

15 November 2014

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The Commissioners,
New Zealand Productivity Commission,
PO Box 8036,
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WELLINGTON 6143

Dear Commissioners

MORE EFFECTIVE SOCIAL SERVICES

I am writing this submission in my dual capacity of former Deputy Chief Executive, Family and Community Services, Ministry of Social Development and current Chair of the Government Taskforce for Action on Family Violence.

At the point of my retirement two and a half years ago I was also Chair of the Government Taskforce for the implementation of the Tuhoë settlement and a member of the cross government officials group responsible to Minister Turia for the implementation of Whānau ora. I am also a Trustee on the Board of Presbyterian Support Northern, one of New Zealand's largest NGOs.

I have to confess to some skepticism of the motivation of the Government in the face of growing social need, a growth in the country's population of around 400,000 since it came to power (which has added to the demand for services) and inflation of 16% over the same period (which has impacted on NGO capacity) when its sole focus is on how it can spend less through the process of contracting.

Be that as it may, I would like to start this submission by offering some further analysis to Chapter 1 of your issues paper setting out the participants in the social services system.

First I would like to discuss the clients of social services. In Chapter 1 you have talked about how clients want the services they require to be effective having regard to the circumstances, choice, seamlessness, stability and minimum bureaucracy.

Whilst few NGOs will report this, the most vulnerable people in NZ will not go to them for help. The most vulnerable will turn first to a family member or friend. These people actually need support to access and engage with services and have a range of needs outside the scope of a single agency. The most vulnerable are cautious about talking to anyone about their issues

and need to have developed a level of trust with people they don't know before they will even talk about their problems. As an example Youthline has reported that, on average, a teen caller will send a minimum of seven text conversations before they are prepared to engage in a telephone conversation. The best way to provide support for the most vulnerable is to encourage community networks in places to which these people are likely to gravitate, such as schools, community or medical centres or marae. Helplines are another key touch point for the most vulnerable that receive only limited funding by Government.

In the list of participants in the social services system you have included

- New Zealanders
- clients
- social service providers
- government agencies
- the Government

A major omission in this list is the community in its collective form.

Defining community in its collective form for the purpose of supporting vulnerable families is not a simple task because where collective action is taking place is different in each community.

It could include government agencies, non-government agencies, charities, schools, medical centres, councils, business sponsors, individuals.

The most important element of collective community action is that it is driven by commitment and passion unlikely to be matched by any single social service provider or government agency.

The key to improving the effectiveness of social support services is mobilizing communities in all their various forms (towns, neighbourhoods, communities of interest, sports clubs).

Mechanisms for this that have already proven to be effective are community hubs, virtual cross agency support teams and community coordination networks such as Strengthening Families.

HUBS

Over the last eight years the Ministry of Social Development has piloted community hubs in a small number of locations, operated by community providers in partnership with their communities.

Having a range of services for children and families on one site, or in close proximity, helps ensure children and families have more of their various issues addressed, and reduces the likelihood of them being lost between services.

Four significant features of these hubs are:

- their capacity to attract the most vulnerable families
- the use of community volunteers whose first contact with the hubs were as clients
- the close working relationships developed between visiting professionals and volunteers
- the inexpensiveness to the Crown of their operation.

Hubs can be wherever communities think they should be. Three good examples are Victory School (Nelson), Great Start (Taita) and Te Aroha Noa (Palmerston North).

SCHOOLS AS HUBS

Multidisciplinary teams of front line workers already work from some schools. In secondary schools this arrangement can be quite extensive.

Government has deployed Social Workers in Schools to most low decile schools, which one would expect are already being serviced by public/district health nurses (except that the regularity of health visiting differs from DHB to DHB). These services can be particularly effective if teachers, social workers, health workers and Strengthening Families Coordinators are well networked in with each other and other related local support services.

In Nelson, the Victory School initiative has shown the power of clustering support services around the school, using the school hall as a hub for services. The Victory Community initiative has seen the school roll turnover in any year reduce from 80% to 15%.

All schools should be encouraged to ensure their existing support workers work collaboratively and are, in addition, actively involved in the local health and social support network.

COMMUNITY CO-ORDINATION NETWORKS

In 1996/97 Dame Margaret Bazley introduced for the Bolger government, the Strengthening Families initiative. At that time the initiative was seen by Govt agencies as yet another money saving exercise. The catch cry from them, from NGOs and the community was that there were too many gaps and not enough money being invested by Government to fill them. However, when we gave permission for frontline workers across the health, education, social support and justice sector to work together the supposed gaps in services largely disappeared. Strengthening Families became embedded in communities and is seen by many still as one of the most effective ways of supporting vulnerable families.

PARTNERSHIP IN DELIVERING SOCIAL SERVICES

When National first came to power in 2008 it talked about how it wanted to see more services delivered by non-government agencies. It suggested a faith in the capacity of community organisations to deliver effective services. However its disinterest in inflation proofing contracts and its single minded focus on commissioning and contracting would suggest that the only value it sees in community agencies is getting services cheaply.

If the Government is serious about ensuring that it has the most effective social services available, it needs to work in partnership with the sector in a collaborative and respectful way. Many of the questions posed in your Issues paper reveal a quite different attitude. This does not mean that formal contracts for the provision of taxpayer funding does not require accountability for its use.

New Zealand is fortunate in having some highly effective and professional non-government organisations operating in the social services area. Some have an international reputation. The leadership of these organizations, in my personal experience, has generated far more innovation and clever experimentation than any Government policy process.

In return the Government and its agencies have applied a level of institutional arrogance and disrespect to NGOs that have left some in despair. (I have used the term 'institutional' to differentiate from the much more collegial approach used by some operational managers and front line public servants).

Every NGO that receives Government funding is audited by the funder. This is quite appropriate but what if they are funded by several funders? Then they are audited by all of them. In 2010 MSD introduced High Trust Contracts to reduce the impact and cost of compliance on community agencies.

Every NGO that receives Government funding is required to report back to its funder on the units delivered, results or outcomes that it is required to achieve. This reporting is more often than not delivered through a computerized software package provided by the funder. (Sometimes the NGO may have designed a more effective system). But what if the NGO has a number of funders and its staff are required to manage a half a dozen different computerized reporting systems?

Most NGOs I have had a relationship with are highly tuned in to the need for accountability, the value of monitoring, the importance of reporting and the value of effective accounting systems. They are tired and frustrated with the amount of time they must devote to compliance, multiple and different forms of reporting and audits and to finding avenues of additional funding from philanthropic trusts that will enable them to remain viable.

In an Addendum that follows this letter, I have given you my perspective on some of the 56 questions you have posed in your Issues paper.

I understand from a colleague that your Commission is fortunate enough to have Marti Eller supporting you. In the field of social services funding, Marti is the smartest, most knowledgeable Government contract expert I know. You should make use of her knowledge by seeking her perspective on those of your questions which relate to contracting, commissioning, social service providers and the community environment.

I believe your project would benefit by broadening your case studies to include community hubs and Strengthening Families. (Youthline would also be worth a visit).

I would be happy to meet with members of your team, if you believe this would be helpful.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Richard Wood', with a large, sweeping flourish at the end.

Richard Wood

ADDENDUM

QUESTIONS RAISED IN ISSUES PAPER, and my perspective on them.

2. How important are volunteers to the provision of social services?

Volunteers are vital to the operation of social support services, because they provide the bulk of services provided by community agencies. Following the census before last, Statistics New Zealand provided information on just how many community organisations operate in New Zealand.

Of the in excess of 95,000 community organisations in existence, around 23,000 were involved in helping people (in relation to health, education, housing, social support, justice related issues). Of the 23,000, over 10,000 were specifically involved in providing social support services. Yet the Government, through the Ministry of Social Development, only directly funded around 2,000.

These 2,000 are categorised as essential social services, but unlike similar services funded by the Ministries of Health and Education, the majority are only part funded by the Ministry of Social Development.

Volunteerism also offers the opportunity of training and access to employment that might not otherwise be available to some people (refer to section on Hubs).

3. What role do Iwi play in the funding and provision of social services?

I have earlier in this paper talked of mobilising communities, using mechanisms such as hubs and networks. This, of course, does not apply to iwi, hapu and whanau, because they are already mobilized. And they have whanau ora, which conceptually is the best possible way to provide social support. However it does have its downside. 'By whanau for whanau' does not necessarily mean by professionally qualified people, and younger potential clients have often said they wouldn't use it for some matters because of confidentiality issues.

Iwi have long wanted to deliver support services to their people but are wary of how they will be compensated/funded. In the 1990s, CYF legislation made

it possible for Iwi Authorities to deliver support services to vulnerable children of their iwi. However there were major issues over funding (no new money was appropriated. The funding was expected to come from CYF's existing allocation) and only a handful (6-7) took up the 'opportunity' and then only briefly.

Iwi expect to be paid the going price for delivering social services.

In addition, Iwi like Tuhoe see themselves over time assuming the governance role over delivery of health, education and social support services within their Rohe.

5. What are opportunities for/ barriers to social service partnerships?

In my experience, businesses do not see a responsibility let alone have the motivation to fund services that they and/ or their shareholders have a fundamental belief should be funded by the Crown. I would be pleased to share with Commissioners the subject of a conversation I participated in with the Business Round Table on this subject.

That does not mean that some businesses do not sponsor or support selected community organisations. In fact many NGOs have corporate directors, CEOs or CFOs on their Boards.

In my experience, those corporates who do contribute to the funding of social support providers are in Auckland (where the corporate decision makers are) and the beneficiaries tend to be central Auckland based providers.

Just prior to the 2011 election, office holders of Philanthropy NZ met with Ministers to inform them that they did not consider that it was the role of philanthropic and/or community trusts to fund the delivery of essential social services.

7. What capabilities and services are Maori providers better able to supply?

See my comments under Q 3

8 Why are private for-profit providers significantly involved in some services and not others?

In relation to age care: because their clients are prepared and able to pay the going rate.

In relation to the others: because the funders are prepared to pay the going rate. If general practitioners don't receive the going rate they either don't provide the service or charge a higher client fee.

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

The most successful social sector led integrated initiative was that put in place for the Bolger government by Dame Margaret Bazley in 1996/97.

At that time Dame Margaret, with the active participation and support of the heads of the Ministries of Health and Education, introduced the Strengthening Families Local Coordination initiative. Each local coordination group consisted of a network of Government and community front line workers, including health, education, housing, social support and police workers .

This initiative was, in its day, the largest change management exercise undertaken in the New Zealand public service, joining together some 40,000 front line workers (both Government and non-government) across the health, education, social support, justice and housing sectors. It was supported by workshops and targeted training programmes, that were conducted over two years.

The Ministry Chief Executives did not direct it from Wellington. They visited every significant regional centre in New Zealand, briefing both Government agency managers and local Mayors.

The initiative was overseen by a Cabinet sub-group including Roger Sowry, Minister of Social Welfare and Bill English, Minister of Health. Cabinet directives required eleven Government agencies to participate and required local collaboration by those agencies' front line staff. Crown Health organisations were expected to participate and to require, in their contracts with providers, that they also participate.

As noted earlier in this paper we discovered that when agencies actively worked together at a local level, many of the perceived lack of funding and gaps in services actually disappeared.

Strengthening Families still operates across nearly every local authority area in New Zealand, not because of the support of public service Chief Executives (most of whom are unaware of it) but because front line workers find it an effective way of working and vulnerable families seek it out.

However, because the cascading accountabilities put in place by Cabinet in the late 1990's have become disused and there is no overarching mandate, its application is not consistently effective. In addition, uninformed policy people see it as a programme that might be cannibalised for their own pet programmes.

There are four major reasons why integration has otherwise not worked

(a) Lack of leadership across all the sectors that need to be players in the integration. If you want integration you have to include all the players not just CEs of Ministries and Departments. You need CEs of DHBs, school board of

trustees, school principals. They need to be directed to work in a joined up way with accountability for doing so cascading through all hierarchical levels of participating organisations. (The single biggest issue with agencies working collaboratively is that collaboration is stalled in the middle of most hierarchies by middle management who have had no hand in the development of the policy, or the implementation process, and therefore don't own it). These Govt agencies need to work cooperatively and respectfully with NGOs and communities; not just tell them to do it.

(b) Lack of understanding of the dynamics of working in a joined up way on the front line. Front line workers come from the health, education, justice, and the social sectors. Some work in Govt agencies, some in NGOs, some are paid, some are volunteers. To be integrated these people must know each other, they must be in each other's networks. Govt agencies must ensure their frontline workers network, and Govt funders must ensure that they fund NGOs to network.

(c) Complete lack of understanding, knowledge or empathy about how to engage all the partners required, to make the integrated service work, particularly community partners, by the Govt policy people, who have, for some unfathomable reason, the responsibility for putting the integration in place.

(d) New Ministers who want to make a name for themselves introducing something new (even though it may not be) with their new brand stamped on it, totally disrespecting the ownership the existing programme has with community stakeholders, who they expect to adopt it enthusiastically.

It takes a bit more for integrated services to be operating effectively than for Government agencies to tell Ministers that the process is in place. Achieving an integrated service is hard work and needs constant attention, particularly at the front line. Integration is working when communities report that it is so and when vulnerable clients report that they are receiving a seamless service.

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

Leadership and cascading accountability across and down through Government agencies.

Ensuring everyone is involved (Government and non government, DHBs, schools).

Ensuring the workforce (particularly at the frontline) is given permission to work together, trained to work together (staff from one sector may not even understand the technical language used by staff from other sectors), and given opportunities to network. Frontline staff working from time to time out of the same bases or hubs helps.

Funding providers to ensure their frontline staff network with other frontline staff.

Ensuring that the people developing policy and implementing service integration have the knowledge, skills, respect and empathy to work with all the intended partners in a manner that will guarantee success.

It becomes second nature for all front line social service staff (from ANY organization), when asked by a potential client if they can help, to instead of replying " No I can't, you need to ring A, B or C" they reply " No I can't but I know who can. Come with me and we will talk with them".

19. Are there examples of service delivery decisions that are best made locally or centrally?

The comments made in your Issues paper in the lead up to this question are all spot on.

In around 2010 Minister Bennett established Regional Community Response Fund (CRF) panels around the country to firstly consider whether MSD social support funding at a regional level was being used effectively, and secondly, consider potential allocations or reallocations. These panels consisted of 6-8 people drawn from the community. Panels were almost unanimous in their view that it was neither appropriate nor safe for local people to make decisions on funding for essential services.

27. What social services have improved as a result of contestability?

In my view contestability is rarely useful, for existing contracts for social services.

It is impossible to encourage integrated/ collaborative working at the front line when agencies are competing with each other for the shrinking funds made available by funders.

Having to reapply for funding every one, two or three years had a debilitating impact on the operation and outlook of community organisations, who were regularly losing good staff at the end of a contract period, fearful that they might lose their jobs.

Supported by Ministers, the Ministry of Social Development put in place a High Trust Contract system that guaranteed high performing providers ongoing funding, paid up front and not drip-fed over the financial year.