each agency who support the Joint Leaders Group in their role to managing progress and risks relating to reform implementation.
- The System Reform Integration Office (SRIO) is part of Manatū Hauora. It is not part of governance or the leadership structure but assesses progress risk and issue and provides advice and support to the system leaders for the effective implementation of reform.

The structure of these arrangements is summarised in Figure 1.

These governance and leadership arrangements have been significantly strengthened in 2023, including.

- A new Chair has been appointed to the Te Whatu Ora Board
- New Board members have been appointed to the Te Aka Whai Ora Board
- The roles and functioning of the Joint Leaders Group has been strengthened to provide more oversight of reform
- The Reform Working Group has been implemented to improve support of the Joint Leaders Group and increased co-ordination of reform matters across the system
- The Whaikaha Chief Executive has been included a member of the Joint Leaders Group to ensure matters relating to disabled people are considered and risks are identified as part of reform implementation

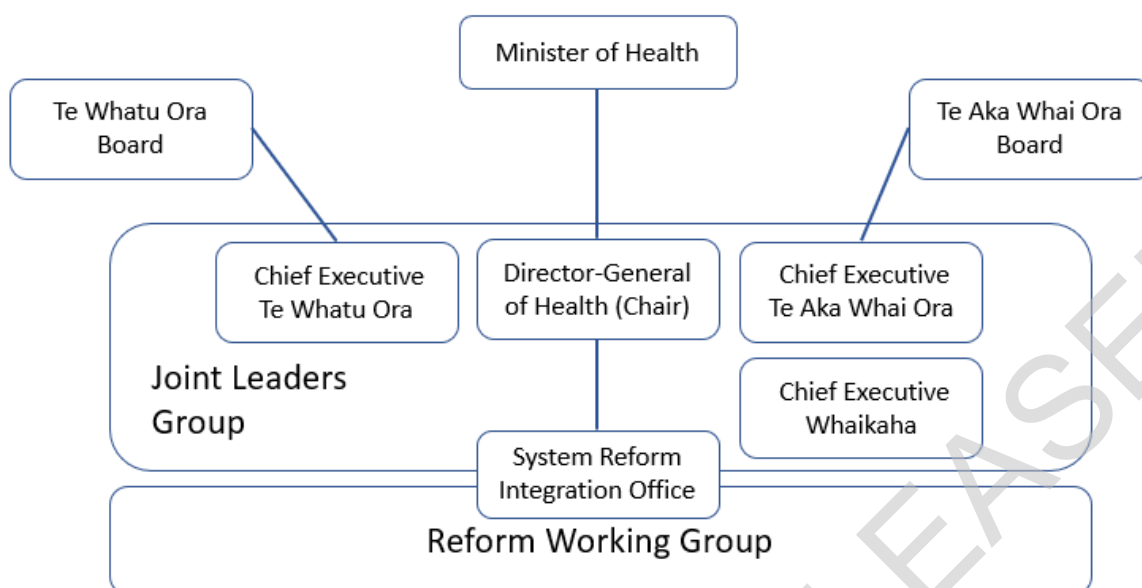


Figure 1 Reform Implementation Leadership Arrangements

Manatū Hauora has progressed its transformation programme to reshape the organisation as part of the reformed system, which is expected to be substantially completed in mid-2024.

Te Whatu Ora has developed its reform implementation strategy in *Roadmap to Pae Ora* 13 July 2023. This is a living document and therefore continues to evolve as needed. Te Aka Whai Ora has been in the process of building their organisation from its establishment plan. This document sets out the initial structures in place for Day 1 and demonstrates how, in partnership with Te Whatu Ora, Te Aka Whai Ora intends to give effect to the waka Hauora approach to co-design and co-commissioning for the system.

The implementation of reform is in its early stages (Horizon 1) which has focused on the implementation of the new organisations and functions. The next horizon will start to significantly impact on the way in which health services are delivered and the various entities and functions that make up the health system. As an example, the work in primary and community care is intended to change models of care and requires changes to how providers and clinicians work at a local level. This will require not only effective design of future models but also a high level of design as to how changes will be implemented.

The overall reform implementation strategy will be made up of several different strategies that will need to be linked in some way. The work to link up these strategies will outline how the significant and wide-ranging changes in the health system will be undertaken, the changes required to move the system from current state to the future state with the new ways of operating that will deliver the reform. The role of the SRIO is to strengthen the integration of these strategies.

One of the fundamental aspects of the next stages of reform is to ensure that it is increasingly people centred. For reform to be successful the workforce, particularly clinicians, will need to be much more engaged in reform delivery.

An implementation strategy would also define the capabilities required for successful implementation of reform. These capabilities include processes for integrated reform planning, service design, models of care development and change management. It will also require people leaders who have the experience of large-scale health system and transformational change.

Given the combination of the high complexity/scale of the reform and the availability of capability in transformation in Aotearoa New Zealand, this poses a very significant challenge to the delivery of reform overall.

Focus for the next period

- Each entity to continue to develop their internal governance, leadership and capabilities to be able to progress reforms.
- Continue to increase visibility of the progress, risk and issues of reform (through the SRIO function) and focus on ensuring effective system collaboration.
- Develop the next stage of a reform implementation strategy, in time for Horizon 2 (FY 2024-2027), that covers the “how” of reform implementation. This will include the impact of reform on people and entities in the system, the standard and scaled change processes to be used, approaches to communications and engagement, change planning and delivery (note requires further discussion between entities).
- Develop a capability plan that assesses what is required in process and people (leadership) capability to successfully implement the next stages of reform. This will need to consider the national constraints in implementing transformation of the scale of health reform.

8.5 Communication and Engagement

Ensuring people understand, support, and (where appropriate) are engaged in the implementation of reform and delivering its intent

Integrated communication activity and stakeholder engagement is critical to enable consumer voices to be incorporated in the design, delivery, and evaluation of services, to support the health system to collectively embrace and deliver on the vision of reform and to build trust and confidence overall in Aotearoa New Zealand’s health system.

Current state

Communication and change management activity is being carried within each entity and is designed to drive individual organisational culture and improved ways of working. There is no integrated change management approach where communication supports behaviour and culture change as part of one system. There is significant, ongoing interest from government agencies, the health workforce, health sector, supporting entities, media and the Aotearoa New Zealand public in what improvements are being made and how/when they are being delivered under a reformed health system.

The approach to general communication and engagement is predominantly entity driven and crosses over multiple audiences. This approach can result in content fatigue, misalignment of narrative and messaging and the lack of a system view or content not meeting the needs of or being relevant to critical audiences.

A unified, evidence based, audience-led communications and engagement strategy for the health system will be developed. The purpose of this work is to establish a baseline for sentiment and to ensure the reform is visible, accessible, and understandable for everyone. People that live in Aotearoa, particularly Māori, Pacific peoples, disabled people, and those with high health needs must see themselves in the process and have trust and confidence their needs will be understood, acknowledged and met.

A system narrative has been developed that reflects collective progress to date across the entities from legislation and policy through to operational delivery. This narrative and supporting messaging will require ongoing commitment from entities to ensure it remains current.

To support the development of the pae ora health strategies, Manatū Hauora undertook extensive public and stakeholder engagement between November 2022 and May 2023. A range of activities and channels were conducted – from social media and online platforms to one-on-one interviews.

Entities have been communicating and engaging with their people through the implementation of reform. This has included:

- monthly hui fronted by the Chief Executives – with events for leaders, staff and stakeholders
- regular pānui to all staff
- executive leaders presenting and discussing change proposals
- the establishment of clinical networks as a mechanism to engage clinicians and have a voice in the progress of reform
- the establishment of the strategic networks, living, aging, mentally and starting well, that bring different parts of the workforce, and also stakeholders, together around elements of the care journey

The scale, distribution and diverse nature of Te Whatu Ora poses significant challenges to effective communications. This includes not having a unified digital information system so that people can get access to information.

Focus for the next period

- Develop a reform level communications strategy including a baseline for whānau and community, public and sector sentiment for assessment and reporting on system trust and confidence.
- Make content available to the public that provides information about the reform and its progress.
- Increase the focus on workforce communications and engagement using evidence-based understanding of levels of engagement and the development of appropriate communications and engagement approaches.

- For Horizon 2, as part of a reform implementation strategy develop a workforce communications and engagement strategy and plan.
- Develop a strategy and plan for engagement with the unions.

8.6 Implementation Resource Management

Aligning the reform intent, ambition, resources with funding and investment

There is a requirement to have the appropriate level of funding and resources (people) for the implementation of the changes required to reflect the design of the reformed system. These provide some fundamental constraints on the rate of change in the system and the ability to achieve reform intent.

Current state

Implementation funding is part of the work being undertaken to complete Budget 2024. This is working through a wider set of choices for the health system which will then inform the level of funding allocated to specific reform related initiatives.

As an example, significant funding for data and digital initiatives will be required for consolidation of the previous DHB's into a Te Whatu Ora and create a single national organisation. This funding is being prioritised and considered alongside a range of other health system service delivery cost pressures. The results of this will determine the rate at which the objectives of reform would be met.

Indications from the confidence assessment indicated a high level of partial funding for the roadmap achievements. Given these predominately were for FY 23/2024 this could mean there a degree of near-term funding risk or signalling the requirement for outyear funding which would be cover by Budget 2024 related planning.

There is general risk of there not being sufficient funding for specific reform initiatives. This could be due to insufficient funding allocated to the initiative (through planning processes) and/or through unexpected increases in costs of the initiative. It could also be the impact of broader finance related issues across the entity (such as unplanned public health events).

There is not a sufficient understanding of the resources required for the implementation of the reforms. The confidence assessment indicated that most of the initiatives were experiencing, or expected to experience resource constraints, that is not having the sufficiently skilled people deliver the changes necessary to implement reform. This is a significant risk as it creates significant inefficiencies if initiatives are committed to, funded but not sufficiently resourced.

Focus for the next period

- Progress the GPS, Budget 2024, Te Pae Tata and internal budget processes (refer Direction Setting and Funding) to determine funding allocations to reform initiatives.
- Develop an understanding of the resource requirements and constraints for implementation on the system and ensure it informs the planning process.

8.7 Assurance and Managing Risks/Issues

Effective identification and management of barriers to reform (risk and issues) with assurance these are in place and working effectively

The Boards, Chief Executives and leadership teams are accountable for delivery of reform and establishing appropriate assurance and risk processes. The joint leaders, chaired by the Director-General of Health, is accountable for:

- providing collective leadership of the progress and success of the overall reform programme
- identifying and managing risks to ensure effective and timely delivery of reform outcomes

Current state

A review of assurance arrangements for reform implementation has been completed. A framework has been developed to ensure there are cohesive and efficient assurance arrangements in place for reform implementation. This includes a set of assurance requirements to support assurance planning.

Each entity has organisational arrangements in place for risk and assurance. These risk functions play an important 'second line' role in helping to identify and assess risk in a consistent way. The assurance part of these functions play an important 'third line' internal audit role to provide independent assurance and advice.

Risk and assurance are provided to Te Aka Whai Ora under a shared service arrangement from Te Whatu Ora. A Head of Risk and Assurance has recently been appointed and will be setting the assurance programme going forward.

Manatū Hauora are considering their wide assurance role as steward of the health system.

This will need to be implemented progressively as capability and capacity is developed across the system.

Focus for the next period

- Agree the assurance framework and broader arrangements and progressively implement across entities and at system level.
- Develop and implement responses for the reform level risks (refer Section 5. Key Risks and Issues).