

Government Response to the Productivity Commission Report on More Effective Social Services

Overview

The Government agrees with the Productivity Commission that the system of social services needs to be more responsive and client-centred. This will require government to:

- build up knowledge about what works and apply this effectively to ensure good outcomes
- create the right relationships and enable collaboration across different services
- create an environment that lets agencies and other providers have a relentless focus on improving client and user outcomes
- create the infrastructure to support decision-making that is focused on long-term outcomes for people.

Investing in outcomes for the long-term

The Government is focused on improving the lives of New Zealanders through the development and application of the social investment approach. This is about improving the lives of New Zealanders, in particular the most vulnerable, by ensuring that government investment in the social system is used in the most effective ways. It involves applying rigorous and evidence-based investment practices to social services. Many of the Productivity Commission's recommendations are aligned with or reflected in the social investment approach.

Social investment is about putting the needs of people who use public services at the centre of decisions on planning, programmes and resourcing, by:

- focusing on long-term outcomes
- setting clear, measurable goals for helping people who rely on public services
- developing performance frameworks that require collaboration
- enabling people to work together when needed to improve outcomes
- using information, supported by technology, to understand the needs of people and what services they are receiving
- systematically measuring the effectiveness of services, so we know what works well and what doesn't, and know what to change
- focusing on what needs to happen to achieve outcomes, and who is best placed to do that.

Social Investment has ministerial leadership through the establishment of a Minister Responsible for Social Investment. To support the social system to deliver on this ambitious programme of change, the Government established the Social Investment Unit in April 2016. To further support this, and to ensure that we are focused on the smaller group of New Zealanders with complex needs, Cabinet has recently agreed to establish the Social Investment Agency and the Social Investment Board.

The Social Investment Board will replace the Social Sector Board. The Social Investment Board will focus on a small number of priority groups where a collective approach is required to achieve better results for these groups. The Social Investment Board will provide advice on what is required to achieve better results and oversee the actions undertaken to achieve these results.

The Social Investment Agency will combine resources from the Social Investment Unit and the Social Sector Strategy team within the Ministry of Social Development. The Social Investment Agency will:

- provide advice, informed by data and analytics, to help determine investment priorities for the government's social investment approach
- monitor the performance of selected investments over time
- develop tools and infrastructure to assist agencies to implement the social investment approach, and assess progress and maturity
- develop new approaches to working with targeted groups of customers with complex needs
- provide the responsible Minister with independent advice on social investment.

These actions, together with other supporting initiatives across the system designed to improve coordination and leadership of data management and use, will mean data can be used by the social sector to give a holistic view of the multiple and complex needs faced by certain New Zealanders. This in turn will inform decisions about commissioning services that make the most difference, and at the right time.

Social investment builds on the progress we have made on improving outcomes through the Better Public Services Results. Eight of these are focused on making measurable improvements to social outcomes, through cross-agency collaboration to make services work better for vulnerable people. Work is underway to refresh both:

- the results¹, to ensure that they are client-centred and evidence-based, and
- the programme as a whole, including maximising the contribution of data and analytics to better results and services and using digital technology to transform services to customers.

¹ As recently announced: <https://www.ssc.govt.nz/better-public-services-next-steps>

Social investment as an approach is already being applied in some areas. For example, Budget 2016 used social investment principles to take a more in-depth look at particular populations. Budget 2017 is also using social investment principles. Chief Science Advisors have been appointed in key departments to support evidence-based decision-making. Individual agencies are also increasingly using social investment principles in their day-to-day activities, particularly through the development of investment approaches for welfare, social housing, justice, and vulnerable children. There are also other areas where there is potential to apply social investment principles including the management of long-term health conditions and the health of older people.

System changes, starting with vulnerable children and their families

The Government has focused on certain vulnerable populations using social investment tools such as the Work and Income forward liability model and reviews of outcomes for 0-5 year olds and 15-24 year olds. The Ministry for Vulnerable Children, Oranga Tamariki, will also use social investment tools.²

The Productivity Commission found that for people with complex and inter-dependent needs there were: missed opportunities for early intervention, poor co-ordination of services, and services not tailored to meet clients' needs. Similar issues were raised by the Expert Advisory Panel (the Panel) on Modernising Child, Youth and Family (CYF).

For the vulnerable children's population, the Ministry for Vulnerable Children, Oranga Tamariki has recently been established to provide a single point of accountability. It has a specific mandate to develop a prevention and early intervention focus and a strengthened focus on the wider cross-government accountabilities and integration of services supporting vulnerable children and young people.

The changes being taken forward by the new Ministry includes a number of features that are consistent with the Commission's recommendations, such as:

- taking a child-centred approach to service design with stronger mechanisms for the voice of the child
- developing strategic partnerships with iwi groups and NGOs
- using resources from across the social services system including the ability to purchase directly
- developing an investment approach to assist decision making and enable the system to learn and improve over time.

² Details can be found <https://www.msd.govt.nz/about-msd-and-our-work/work-programmes/investing-in-children/index.html>

Taking a devolved, client-led approach to services

The Productivity Commission placed a strong emphasis on the need for more devolved and client-centred approaches to improve client outcomes. The principle underlying this is that the people who have the best information to make decisions should be able to make those decisions. Often the client is best placed to make a choice about how to meet their needs. For people with complex needs a local-led approach to integrating services may be more appropriate.

Devolution already exists in large parts of the social sector, such as local schools and primary health organisations, but the Government sees further opportunities for greater collective impact, integration and potentially devolution at community and regional levels. The Government has established three Place-Based Initiatives in South Auckland, Northland and Tairāwhiti. Each location has its own local governance to support a collaborative approach to achieving outcomes for vulnerable children in these regions. Over time these will embed a range of the Commission's recommendations on devolution, service integration, commissioning, and monitoring and evaluation of services.

Different approaches are being proposed in each of these regions to reflect their different circumstances. The Government wants to learn from these different approaches, and previous approaches such as Social Sector Trials and Children's Teams, to identify what works and what doesn't work in different circumstances and to identify what could be applied in other locations over time. A national support team for Place-Based Initiatives has been established to facilitate a better understanding of what works, and to disseminate this information more widely.

Another integrated approach is the Whānau Ora commissioning model which allows for flexible and innovative approaches to provide services to meet the needs of whānau and their children. Te Puni Kōkiri commissions Whānau Ora outcomes from non-government commissioning agencies. This brings funding and funding decisions closer to the community as well as taking a whānau centred approach to social service delivery and investment with Māori, and Pacific people. The three commissioning agencies are contracted to match the needs and aspirations of whānau, and their children, with initiatives and services that will most effectively and efficiently meet these outcomes.

The Government is also focusing on ways that services can be more client- or whānau-led. For people with disabilities, Enabling Good Lives (EGL), which includes self-directing planning and individualised funding as key components, has demonstrated this new approach in several areas. Intensive processes to better understand the experiences of clients and develop innovative solutions are also helping shape the future delivery of services.

While progress is being made there is much more to do

The extent of change that the Productivity Commission signalled is needed is extensive. While the Government already has a lot of work underway to deliver change, this will take time to develop and embed.

Officials are working to improve commissioning of services and facilitate the development of a sustainable and effective market of social service providers. The Government has recently developed guidance to support commissioning agencies to procure social services when contracting out is the preferred service model.³

Response to specific recommendations

The attached table outlines the Government's response to the Commission's specific recommendations. The recommendations have been clustered into ten themes, listed below. In some areas, several of the recommendations have been combined and responded to as a group.

Themes:

- System Stewardship
- Devolution and service integration
- Commissioning
- Provider market
- Performance monitoring and evaluation
- Data and analytics
- Investment approaches
- Purchasing and contracting
- Implementation and oversight
- Other.

³ <http://www.procurement.govt.nz/procurement/for-agencies/buying-social-services/guide-to>