



The New Zealand Productivity Commission
PO Box 8036,
The Terrace,
Wellington 6143

17 November 2014

Dear Sir

This submission provides feedback from the three Laura Fergusson Trusts in response to the "*More effective social services*" paper issued by the Productivity Commission.

The Laura Fergussons are local, independent, not-for-profit organisations that have provided specialised rehabilitation and services to disabled adults across New Zealand for more than 35 years.

We currently receive over \$21 Million of government funding to deliver services within the Health and Disability sector. Between the three Trusts, we employ more than 300 staff and deliver services to over 500 clients at any given time.

RESPONSES TO DISCUSSION POINTS

Question - 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 for these initiatives?

- Like many social service agencies we hold multiple service delivery contracts administered by a range of Crown-funded agencies. Inevitably there is a compliance burden associated with each contract. In practice this is far more onerous when the contract is in place as reporting expectations (even timeframes) and audit requirements do not align, even in cases where the service delivered is very similar and the need for multiple contracts is because of the demographic of the client receiving the service.
- Multiple funders and funding models create a huge amount of work and uncertainty for NGOs like us. Some services are purchased on a per bed model, others for a staff member, others for a transaction and others are only part-funded leaving NGOs struggling to survive and offer ongoing service. A joined up, consumer-driven approach to commissioning is needed – currently a single individual in an at home supported living situation or a residential care service can be funded by ACC, the Ministry of Health and a DHB, which presents challenges in reporting and expectations.
- Government's recent streamlined contracting initiative and commitment to reduce the audit burden are welcome moves, but so far they have only impacted on a very small number of providers. These improvements need to be implemented more quickly so NGOs can be more productive and focus on service provision instead of administration.
- The aftermath of the Canterbury earthquakes saw increased trust and an open disclosure approach, where providers feel comfortable discussing problems as they arise and learning from errors. This experience needs to be shared nationally.

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

- In our experience it is often the case that the individuals using our services are among the most vulnerable in New Zealand society and almost without exception they utilise multiple social services. Their views and those of their families are rarely considered by government when commissioning and policy decisions are made. There is a critical need for the government to consider the whole of system impact of their commissioning or policy decisions, and in order to fully realise this during service design, the voice of clients and families are invaluable. The following is an example where poor alignment and administrative requirements have a direct negative impact on the people we provide support for;
 - WINZ services re-verification process – all of the clients we support have already been the subject of in-depth assessment by specialised (government-funded and accredited) assessment agencies; many of the clients are very long-term income support recipients yet they are subject to repeated cost (and humiliation) having to re-verify their circumstances and present in person at WINZ offices. For someone with severe physical impairments there's nothing like an afternoon waiting in a WINZ office, dealing with pain, incontinence and being stared at, in order to repeat a story that you've recounted numerous times over many years.

Question – What factors should determine whether the government provides a service directly or uses NGO's? What services might be better provided by adopting a different approach?

- NGO services are regularly required to re-tender for contracts, but DHB services are not. NGOs could provide some services more economically and more effectively than DHBs, but DHB services are not contestable. Despite big debt, DHBs have security of tenure, unlike NGOs, where we have a low level of certainty regarding on-going funding (which impacts on our own investment in service improvements). Planning tends to be undertaken on a political cycle.
- DHBs with large deficits don't engage and often try to reduce budgets in the community, making it harder for NGOs to maintain their focus on delivering quality services. We are aware of instances where DHBs actively resist funding community services because they will reduce demand for DHB services and they'll have empty beds.
- Rates paid by government for NGO services are often lower than those paid for services in DHBs – an issue highlighted in the recent aged care sector's Who Cares? pay parity campaign. These funding discrepancies are inequitable and there is inconsistent funding across District Health Boards leading to a post code lottery for patients/clients using the health system.

Question – Are there examples of where government contracts restrict the ability of social service providers to innovate? Or where contracts are too specific result in poor outcomes for clients?

- Purchasing services on a bed day basis or face to face client visit can at times restrict provider's ability to be innovative in service delivery due to the incentives surrounding this type of funding. Applying the use of technology for example to communicate or deliver support is a method that does not fall within any of the current purchasing models as the unit of service delivery is quite inflexible. Being able to invest in e.g. Telehealth or Telecommunication technology can support people with disabilities and rehabilitation needs efficiently; however our organisations need the long term commitment of government funding and contract tenure to make these investments in technology to support innovation and flexibility. Similarly, for NGO's to seek investment and/or work more collaboratively with the Private sector will require security of funding for sustainable periods.

Question – How do the organisational culture and leadership of providers affect the adoption of improved ways of supplying services? In what service areas is the impact of culture and leadership most evident?

- The three Laura Fergusson's are currently working alongside other "high trust" providers and ACC in the development of the new service delivery and purchasing model for their residential support services. This process is being led by the service development team at ACC. This leadership by ACC ensures that there is a consistent approach to service development across the country and builds trust and high engagement levels with the sector. This does not mean that

ACC will not undertake a competitive tendering process; however the sector will have been heavily involved in the development of a sustainable purchasing model with ACC seen as a partner for the successful providers.

- The Ministry of Health tends to have a more arms length approach to service model development with its existing providers. The structure within the Ministry is also a barrier as there is little opportunity for more regional service development as there is potentially within DHBs.
- The NZ Public Health and Disability Services Act 2000 empowers the Crown and DHBs to organise national, regional and local services for optimum effectiveness, but a properly co-ordinated approach to community health and disability services is not evident.
- Canterbury DHB provides a good example of where a “whole of system” approach and philosophy has impacted on the way providers collaborate and for alliances to improve the overall outcomes for service providers. Alliance contracting is one example of a different way of working with providers, although there is no one size fits all model.

IN SUMMARY

We appreciated being able to provide comment to the Productivity Commission on our views of commissioning and purchasing social services. We believe that there are huge opportunities to improve local, regional and national decision making (where appropriate), increase client directed budgets; and finally, create opportunities for providers to attract private investment in order to achieve better outcomes that are sustainable. We also need to embrace data collection to inform the quality and outcomes of our services and encourage innovation across the sector by removing barriers to applying tools such as technology in everyday service delivery

Please do not hesitate to contact us if there are any aspects of our feedback that you would like to discuss. We would be delighted to meet with the Commission if we could add any value to this consultation process.

Yours sincerely



Heather McLeish
Chief Executive
Laura Fergusson Auckland



Kathryn Jones
Chief Executive
Canterbury



Karen Wilton
Chief Executive
Wellington