

SUBMISSION TO
THE NEW ZEALAND PRODUCTIVITY COMMISSION'S INQUIRY
MORE EFFECTIVE SOCIAL SERVICES

INTRODUCTION

Manawanui InCharge is New Zealand's only independent Host Provider for Individualised Funding (IF), and we welcome the New Zealand Productivity Commission's Inquiry *More Effective Social Services*. Along with this submission, we would like the opportunity to present in person to the Commission. After 10 years of supporting disabled people to manage their own funding (and lives) with Individualised Funding, we know we can make a valuable contribution to this work. Manawanui now supports nearly 2000 people to use IF.

EXECUTIVE SUMMARY

Manawanui is responding to the Inquiry's Terms of Reference from the perspective of a Social Service Provider, with contracts under the Ministry of Health, the Ministry of Social Development and various District Health Boards. Our responses are informed by in-depth knowledge and understanding of the New Zealand health and disability sector, and long term experience with government contracts in the social service industry.

People using IF invariably say it has transformed their lives. The choice, control and flexibility offered by self direction enables and empowers people to live ordinary and fulfilling lives. Barriers to normality often experienced by people and families with disabilities are removed through self direction and this enables them to make very real community contributions. The downstream effects of this are positive outcomes for individuals, families and entire communities.

The fact that 2000 people in New Zealand have actively chosen IF rather than access support through formal social service providers, is indicative of a sea change reflecting a global trend towards self direction.

Manawanui is not a provider in the usual sense of the word. We exist as a conduit between the funder and the person with the funding (a bureaucratic buffer so to speak) and assist the person to purchase and pay for the supports they choose. We provide coaching, an administrative support team and payroll support to help people be employers with ease.

Our key points in this submission are:

Manawanui believes that where there is an identified need for a person to access support from a social service provider, the funding that the person is eligible for should not be compromised by inefficiencies in service, high provider overhead costs or poor quality service. Nor should vulnerable people be put at risk by ineffective systems and processes.

The funding for supports needs to be attached to the person, NOT the provider. This is the only way that true choice can occur. The person requiring supports needs to be able to choose from a number of available supports, from a range of sources, including recruiting and employing their own support people. This range of choice simply does not happen when a provider controls the funding.

Outcomes are more important than processes and inputs. Contracts need to be refocused on how people's choices have improved their lives and the lives of those around them, and how the supports and services have contributed to these outcomes.

Funders need to accept the shift in power back to people requiring supports - to empower them based on an atmosphere of trust. People know what they need and what will make a positive difference to them - policy makers, officials, and providers cannot possibly understand each individual's specific circumstance or context. The "we know best" mentality is antiquated at best – harmful, expensive and ineffective at worst.

As a contracted provider, Manawanui is acutely aware of the importance of accountability, and endorses the Commission's focus on reviewing and improving accountability of the social services sector. However, accountability must not become a hand-brake on innovation and adaptability. We support the Commission's focus on how accountability can be measured by outcomes. Manawanui has qualitative research that highlights the effectiveness of IF through outcomes, such as improvements in people's well-being and quality of life. We also have numerous examples of the impact IF has through our clients own stories. Some of these can be found at http://www.incharge.org.nz/?page_id=805.

Manawanui believes that improvements in social services especially contracting should be based on a whole of life approach and cross-government collaboration.

In the Social Services Select Committee's report on the inquiry into the quality of care and service provision for disabled people in September 2008, the Committee made a number of recommendations around quality and access to services, accountability, and choice and control. Among these was that government should:

- commit to a disability support system that gives disabled people greater control over their lives and supports participation in the community
- support an approach that empowers disabled people to manage their own personal support services and gives them greater choice and control over their lives, including through providing better access to individualised funding

The Committee's report and subsequent Government policy has led to measurable changes and improvements in the delivery of social services for people with disabilities. The disability sector would argue however that there is still more to be done. Manawanui shares this view.

RESPONSES TO THE INQUIRY QUESTIONS

MIC is submitting its responses to selected questions posed in the Commission's Issues Paper, but only those that are relevant to its realm of expertise and range of experience.

Responses to those questions are as follows:

Question 1: What are the most important social, economic and demographic trends that will change the social services landscape in New Zealand?

Census 2013 has revealed a 39% increase (over 12 years) in the number of people with long term (six months or more) disabilities: 1,062,000 (24% of the total population) compared with 762,000 (20%) in 2001. The greatest increase (49%) was for disabled people aged over 45. One in four New Zealanders now has a disability¹.

Projected demographic trends show that New Zealand has an aging population which will correlate with an increase in people with long term disabilities. These two factors will have a significant impact on the future landscape of social services both in quantum and design.

Aside from an overall increased need for support services, there is currently an international movement towards more self directed supports. People requiring health and disability supports are more educated and informed than ever before, and are actively demanding more choice and control over their lives, quality in support services and flexibility with their supports. We strongly support this movement.

Credible research confirms national and international trends for older people to remain living in their own home for longer, with funded home care assistance. In New Zealand, all DHBs

¹ http://www.stats.govt.nz/browse_for_stats/health/disabilities/DisabilitySurvey_HOTP2013/Tables.aspx

have a statutory objective of promoting the independence of people with disabilities, and their inclusion and participation in society. IF has already proven to be a viable, sustainable and cost effective option for both groups. Outcomes indicate far superior quality and effectiveness of supports, and the removal of barriers to living an ordinary life.

In Statistics NZ's report, *Social and economic outcomes for disabled people: Findings from the 2013 Disability Survey*, the data included the following:

- The labour force participation rate for disabled adults was 50 percent, compared with 76 percent for non-disabled adults.
- 45 percent of disabled adults were employed compared with 72 percent of non-disabled adults. Full-time work was more common among non-disabled adults.
- 64 percent of disabled adults had an annual gross income of \$30,000 or lower, compared with 45 percent of non-disabled adults. In contrast, only 18 percent of disabled adults received an annual income higher than \$50,000 compared with 33 percent of non-disabled adults.
- Disabled people were less likely to hold a formal qualification, with 67 percent holding a school or tertiary qualification. This compared with 85 percent of non-disabled adults².

The social and economic realities for New Zealanders with disabilities are such that there will likely always be a need for state funded support. As this is a long term reality, all future governments will have a fiscal responsibility to address it through sustainable social services. Sustainability in the face of growing numbers of people needing support will require innovation and a willingness to try new approaches which support high expectations for the independence and community contribution of disabled people.

Question 9: How successful have recent Government initiatives been in improving commissioning and purchasing of social services? What have been the drivers of success, or the barriers to success, of these initiatives?

IF is a Ministry of Health (MoH) initiative, which gives people control over the budget for their supports, and enables them to purchase the supports themselves. IF was started a little over ten years ago and is the only new and innovative approach to supports which has been cost neutral or better. No additional investment from the MoH was applied to the development and roll out of the scheme. It has been a resounding success – not only nationally but internationally, and New Zealand is one of the international leaders in the implementation of this as a “pure” model of self direction wherein people, not providers make the choices and

² http://www.stats.govt.nz/browse_for_stats/health/disabilities/social-economic-outcomes-13.aspx

have the control. The success of this initiative can be measured not only in the steadily increasing numbers of people choosing this funding option, but also in quality of life outcomes³ and ongoing evolution of subsequent variations of the funding model for different funders.

Enhanced Individualised Funding

Over time, people funded through IF gave feedback to the MoH that the funding criteria of personal care and household assistance hours, while much better than being controlled by traditional service providers, but still too restrictive. People wanted to purchase a broader range of supports to meet their individual needs, such as access to employment, leisure activities and community participation.

Consequently, Enhanced Individualised Funding (EIF), which is part of a larger initiative called the 'New Model for Disability Supports', was started in 2012, and is a three year Demonstration Project in the Bay of Plenty. There are currently 234 people accessing EIF. With less than a year remaining, MoH has begun to evaluate the project. Based on anecdotal evidence and data from Manawanui's Customer Satisfaction Surveys, the outcomes for people using EIF have been transformational and life changing. Good News stories such as Leanne Hardaker <http://youtu.be/Mvm-xrBBObl> are testament to the success of this funding initiative.

It is anticipated that EIF will replace IF over time across the country.

Enabling Good Lives

Further flexibility has been provided through another Demonstration Project called *Enabling Good Lives* (EGL) and which the commission refers to.

Other than Whanau Ora, this is a unique cross-government initiative involving the Ministries of Health, Education and Social Development, providing school-leavers with disabilities greater options as they transition into adult life. It is currently a three year demonstration project in Christchurch, but early indications of success have supported a second demonstration to be established in the Waikato region. See Tyler Lamont's story at <http://youtu.be/fs1d9TpgTs4>.

³ http://www.incharge.org.nz/?page_id=805

For Enhanced Individualised Funding and Enabling Good Lives, Manawanui is the only contracted Host Provider for the duration of the Demonstrations. This is due to our established expertise with the implementation of Individualised Funding.

Long Term Chronic Care and Health of Older Persons (DHBs)

IF is also being used by five DHBs, through Manawanui for patients with long term chronic conditions and older persons, who have been discharged from hospital. Although this is a relatively new initiative, early indications are that there will be an increased up-take by DHBs, as their patients exercise greater choice and control of their own lives. Once again outcomes are consistently better, with some families reporting reduced hospitalisations and better overall health in addition to quality of life outcomes.

Drivers of success of these initiatives are the shift in power from providers to people – allowing people to make the choices that they identify for themselves significantly improves outcomes and reduces cost. The other important factor to note is that the original IF and EIF initiatives were cost neutral to government with no additional and specific investment. Well acknowledged in health and disability is the fact that keeping people at home and in their communities is better for all – people, families, communities and funders.

Barriers to success are inevitably, in our opinion related to risk aversion by government and funding agencies. The risk of people using tax money “badly” or “inappropriately” creates an atmosphere of fear and aversion with funders. The perceived risk of budget blow outs is also driving inaction and a lack of progress. It is our opinion, and borne out by our statistics on fraud (0.4%) that these fears are overinflated, and can be mitigated with reasonable accountability measures. Perhaps most important within this context is “getting perspective”. The traditional service provision approach involved as much or more “fraud” and/or misuse of tax money. For example – when a support person doesn’t turn up as scheduled and no supports are delivered – many providers will still invoice the government for that time because even if they did know the support person didn’t go – that one event gets lost in the sea of administrative requirements. This is a frequent and unacknowledged waste of government funding.

Additionally, despite fears of budget “blow-outs” and misuse of funds, our clients have shown that with assistance from Manawanui, they are able to easily manage their budgets, and make sound employment and purchasing decisions. This experience is mirrored in other jurisdictions around the world where IF is well established.

Innovation requires courage and adaptability, underpinned by political will. When the balance between trust and accountability is unequal and when funders are risk averse to the point of interfering with the ability for people to make their own choices, the entire philosophy and principles of choice and control are undermined. Manawanui has seen this occur with the EIF project.

Question 12: What are the barriers to learning from international experience in social services commissioning? What are the barriers and risks in applying the lessons in New Zealand?

Manawanui is supportive of looking at the international community (indicated in the Issues Paper p. 35). We support self directed supports and are aware of successes internationally – particularly the UK. As an international thought leader in this field, we are well connected to the international IF community and we actively investigate new approaches, best practise and innovation. We would encourage the Commission to look at models such as that run by InControl in the UK.

We also want to caution the Commission that there are several models of support provision developing both nationally and internationally which are largely rhetoric – and more of the same with a different name. Most notably – the National Disability Insurance Scheme in Australia purports to be based on individualised funding and self direction – yet only 2 – 3% of people are self managing and completely in control of their funding. All others are continuing to use traditional providers because there is no flexibility and self direction has been made very difficult.

We believe it is critical to ensure that if a model proposes to be “self direction” or “Individualised Funding” that the model and budget are transparent to all involved, and that the person or family - not the provider - makes ALL choices related to how the funding is used and what purchases (within established guidelines) are made.

Question 13: Where and when have attempts to integrate services been successful or unsuccessful? Why?

Self directed supports such as Enabling Good Lives (see responses to Question 9 above) allows people to integrate their funded supports into one package, and use the combined funding to create a seamless and highly effective service for themselves or their family. With the model that Manawanui run, it doesn't matter where the funding comes from – it can be combined into one budget and allow complete integration in a self directed and self determined manner. Currently 75 of our clients access services through multiple funders, for example: MoH and ACC; MoH and Ministry of Social Development funding or Enabling Good Lives. This has become an example of successful service integration across funders. In its role

as Host Provider, Manawanui is instrumental in managing those relationships and funding interfaces on behalf of the IF client.

Question 14: What needs to happen for further attempts at service integration to be credible with providers?

Manawanui believes that improvements in social services especially contracting should be based on a whole of life approach and cross-government collaboration.

Government departments need to be willing to collaborate and innovate. This has to more than just words on paper. Operational logic needs to be applied to ensuring that bureaucracy doesn't interfere with implementation and that the balance between trusting people to make their own choices, and accounting for the use of public funds is logical and consistent between funders. People who have an integrated service through multiple funders, as in EGL (See Q9) get choice and flexibility, and the outcomes so far are astounding. The credibility of service integration needs to come from the highest levels in the Ministries involved. Their inter-agency operational systems need to be flexible, compatible or at least collaborative and must aim to remove obstacles rather than create them.

Question 15: Which social services are best suited to client-directed budgets? What would be the benefit of client-directed budgets over existing models of service delivery? What steps would move the service in this direction?

Manawanui believes that all health and disability services, across demographics, diagnoses, contexts and age groups are well suited to client directed budgets. We are proving this by working with DHBs, MSD and MOH. We have evidence and stories from clients over 10 years that attest to this – and we further believe that areas not yet “on board” such as Health of Older People and Mental Health could benefit from a self directed approach. We believe that the majority of people prefer to be at home and in their community as opposed to residential, hospital or rest home care. We also believe there is utility with this approach in other areas of social support, such as family resiliency programmes, youth programmes and employment supports.

We agree with the findings of Le Grand (2007) as referred to in the Issues paper. We are currently undertaking both quantitative (cost effectiveness) research and qualitative research (the social impact of stories) which we intend to launch in March. This research will provide solid evidence of the effectiveness and impact of IF as an approach to social support. We agree however that self direction and client-directed budgets is not suitable for all forms of support – particularly where there are issues of trust or capability such as the

justice system. As mentioned above we regularly see the benefits of client directed budgets and have collected many stories, in our clients own words, to illustrate this. .

As mentioned earlier, we believe that client directed budgets can only be of benefit when the funds are in the direct control of the person requiring supports. We believe that it is not true Individualised Funding or self direction if a service provider is paid the funds and makes the decisions around what they are for. If a service provider is determining things such as who is employed to support the person, staffing levels, meal times, activities, housing, or leisure – it is not self direction.

A first step to increase self direction and client directed budgets could be working with funders and government departments to develop approaches which are based on trusting people to make decisions that support the outcomes they want, while at the same time developing accountability frameworks which do not penalise people, and are easy to use. A significant barrier to many aspects of self direction in NZ is the IRD requirements around GST, and tax. These need to be modified to make it easy for people using client directed budgets to administer their funds without high tax administration costs, or getting in trouble with the IRD for noncompliance.

Question 16: Which social services do not lend themselves to client-directed budgets? What risks do client-directed budgets create? How could these risks be managed?

The first part of this question has been answered above.

Funders generally are worried about potential fraud or misuse of funds, and overspends/budget blowouts. Manawanui believes there are minimal risks associated with client directed budgets when appropriate accountability measures are in place *balanced* with a logic trusting approach. The role of a Host such as Manawanui is to support the person in using their Individualised Funding, as well as to monitor expenditure so that people know what the purchasing guidelines are, and then stick to them. It is important that assistance for people to use their supports is available.

Manawanui provides our clients with free budget tools, purchasing guidelines, support with budgets, monthly financial statements, payroll processing if the client chooses, invoicing the funder (being a bureaucratic buffer) as well as a free on-going Coaching service and free phone Coach Line. We also offer a free Employers and Manufacturers Association membership, discounted employer liability insurance, conduct three month and annual reviews, report to the funder and carry out regular internal audits. Our statistics indicate that clients are more likely to underspend against their allocations than overspend.

The fraud rate with all of the self directed approaches in NZ is 0.4%. This is extremely low compared to some international estimates that put potential fraud at 5%. As discussed above – we believe this is even more positive when traditional service provider fraud is considered as a comparison. Additionally – the quantum of people using IF in NZ (2000 people) is larger currently than most other programmes overseas, especially when population is considered.

Question 17: What examples are there of contract specifications that make culturally appropriate delivery easy or more difficult?

When people have choice and control over how their support needs are met, they make decisions for themselves which are culturally appropriate, when that is an important aspect of their life. The ability for a Maori family to employ extended family or people in their network by making these choices themselves gives them the cultural appropriateness they may not get from a formal service provider. We believe that self direction/IF enable people to determine what is culturally appropriate for them in a way that very often is otherwise not possible. With choice and control comes responsibility, so if a person makes a decision that proves to be culturally inappropriate for themselves, they take responsibility for that, learn from it and change the situation.

Question 18: How could the views of clients and their families be better included in the design and delivery of social services?

Manawanui supports a co-design approach with people and families, similar to that being implemented in the Enabling Good Lives project in Christchurch. We think it is critical that the family/whanau/person is at the centre of all planning and service design. The "system" and provider view should be considered, but secondarily. We strongly believe that self direction itself empowers people to have a voice because it reduces the fear of recrimination and allows vulnerable people to have power through choice. The service provider is dependent upon the client, not the reverse.

Question 24: Are there examples of where government agencies are too dependent on particular providers? Are there examples of providers being too dependent on Government funding? Does this dependency cause problems? What measures could reduce dependency?

The answer to all these questions is yes. There are several very large disability providers who can have, in our opinion too much sway with funders through sheer size, political action or "noise". Conversely, there are several small providers who would/will not survive the implementation of self direction because their government funding keeps them afloat and

people with individualised budgets may not choose to purchase their services – without a capacity contract some of these providers will be out of business. We don't think this is necessarily a bad thing because if they offer a good service – people with individualised budgets will purchase their services anyway. We think dependency on either front creates problems. On one hand big providers that the government depends on have a reduced requirement to comply and commit to quality outcomes, and on the other, some of the small providers with capacity contracts may not survive the transition (i.e. Enabling Good Lives) because change takes time and they may not be resilient enough to survive the time the change takes.

Reducing dependency will depend on good transition planning from government departments, and intense collaboration from a strategic and planned position.

Question 29: For which services in which parts of New Zealand is the scope for contestability limited by low population density?

We agree with the Commission that small or remote communities may not be able to sustain more than one provider and that in such communities, clients may need to travel long distances to access alternative providers. In some areas, there are no suitable providers at all. This is where IF comes into its own. People have the option of employing suitable support workers from within their remote community and who are not necessarily employed by a provider, people they might already know and trust, such as extended family or hapu. In some cases, this has also provided paid employment in an area where other work opportunities may be scarce.

When people have personal or client-directed budgets, contestability for suitable providers becomes unnecessary.

Question 33: What changes to commissioning and contracting could encourage improved services and outcomes where contestability is not currently delivering such improvements?

We believe people and families know what is best for them and will purchase what works for them given the choice. We therefore believe that the default position, certainly in health and disability should be client directed budgets/self direction, with a range of other supports such as hosts and services that people can purchase directly from. We believe this will require a "unit of service" approach so that people can choose to purchase units of service or support from a range of potential sources. For people who do not want IF or cannot manage it for whatever reason, we believe providers should be contracted on a fee for service basis, so that even when a person is using formal service provision, a choice and range of supports from various providers can be accessed.

Question 34: For what services is it important to provide a relatively seamless transition for clients between providers?

Manawanui believes the system should always be aiming for seamless transition. This is particularly relevant in the health and disability sector where people are either permanently vulnerable, or in a temporary vulnerable state. Government departments, funders and providers need to collaborate, when necessary on a person by person basis to ensure people are safe and well supported regardless of their circumstance. For example, in the situation where a person wants to start using IF, they may need to transition from a provider to managing their own supports. It may take time to find and recruit suitable support workers. To avoid the risk of a vulnerable person being left without critical support, Manawanui needs to work with the provider to ensure supports continue until the person is ready to manage independently.

Question 41: Which types of services have outcomes that are practical to observe and can be reliably attributed to the service?

We have discussed above the transformational difference that IF makes for people. This is because it is focussed on the individual and helping them to achieve the life and outcomes they determine themselves. There is an expectation that the person will be “better off” than if they were within a provider’s services. Anecdotal evidence in the form of “Good News Stories” is regularly captured. Qualitative research is currently being undertaken to formally measure impacts and outcomes. All of this accumulated evidence shows that people’s improved quality of life and wellbeing can be reliably attributed to the choice, control and flexibility they get with IF.

It is our opinion that practical outcomes are much easier to identify with self direction because the person themselves articulate these – not the system. We believe that credibility in articulating outcomes cannot be reliably obtained by a system that is defending its existence.

Question 44: Do government agencies and service providers collect the data required to make informed judgements about the effectiveness of programmes? How could data collection and analysis be improved?

Whilst an evaluation of EIF is underway, and an evaluation of IF occurred in 2008, MoH has not formally measured the cost effectiveness of IF or the quality of life outcomes. However, as outlined in Q15 and 41, Manawanui is currently undertaking quantitative and qualitative research into the effectiveness of IF. MoH has agreed to provide any relevant data to our researchers.

Question 48: Would an investment approach to social services spending lead to a better allocation of resources and better social outcomes? What are the current gaps in taking such an approach? How might these be addresses?

Manawanui believes that an investment approach to social services spending will lead to a better allocation of resources and better social outcomes. One of the primary objectives of the New Model demonstration project and the Enabling Good Lives Demonstration projects is to reduce people's dependence on formal supports funded by Government. For some people, as a result of improved outcomes from using their funding more effectively through IF, they have also been able to reduce their dependence on welfare benefits by getting employment. This is directly related to the freedom that self direction offers.

We would argue that in the long term, IF may prove to be an effective investment approach to achieve a better allocation of resources and better social outcomes, even going so far as to suggest that community development, particularly in small remote communities is possible.

Question 51: How do the organisational culture and leadership of government agencies affect the adoption of improved ways of commissioning and contracting? In what service areas is the impact of culture and leadership most evident?

As we have discussed above – leadership within government organisations is critical to any sustainable improvements in contracting and commissioning. This relates (as above) to a courageous commitment to innovation, managing a risk averse culture, and balancing trust with accountability. Collaboration across government departments is also critical and will require a significant paradigm shift to succeed.

Question 53: What institutional arrangements or organisational features help or hinder the uptake and success of innovative approaches to service delivery?

MIC agrees with the Auditor General's view that "new ways of working do not eliminate the need to show that public resources are managed appropriately." (OAG, 2014, p.22) As we have discussed above – the need for logical and easy to administer accountability frameworks is critical to manage risk.

IF is an innovative approach to facilitating people's access to social services. The responsibility for managing public money lies with the person him/herself, and that means that accountability does too. The existence of a Host Provider also provides a safeguard to the funder in that they can take responsibility for monitoring and reporting – and intervening when things are not going well or guidelines are not being followed. As Host Provider, Manawanui supports the person's accountability through: a secure payroll service, monthly financial statements, budgeting advice and tools, regular reviews and audits, and a free

membership with the EMA. Of all the fraud reported to the MoH on IF, Manawanui reports 99% of it.

Question 55: Are there important issues for the effective commissioning and contracting of social services that will be missed as a result of the Commission's selection of case studies?

Manawanui is very familiar with the Case Studies 3 & 4 in the Commission's Issues Paper (Table 5, p. 65). We are confident that these will contribute positively to the Commission's inquiry and feels confident that critical issues will be highlighted for improving the effectiveness of social services.

Question 56: Are you willing to meet with the Commission?

Manawanui would welcome the opportunity to meet with the Commission.

CONCLUSION

Manawanui was established ten years ago by disabled people to provide a service to people who used Individualised Funding. We now support almost 2000 people who choose to take control of their own funding.

We believe the critical factors in getting more effective social services are:

- Funding should be attached to a person not a provider
- Outcomes are more important than processes and inputs
- There needs to be a balance between trust and accountability - accountability must not become a hand-brake on innovation and adaptability
- There needs to be cross-government collaboration at a high level
- Contracting should be based on a whole of life.