



Submission by Relationships Aotearoa Inc
to the
New Zealand Productivity Commission
on
More effective social services

November 2014

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Background

Relationships Aotearoa is a national provider operating in the social services sector, and contracts principally to the Ministries of Social Development and Justice to deliver a range of therapeutic counselling interventions and programmes.

Working to a vision of '*great relationships, flourishing families, healthy communities*', Relationships Aotearoa provides a range of counselling services dealing with multiple and complex issues: relationship conflict, family and whānau support, stopping violence, positive parenting, trauma, grief and other personal challenges and workplace issues.

Relationships Aotearoa has a long tradition of supporting families, whānau, couples and individuals to achieve positive change in lives and relationships. We take a holistic approach to the support we provide, and counselling services are evidence based, tailored to client need and outcomes focussed.

Forward

Relationships Aotearoa welcomes the Productivity Commission's inquiry into how social services are contracted and is grateful for the opportunity to submit on this issue.

While our funding, delivery and reporting is defined by our contractual obligations, we work hard to offer a seamless range of client centred and integrated services to the many thousands of clients we support each year.

In addition, Relationships Aotearoa is well networked within the communities we operate, and we look to reduce the need for clients to 'door knock' to gain access to ancillary services by actively navigating a pathway for them.

As the largest provider of Ministry of Justice stopping violence programmes and holder of a national contract with the Ministry of Social Development, we have a significant number of clients accessing services funded by both Ministries.

However, ensuring we collect the right data to report on outcomes for different contracts as well as provide a seamless and tailored service to meet client need is extremely challenging in the current contracting environment.

Nonetheless, it is a challenge we are happy to accept if it means better outcomes for the clients we support who often constitute some of the most vulnerable in the communities we operate in. Relationships Aotearoa is very motivated to work with government and across the sector to assist positive change in the lives and relationships.

Wouldn't it be fantastic to provide a cross sector, truly integrated and tailored response to some of the major challenges we face such as child neglect and family violence? How government contracts the social services sector is hugely influential and can significantly impact how successful we are in meeting these challenges.

We would welcome the opportunity to discuss this issue further with the Commission.



Jacqui Akuhata-Brown

Chief Executive

Introduction

At the time of writing there are 27,479 registered charities in Aotearoa New Zealand who are responsible with an annual income of \$15.6 billion¹. Not all will be operating in the social services sector and not all will contract with government, however a sizeable number will. In addition, a sizeable number of organisations will have developed strategic plans that closely align with the primary goals of government's social investment strategies.

It makes perfect sense therefore that government looks at how it can support the social services sector in a way that allows good ideas to flourish, constitutes a wise social investment and most importantly, improves the lives of those in need of help. That is, how the contribution from government can be both efficient and effective.

The New Zealand Productivity Commission issues paper is a welcomed response.

Relationships Aotearoa (RA) has reviewed the issues paper specifically from our perspective and knowledge of the social services sector, and our experience of contracting with government. Our response looks at a small number of the submission questions posed where we feel we can add value, and which covers three topic areas:

1. Comment on commissioning services that support Māori development and aspirations
2. Difficulties and tensions in delivering services in the current contracting environment
3. Other approaches vis-a-vis contracting for services

Our submission details responses to the specific questions raised in the issues paper so as to inform the inquiry of our particular view and/or adds further weight to similar opinions and ideas raised by other submissions on this very important issue.

Our responses to the topic areas are summarised into four critical areas in the executive summary and we have listed a number of recommendations that in our opinion require further strategic consideration.

¹ Online reference: Charities Services Website, 1 / 12 / 2014, www.charities.govt.nz

Executive summary

In summary we conclude there are four critical areas we believe need to be addressed if we are going to improve social service outcomes by contracting differently:

1. The challenges for Iwi and Māori providers in delivering services for whānau Māori.
2. Fragmented contracting arrangements increase contract compliance costs, stifle innovation and may not meet the needs of those supported.
3. The current contracting environment works against collaboration and diversity – both of which are desirable.
4. There is an opportunity for Government to invest further in the long term sustainability of the sector.

Many of the responses documented here are from our perspective and in regard to the contracting delivery and reporting on the services we provide. However, we believe there is general application for a number of issues raised. In particular we would like to recommend:

1. Government has a role in facilitating non Māori mainstream providers who operate as respectful and responsive Treaty partners to work alongside Māori providers and Iwi in the support of Māori self-determination and aspirations.
2. Where there are shared goals and objectives, government agencies should look to combine resources for contracting purposes – this will reduce administration and reporting compliance costs for the sector as funding is not siloed.
3. More work needs to be done to refine accountability requirements including duplication of results.
4. A more client centred approach to reporting would provide a clearer picture of outcomes as it is often the synergies between services and across the sector that make the real difference for some of the most vulnerable.
5. When contracting for services, Government needs to continue to consult widely with the sector to ensure their goals:
 - are aligned with those of Treaty partners, and
 - recognise the reality of community need and the true cost of service delivery.
6. There is an opportunity to reduce the cost and resources tied up in the contracting process by having standardised procurement templates (RFIs, EOIs, RFPs) across government agencies.
7. Given the financial difficulties the social services sector faces, there needs to be a recognition that contestability comes at the price of client choice.
8. Finally, there is a leadership opportunity for government to invest in the sector to facilitate and broker:
 - collaboration and information sharing within the sector, and
 - bring in more investors (private funding) into the sector.

Question responses

Comment on commissioning services that support Māori development and aspirations

What role do iwi play in the funding and provision of social services and what further role could they play?

Iwi have a vital role in the funding and provision of social services however the percentage of Māori needing to access social services far outweighs the resources available to meet the needs of their iwi members and other Māori who live in their tribal region.

As for those iwi members who live outside their tribal boundaries it is difficult to provide any meaningful service. It is for that reason that iwi rely on other mana whenua iwi groups to care for visiting tribal groups who have settled their regions.

The reality is that iwi providers do not have critical mass in the social services sector and are dependent on other groups. Therefore it is equally important that mainstream social services continue to service Māori as they have a wider range of services that can support whānau Māori than can currently be provided by iwi.

What capabilities and services are Māori providers better able to provide?

Working from a Māori world view is pivotal to the success of any social service working alongside whānau Māori to achieve their goals and aspirations. Māori providers are similar to iwi, they too are able to work effectively with whānau Māori, however like iwi their resources are limited. The issues facing iwi and Māori providers focus on resourcing of various kinds:

1. Services lack critical mass to address whānau Māori issues – a mismatch between resources and issues, as well as
2. Finite human and financial resources.

Until such time iwi and Māori providers achieve critical mass, there will be an ongoing need for mainstream providers who are appropriately conversant in Māori tikanga to support the work with whānau Māori.

Any contracting arrangement which holds Māori self-determination, development and aspirations at its heart should undertake an environmental scan of points 1 and 2 before any negotiation starts.

How well do government agencies take account of the decision-making processes of different cultures when working with providers?

It is a challenge for government agencies to take account of the decision making processes of different cultures when working with providers. Healthy and robust consultation across the range of culturally based providers would go some way toward improving the government's decision making processes.

This includes consulting widely with iwi / Māori even when there appears to be pressing time constraints on the consultation period.

How well do commissioning processes take account of the Treaty of Waitangi? Are there examples of agencies doing this well (or not so well)?

The more informed and inclusive different agencies can be about the machinations of the Treaty of Waitangi within their operational setting, the more likely that process will demonstrate conscious consideration and rigour.

Whānau Ora is a good example of commissioning processes that take into account the Treaty of Waitangi.

Difficulties and tensions in delivering services in the current contracting environment

Are there examples of service delivery decisions that are best made locally? Or centrally? What are the consequences of not making decisions at the appropriate level?

Taking this question one step further, in one sense service delivery decisions need to be made at the point of contact with the client. To do this we have skilled staff who are capable of good assessment and case management decisions.

If decisions are not made at the right level you will get a mismatch between client need and funding allocation, as well as a mismatch between client and actual service, as clients are

While we are a national provider, we have contracts at both central and local levels. As a consequence funding is not consistently available across the country. Some funding is limited by geographical area for no other reason than that is how that particular contract funding is allocated. As a service who looks to be able to provide a consistent service across the country, we are often in the position of not being offered a service in a particular area as we are not funded to deliver there.

A mechanism is needed for the sector to inform the contracting process of unmet demand before contract negotiations are completed. We believe this would add value to the service delivery decision process.

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

For our business, clients come in with a set of needs that are assessed. A case management plan is established to meet these needs. Government contracts are then juggled behind the scenes to fund different aspects of the case management plan. One family might be drawing on 3 or 4 funding streams to deliver a service.

This allocation, co-ordination, monitoring and reporting on various funding streams is exceptionally resource intensive and needs to be streamlined. Specialised funding streams do not recognise the holistic nature of the issues that families with complex needs face. The current process is not operationally efficient. Furthermore it tends not to be a client centred approach but a funder centred approach. This is not the best way to support client outcomes.

For one major contract, RA is currently required to write about 35 narrative reports quarterly to meet reporting requirements for different funding streams (regional and central funding). This takes up a lot of organisational capacity for us and for the contracting government agency. In this example, the contract goals are all focused on enhancing services for vulnerable children and families, and could be consolidated into one funding stream and one report without compromising client outcomes.

The result is monies are tied up in administering a complex system of multiple contracts that often have very similar objectives. In contrast funding could be used to innovate and evaluate services.

How can the benefits of flexible service delivery be achieved without undermining government accountability?

In our business, meeting the goals of clients – be they families, couples or individuals, requires a flexible service delivery model which is both tailored to client need and holistic in implementation.

In our experience, this is best achieved by taking a case management approach to meeting client need. A flexible service delivery model can be managed within a case management approach which assesses client needs and develops specific plans tailored to meet those needs, and can report on how well those needs are met.

Government accountability can be maintained through a results based accountability (RBA) framework measuring various quality, output and outcome standards. **We recommend the ongoing use of a RBA framework as good practice, however there is a missed opportunity to take a truly client centred approach without compromising accountability. This could be achieved by reporting client outcomes across all contributing contract partners, as it is often the synergies of different pieces of work with a client or family that produce the greatest positive results.**

What are the opportunities for and barriers to using information technology and data to improve the efficiency and effectiveness of social service delivery?

The use of information technology (IT) and better data collection has and will continue to dramatically change how we deliver services and report on them.

Currently RA is in the final phase of implementing truly mobile client management and feedback systems. With the use of tablets our counsellors can now work with clients in their community: at home on marae, in schools – wherever they need to be. At the touch of a screen clients can record their progress towards their goals and provide valuable feedback to counsellors about their practice. Data is captured in real-time, is accurate, and not reliant on a high level of administration to maintain and extract for reporting purposes.

In addition, RA has invested heavily in the development of a comprehensive client management system which can not only provide a comprehensive data set for all RA clients seen, but has the capability of hosting a number of other providers who do not have the infrastructure to build such a system.

The greatest potential though would be that these systems could potentially provide for the collection of aggregate data on a considerable range of issues and other variables not dissimilar to that collected in the health sector, and not previously available to the social services sector and its contracting partners.

Much of this innovation was funded by the Capability Investment Resource (CIR) administered by MSD. Without this level of investment from MSD we would not have been able to develop these systems in the way we have.

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

Relationships Aotearoa works hard to provide a seamless and integrated suite of services to our clients. In responding to this question, we see two different types of integration: across government integration and service integration across the sector.

We would like to see service integration across government agencies who have shared goals. This would remove the high administration load of managing multiple funding streams for the one client.

In addition, when working with other agencies to deliver integrated services we would like to see:

- Acknowledgement of the cost of networking and collaboration reflected in contract negotiations
- Enough flexibility to develop services to incorporate new and / or retiring partners and changing environments.

What are the characteristics of social services where contestability is most beneficial or detrimental to service provision?

Contestability makes a co-operative environment difficult to achieve, and affects cross sector co-operation. The ‘playing field’ is not even. Often government wants national providers but they have more overheads than smaller niche providers (who often don’t have the resource for extensive quality systems). Overhead costs are not well recognised in many government contracts.

Contestability is most beneficial when competing agencies are of similar size and resourcing. This is rarely the case in New Zealand.

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

As New Zealand has a relatively small population with significant geographical spread, high levels of contestability make it hard for multiple providers to remain viable as volumes are reduced and overhead costs are duplicated. In our business, all services in rural and low population whether they are stopping violence services, parenting services, traditional counselling - they are all affected by the need for viable volumes to operate.

In addition, inter agency contracting decisions affect viability. Given contracted volumes are likely to be lower, multiple contracts may be needed in order to cover overheads. It has been our experience that the cost of delivery is greater than the contracting government agency has been prepared to pay. Inter- government agency contracting in low population areas would support viable delivery in those regions.

Is there evidence that contestability is leading to worse outcomes by working against cooperation?

The New Zealand market is too small for a number of viable organisations in a contestable market. There is a high costs to the social services sector of frequently contesting relatively small amounts of funding.

There is no natural equilibrium in the New Zealand social services sector where it is relatively easy to set up a new service. Smaller niche providers are reluctant to partner with larger organisations for fear of losing their specialist skill, yet many would benefit from partnering with larger organisations to benefit from their economies of scale and administrative infrastructure.

Forming mutually beneficial partnerships take time, and often the contestable funding processes are managed within very short timeframes. This is not conducive to forming partnerships for the purposes of delivering integrated cross agency services.

What measures would reduce the cost to service providers of participating in contestable processes?

Preparing RFPs for siloed funding across a number of government agencies with similar goals is not cost effective for the sector. The following measures would make a significant difference to the cost of participating:

- Inter government agency contracting
- Due diligence and information sharing between government agencies for the purposes of procurement
- Standardised Expression of Interest (EOI), Request for Information (RFI), Tender and RFP templates

- Greater screening at EOI and RFI stage.

What are the most important benefits of provider diversity? For which services is provider diversity greatest or most limited? What are the implications for the quality and effectiveness of services?

Client choice.

In our business, we employ counsellors who are responsive to the diverse needs of the people we support.

Within our sector, the client / counsellor relationship is the best indicator of success. A particular counsellor may not be the best fit for all clients who walk through our doors in a particular area, so we may refer on, or only manage certain aspects of the therapeutic plan.

However to do this providers need to be as well resourced. This is not always best done through provider diversity – as having a number of small providers can be hard to co-ordinate around the client’s needs.

An integrated case management response capable of providing the diversity of services the client needs and investing in the organisations with a track record of robust service for clients. This reduces the likelihood of the ‘ten cars up the driveway’ scenario which has implications for both the quality and effectiveness of services.

Finding the balance of diversity and duplication is a tension within the current contracting system, and an issue we acknowledged is not easily solved.

Other approaches vis-a-vis contracting for services

What scope is there for increased private investment to fund social services? What approaches would encourage more private investment?

We think there are many opportunities for true partnerships between the sector, private investment and government, particularly in the development of new ways of working.

The current reality however is funding from government or private funds (including philanthropic funding) tends to be an either/or proposition. For example many philanthropic funders put limits on the amount of government funded organisations they will support. They do not want to fund services that should be supported by government, or they wish to support other organisations who have less options to access funding. While these points of view have merit in many instances, they do limit the potential for sharing not only investment, but also knowledge and skills not always available to the social services sector.

Likewise government are less likely to fund organisations with wider public appeal even when the organisation is working towards and supporting government goals.

The growth of social enterprises is an exciting development in this space, however it has limited broad application within the social services sector given the nature of how most social service organisations are structured.

There are a number of very sophisticated philanthropic, Iwi and corporate funders willing to support the social services sector. However it is often the social services sector (the least resourced) that seeks to bring all parties together in a mutually beneficial way. **There is significant potential for government to take the lead on this, not by looking to divest risk, but by brokering partnerships that meet the needs of all contracting parties and that keep the needs of the people supported at the centre of that process.**

In contrast contracting out works well when there are:

- Known and well documented issues
- A well defined client profile or target audience
- Clear service objectives.

Smoking cessation, screening services and other standardised services are examples where contracting out works well.

Having a balance of investment and contract for service arrangements should, in our opinion, be considered.

What is the experience of providers and purchasing agencies with high trust contracts? Under what circumstances are more relational contracts most likely to be successful or unsuccessful? Why?

The relational aspect of our particular high trust contract has improved significantly the reporting requirements however have become, in our opinion, significantly more challenging. Rather than contract reports being integrated to reduce reporting, multiple reports have been added together resulting in a reporting template requiring approximately 35 narrative reports and 4 quantitative reports each quarter.

A relational approach provides multiple opportunities to discuss, revise and develop services, adjust data collection and modify reporting to changing needs. With deeper understanding by both contract parties, accountability reporting is in our experience improved, as is the ability to better inform government on the complexity of work undertaken.

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

Investing in capability in addition to investing in services constitutes a sound investment in the sector. The MSD CIR funding and the Families Commission Social Policy and Evaluation Research Unit (SuPERU) are very good examples of an investment approach.

Further development and resourcing of an investment approach – building capacity as well as capability through IT development, professional development and learning, programme process and outcome evaluations, or baseline operating costs for example are a number of ways government could invest in the sector.

This would allow sector service providers to focus their resources from government contracts and other partners, to do what they do best - deliver services.

Strategic considerations

Many of the responses above are from our perspective and in regard to the contracting delivery and reporting on the services we provide. However, we believe there is general application for a number of issues raised. In particular we would like to recommend:

1. Government has a role in facilitating non Māori mainstream providers who operate as respectful and responsive Treaty partners to work alongside Māori providers and Iwi in the support of Māori self determination and aspirations.
2. Where there are shared goals and objectives, Government agencies should look to combine resources for contracting purposes – this will reduce administration and reporting compliance costs for the sector as funding is not siloed.
3. More work needs to be done to refine accountability requirements including duplications of results.
4. A more client centred approach to reporting would provide a clearer picture of outcomes as it is often the synergies between services and across the sector that make the real difference for some of the most vulnerable.
5. When contracting for services, Government needs to continue to consult widely with the sector to ensure their goals:
 - a. are aligned with those of Treaty partners, and
 - b. recognise the reality of community need and the true cost of service delivery.
6. There is an opportunity to reduce the cost and resources tied up in the contracting process by having standardised templates (RFIs, EOIs, RFPs) across government agencies.
7. Given the financial difficulties the social services sector faces, there needs to be a recognition that contestability comes at the price of client choice.
8. Finally, there is a leadership opportunity for government to invest in the sector to facilitate and broker:
 - a. collaboration and information sharing within the sector, and
 - b. bring in more investors (private funding) into the sector.