

Cut to the chase

More effective social services Draft report – April 2015



This Cut to the chase summarises the Commission's draft report on *more effective social services*. The Commission seeks your input, particularly on the draft findings and recommendations, by **24 June 2015**. Recommendations range from modest yet worthwhile ways to improve social services, to bold changes in roles and responsibilities.

The inquiry

The Government asked the Productivity Commission to look at ways to improve how government agencies commission and purchase social services. These include how agencies identify the needs of people who use social services, how they choose organisations to provide the services, and how the contracts between agencies and providers work.

Social services include health care, social care, education and training, employment services and community services. They also include the services targeted to those whose health, age, socioeconomic status or other circumstances means that they have greater needs than others in society.

The inquiry aims to shed light on how commissioning and purchasing influence the quality and effectiveness of social services, and suggests ways to improve these practices to achieve better outcomes for New Zealanders. The Commission has had help from many participants and is grateful for the insightful submissions and observations received to date.

The Commission's approach

The Commission has taken a whole-of-system view of social services, rather than trying to assess the performance of individual programmes, government agencies or service providers. The inquiry is a unique opportunity to stand back and reflect on what a well-functioning system should look like, how well the system is actually performing, the factors driving any under-performance, and the changes and new approaches that would fix problems.

The Commission considers a well-functioning social services system would:

- target public funds towards areas with the highest net benefits to society;
- match the services provided to the needs of clients;
- ensure decision makers (at all levels) have adequate information to make choices;
- respond to changes in client needs and the external environment;

- meet public expectations of fairness and equity;
- be responsive to the aspirations and needs of Māori and Pasifika; and
- foster continuous learning and improvement.

The Commission has drawn evidence from many sources including 134 submissions, more than 100 face-to-face meetings with a wide cross-section of interested parties, previous reports and research, and four in-depth case studies covering employment services, Whānau Ora, services for people with disabilities and home-based support for the aged.

What the Commission has observed

Providing social services is challenging, and promises to become more so in light of an ageing population, increasing demand for services, and growing social expectations of what services should be available and how they should be delivered.

Parts of the system are working well:

- social services workers, including a significant number of volunteers, are highly committed to improving the lives of clients and are driven by a sense of civic responsibility;
- Governments, past and present, have shown a strong commitment to improving public services;
- pockets of successful innovation exist in data management and analytics;
- government agencies widely acknowledge the importance of integrating services and the need to do better; and
- government agencies are generally willing to launch trials of new approaches.

Despite these efforts and some real achievements over the past few decades, the Commission has found clear deficiencies in how the social services system performs.

Weaknesses include:

- existing arrangements struggle to cope with the multiple and inter-dependent problems experienced by many of New Zealand's most vulnerable individuals and families;
- government agencies generally know too little about which programmes and services work well and those that don't;
- opportunities for early intervention to avoid the escalation of problems are being missed;
- government agencies often tightly prescribe the activities of providers, making it difficult for providers to innovate or tailor services to the individual needs of clients;
- clients often perceive government processes as confusing, overly directive, and unhelpful;
- providers often perceive government processes as wasteful and disconnected from the real-world problems that providers struggle with;

- clients often feel disempowered by the manner in which social services are commissioned and delivered; and
- political pressures can make it difficult for agencies to move funds away from underperforming initiatives and programmes.

Actions to build on system strengths and tackle system weaknesses

The Commission examined new approaches to social services that have been tried in recent years both in New Zealand and overseas. They are a fruitful source of ideas for improvement. Successful examples of innovation in New Zealand include the Investment Approach in employment services, the Canterbury Clinical Network and evidence-based programmes such as family functional therapy.

Yet, the system needs to change further. The draft report recommends several directions of change including:

- trialling more new ideas and creating the conditions for their spread and uptake;
- relying less on the mainly top-down arrangements currently in place, locating decisions closer to the frontline, and putting more choice in the hands of clients;
- achieving more and better integration of services, and better purchasing and contracting practices; and
- commissioning and delivering social services in ways that further empower Māori communities.

Investment in data and information technologies will be an important enabler, by helping target public funds to areas that create the most value and providing greater transparency around programmes that work and those that don't.

Based on its analysis and wide discussions, the Commission has developed 81 draft findings and 47 draft recommendations. It believes these have the potential to improve the lives of clients, and contribute towards safer, healthier and happier communities. The broad thrust of the draft findings and recommendations can be summarised under seven themes.

1. Improve system stewardship

Government is the major funder of social services and has a unique role in the system. It needs to focus on *system stewardship*. The key tasks are setting goals, monitoring system performance, investing in data infrastructure and standards, fostering learning and innovation, and prompting change when the system underperforms.

2. Reshape roles and responsibilities

A core part of reform should be a shift away from the centre, to more devolved commissioning and greater client empowerment. The new arrangements should include an Office of Social Services to provide a strong, influential centre of thought leadership with a committed, whole-of-system orientation. The Office would help ministers to develop the overall reform strategy and guide its implementation.

3. Improve commissioning and purchasing capability

Transforming the delivery of social services will require new capabilities in areas such as commissioning and managing contracts, and data analysis. Providers will also need new and enhanced skills.

4. Make better use of data

Developments in data technology and analytics have the potential to transform social services, including by lowering the barriers to more devolved, yet more integrated, ways to deliver them. The report supports more and better use of data to measure and monitor the effectiveness of services for different types of clients. The Government should invest in a comprehensive, wide-access, client-centred data infrastructure accessible to commissioning organisations, providers, service users and researchers.

5. Shape incentives through choice and transparency

Placing the power of choice in the hands of the users of some social services would strengthen incentives on providers to continuously improve their services. Aided by the new data infrastructure, providers would have opportunities and incentives to work directly with clients and government agencies to come up with innovative, integrated and effective service packages.

6. Embed continuous improvement

The system needs to encourage more learning and innovation in social services. This will require clear goals and measures, and robust evaluations to test the extent that different services improve effectiveness. Providers should have the flexibility and incentive to try new ways of doing things, and access to real-time information on what is working and not working. A shift to more contracts for outcomes would encourage innovation by giving providers the freedom to experiment with different approaches.

7. Encourage consultation

Consultation between the users and providers of social services, and between government agencies and non-government providers, is an essential feature of change programmes. Iwi, providers, local interests such as local government, and businesses and private funders have told the inquiry that they see opportunities for change, and have ideas about how that can happen. These allies should be consulted about, and enrolled in, change.

Submissions on the draft report are invited by **24 June 2015**. Government will receive the final report by the end of August.

Read the full version of the draft report and make a submission at www.productivity.govt.nz or call us on 04 903 5167.

The **New Zealand Productivity Commission** – an independent Crown Entity – conducts in-depth inquiries on topics selected by the Government, carries out productivity-related research, and promotes understanding of productivity issues.