

Auditor-General's overview

Health is important to New Zealanders personally and collectively. Demands on our health services are increasing, driven by causes such as an ageing society and the rising prevalence of long-lasting health conditions. The health budget was \$14.655 billion in 2013, so it is important that services are designed and delivered without unnecessary waste.

To support effective and efficient design and delivery, changes to encourage regional services planning were introduced into the health sector in 2011. The expectation was that the separate district health boards would plan together to deliver services to reduce service vulnerability, reduce costs, and improve the quality of care.

In the health context, there are four regions – Northern, Midland, Central, and the South Island. Their populations range from about 850,000 to 1.7 million people.

This report describes how well regional services planning is working in practice. The work was part of my theme for 2012/13, *Our future needs – is the public sector ready?*

Some signs of success, but not as much progress as expected

The Ministry of Health and district health boards have put effort into creating the conditions for success. Collaboration within and between district health boards has increased. It has worked best where there was a combination of trust, good leadership, financial incentives, and a strong common cause.

The work of regional shared services agencies and Health Benefits Limited is producing savings, and regions are collaborating to save money through collective buying. With capital investment, the national arrangements to approve large projects are improving. The planning of information technology systems to support health care delivery is now more co-ordinated.

There is a small but growing number of regional clinical and service initiatives under way. However, regional services planning is not yet business as usual for some.

Overall, I expected to see more – more tangible examples of services that were planned regionally rather than at a district level, and more evidence that the expected benefits were emerging.

Challenges that need to be overcome

In 2009, Cabinet noted that it could take up to three years for the benefits of regional planning to be realised. In 2013, my staff found the Ministry of Health had not been systematically monitoring and quantifying the benefits achieved

by regional services planning. A lack of baseline information means that the contribution of regional services planning to reducing service vulnerability, reducing costs, and improving the quality of care is unproven.

In my view, the Ministry needed to do better in setting the direction for district health boards and in providing guidance. District health boards do not consider that enough attention has been given to defining the long-term national, regional, and local components of the health system. More work needs to be done in integrating and streamlining the different levels of planning work carried out by district health boards.

When my staff looked closely at capital planning, they learned that there is a shortage of people with the right skills to support good governance of capital projects. This was particularly acute in business case development and in supporting board members throughout the health sector.

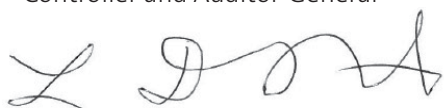
Good planning requires good information, based on data that is complete, reliable, consistent, and comparable. My staff found a wide range of problems when they looked at how data is used in planning services. The data we looked at was not always consistent, complete, or comparable – but this is important for planning and reporting purposes. Some well-known and systemic problems need to be resolved to ensure that data can form a sound basis for planning and decision-making.

My staff expected and looked for evidence of outcomes that would not have happened without regional services planning. However, much of the evidence the health sector entities provided as signs of success was about getting ready to deliver outcomes. This report reflects those different expectations about pace.

I make seven recommendations to help the Ministry of Health and district health boards as they continue with regional services planning. I expect to follow up on their progress in early 2016.

I thank the many people in the Ministry, National Health Board, Capital Investment Committee, regional planning support groups, and district health boards for their help and co-operation.

Lyn Provost
Controller and Auditor-General



12 November 2013

Our recommendations

Recommendation 1: We recommend that the Ministry of Health and district health boards work together to achieve good governance of capital investment, by ensuring that decision-makers can:

- get strategic advice at an early stage on capital projects; and
- get support at crucial decision points.

Recommendation 2: We recommend that the Ministry of Health and district health boards work together to improve the quality of data for planning and reporting, by exploring whether our overall findings on data quality apply to other information collected to inform decision-making.

Recommendation 3: We recommend that the Ministry of Health and district health boards work together to report on how they will improve the quality of data used for planning and reporting.

Recommendation 4: We recommend that the Ministry of Health refine the guidance on Faster Cancer Treatment indicators to remove ambiguity about the definitions.

Recommendation 5: We recommend that the Ministry of Health and district health boards discuss and agree how to apply the definitions of the Faster Cancer Treatment indicators consistently, so that indicators are comparable between district health boards.

Recommendation 6: We recommend that the Ministry of Health and district health boards work together to review, amend, and improve the timing and content of the Ministry's regional services planning guidance for district health boards so that the guidance is:

- provided within a time frame that enables regional services plans to inform other plans that district health boards need to prepare; and
- more in line with the intended effects of regional services planning.

Recommendation 7: We recommend that the Ministry of Health and district health boards work together to prepare an evaluation framework and use it to work out whether regional services planning is having the intended effects.