



Serving the needs of older people

SUBMISSION

**Age Concern New Zealand
He Manaakitanga Kaumātua Aotearoa**

**Submission to the Productivity Commission
on “More effective social services”**

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This submission has been developed in consultation with Age Concerns

Introduction to Age Concern

Age Concern is a charitable organisation working for older people in New Zealand. Our vision is for older people to live a valued life in an inclusive society. It is our mission to promote wellbeing, rights respect and dignity for older people. We are active and vocal on relevant issues and work to assist older people to stay connected with their family, friends and community.

We interact with over 7,650 older people every week through our 33 local Age Concerns, one national office and two affiliated services. We have over 4,500 volunteers who gift about 5,000 hours per week. Our total volunteer hours across all services equates to \$3.7 million per year based on minimum wage. We also have 151 paid staff throughout New Zealand who work 3,867 hours per week.

Age Concern New Zealand is one of many social service providers reliant on funding from government agencies, specifically to provide elder abuse and neglect prevention services, services to enhance social connectivity for older people and services to provide health promotion programmes. Local Age Concerns are also funded through philanthropic trust grants, contributions from clients to their services and individual donations.

Demand for our support and services has grown significantly over the years mirroring the growth in the older population, increasing longevity and the governments 'aging in place' strategy. Funding services to a growing group of older people is increasingly challenging. To continue to be effective and to be able to successfully meet the needs of a growing ageing population, funding need to be:

- **Adequate** – reflecting current and future demographic changes, supporting more people to age in place;
- **Flexible** – enabling new services to be developed to reflect the needs of an ageing population; and
- **Reliable** – enabling service providers to plan with confidence and effectiveness.

Executive summary

As New Zealand's ageing population grows, there will be more demand on social service providers to support the government's goal of "Ageing in the community". Social service providers will require funding contracts that are flexible in nature and that are focussed on providing good outcomes for older people, rather than being constrained and looking only at the outputs.

Into the future, it is important for government agencies to be well-informed and be able to collaborate across both their own departments and other government agencies to provide the best possible support for social service providers. This will help to maintain a strong network of well-supported community-based not-for-profit social service organisations that provide services that align with the needs of the community and meets the targets of the government.

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

The biggest social, economic and demographic trend that will change the social services landscape in New Zealand (and globally) is the growing ageing population coupled with significant increases in

longevity. Currently, around 650,000 people living in New Zealand are over 65 and this is expected to increase to over one million by 2030 when there will be more people over 65 than under 18.

The oldest “Baby boomers” (those who were born between 1945 and 1959) are beginning to age. This generation has continually pushed the boundaries of what came before and it is unlikely that they will stop doing this as they grow older. Therefore, they are likely to have higher expectations and perhaps will not settle for the way social services have been operated in the past and will demand better, more flexible, responsive and innovative services into the future.

New Zealand’s trend of urbanisation is continuing – younger people are moving from rural to urban areas. The result is that as fewer people remain in the rural areas, amenities such as public transport, banks and GPs are being cut. This has a greater effect on the older people who have spent their lives in the same rural area and are perhaps not as able to travel to the larger urban areas to receive these amenities. The social sector providers are the ones who are left to provide services for these rural ageing populations, but there is little evidence that the government is providing more funding to support this.

Globalisation has had and will continue to have an impact on the “nuclear family” as more sons and daughters move overseas leaving older parents with no close family to care for them. As this movement increases and also as the younger population decreases, older people increasingly turn to social services for support. Age Concerns are increasingly providing support and services to older people who have no family members nearby – and sometimes none living in New Zealand.

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

The majority of social services are provided by non-government organisations (NGOs) with very limited operating budgets. Unpaid volunteers ensure these services, many of them essential to the welfare of communities, continue year after year. Historically charitable and/or religious organisations have provided most of these services and this is perpetuated by government and society expectation that volunteers will continue this tradition.

Across New Zealand, Age Concern works with more than 4,500 volunteers who donate over 5,000 hours of their time every week, equating 260,000 hours per year. Total volunteer hours across all Age Concern services equate to \$3.7 million (based on minimum wage) per year.

Volunteering has significant benefits to volunteers also – research consistently shows that giving is good for mental health – volunteering has always been an essential part of New Zealand’s history – there is a risk in the increasing professionalisation of the community and voluntary sector and increasing compliance expectations that the goodwill associated with volunteering may be lost as volunteers get frustrated with increased compliance expectations.

Volunteers providing social services are an important altruistic component in the well-being of communities, but this volunteering will not work if providers do not have enough funding to support them; volunteers still need training and support – and managing.

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

One of the roles of the government is to fund and provide social services. This should not be left to the community alone to fund. However, the current situation is such that government does not fund all social sector provision. Iwi, along with other social sector providers, can seek funding from both

government and elsewhere to provide social services within their communities. Iwi tend to know their community well and in some cases may be better placed to offer more holistic 'wrap-around' support to families – Whanau ora is a good example of where a more wrap-around approach is being adopted with some success.

4. What contribution do social enterprises make to providing social services and improving social outcomes in New Zealand?

It is increasingly being recognised that one can be in business and also do good at the same time. Enspiral and Thankyou Payroll are examples of new social enterprises/social businesses that both provide for-profit services and a social return. The NGO sector has not traditionally been equipped to offer business and often it is younger, entrepreneurial people that have come into the NGO sector to offer new and innovative ways of both doing good and doing business. With the right kind of support, more of this could happen – capacity development may be needed to help 'grow' more in this approach. There is increased appetite amongst New Zealanders to support such businesses who are doing good and also growing business – some grounded in the sustainability movement.

5. What are the opportunities for, or barriers to, social-services partnerships between private business, not-for-profit social service providers and government?

The increasing burden of reporting requirements and audits to and by government departments is becoming a barrier to providers with a small paid work force or small number of volunteers able to complete these requirements.

There are currently few incentives for collaboration or the development of strategic partnerships in achieving outcomes that would be mutually beneficial. There are opportunities for social service partnerships, in networking for mutual benefit, in increasing transparency of outcomes and for collaborative approaches in achieving social service outcomes. Collaborative partnerships need to be supported by more flexible, innovative funding arrangements – sometimes across multiple government departments – these seem to be challenging for government. A strong network of well-supported community based not-for-profit social service organisations is also critical to providing more effective social services.

There is also scope for government departments to hold one contract between several providers. For example, "if one was to envisage a viable rehabilitation programme for ex-inmates, it would require mental health provision, housing, education, legal aid and employment, which could be represented by a group of NGOs and be funded under one contract". (Policy Quarterly, volume 9, issue 3, August 2013).

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

Some social services are already supported by private investment, for example, Retirement Villages and Rest Homes. However, these services tend to be in areas where there is possibility of profit. In terms of pure non-profit making services, the private sector is understandably reticent to get involved. Obligations to shareholders for example is a barrier to for-profits investing in non-profit making activities/services. If there was more government support in the form of financial incentives (perhaps tax reductions), there is a chance more private investment could be found for social services.

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

In many instances Māori providers are (with the right capacity) more able to provide appropriate services to Māori clients. In some instances this may occur with a Māori organisation working with a non-Māori organisation.

8. Why are private for-profit providers significantly involved in providing some types of social services and not others?

The aim of private for-profit providers is of course to make a profit. This can sometimes mean they take the “easy bits” of social services. They often have large resources and are set up well. With large portfolios, there is room to make a loss on one enterprise which can be funded by profit from another. For example, Retirement Villages may generate a profit that can then be ploughed into Rest Homes that might run at a loss.

11. What other international examples of innovative approaches to social service commissioning and provision are worth examining to draw lessons for New Zealand?

Until 2012, the United Kingdom, had twelve government-funded regional development agencies (RDAs). These RDAs set up organisations such as Medilink East Midlands (Medilink East Midlands, 2014) which provides a forum bringing together people from not for profits, NHS, Universities, private and public institutions for mutual benefit in exploiting opportunities in the health sector. These opportunities may not have been realised if these organisations were left to work in silos.

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?

The need to ensure that the New Zealand context is borne in mind and ensuring that overseas experiences are ‘adapted’ to work in a local context – taking account of factors such as the Treaty of Waitangi obligations and the diversity of the New Zealand population.

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?

Client-directed budgets could work for some services provided by Age Concerns, but care would need to be taken to ensure that vulnerable older people with cognitive impairment were not taken advantage of – either in provision of service or in being able to be open to abuse. The benefits would be that the client could decide on the options best suited to their current needs. It would require a holistic and integrated approach between various government departments and social service providers – and guidance for those with cognitive impairment.

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 risks would include lack of accountability and transparency of funds spent. There would be administrative costs involved in mitigating these risks. There are also risks around abuse: the client themselves must be the only one with the ability to access this budget. If control was put into the hands of a carer or family member, there is the risk that the carer or family member may abuse their position.

Age Concerns offer many 'services' that are not funded – they are run by volunteers and supported in a range of ways – they may be thought of as more 'club or connection' type activities.

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

Social service providers need to ensure that clients have the ability to communicate and feedback to the service provider and to support client advocacy. Age Concern has a large network of social services that it has been delivering for decades and developing models of service delivery to meet changing needs. It has huge expertise and knowledge of the sector in which it works. This promotes efficiency and effectiveness of service delivery.

There should be an explicit requirement within contracts to demonstrate how an organisation has consulted with its constituents on services and their effectiveness – this should be supported within the contract funding and a more 'open relationship' with a funder might ensure that there is more honesty and transparency in being involved in such community led processes – rather than conversations based on a fear of losing a contract – trust is a better basis for developing client centred services rather than fear.

19. 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?

It is important that both national and local decisions are made for social service delivery. Local service providers are able to provide information about local clients' needs and demand for services. Nationally demographic information from a local level can aid in service delivery funding decisions using population-based funding models. There is always a risk with regional decisions/prioritisation that people receive a very different 'deal' in different parts of New Zealand. Some of this makes consistent services delivery across New Zealand difficult to achieve.

20. 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?

Yes there are many examples – it's generally difficult to innovate with contract funding. Where there are specific outcomes required, the social service provider will work to achieve those outcomes, whether or not there is demand for those outcomes. For example, a contract that specifically states that a particular service will be provided even though the organisation providing the service has greater knowledge and could offer a different type of service that would meet the client needs far better.

Social service providers should have the ability to be involved in negotiating outcome requirements based on the local and national needs for the service, and based on their professional knowledge. They tend to have deep experience in providing a service and understand client needs. The inflexibility of contract funding means that sometimes the government is not getting the best return on its investment as a contract is a very blunt tool for funding what should be an outcome but is sometimes more likely an output.

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

Through government involvement with service providers in negotiating contractual arrangements and outcomes, service delivery can be flexible with accountable outcomes. Also, by using different outcome measures rather than client evaluation to report on effectiveness, for example, objective assessment of safety before and after EANP intervention. Having a trusting/trusted relationship with an organisation – one where the relationships work is often a very good mechanism for managing accountability. Ensuring that some of this is negotiated ‘up front’ also assist in managing risks associated with the use of public money. Both the funder and the deliverer of the service need to have a clear understanding of what’s required and how the outcomes can be understood/measured where appropriate.

Where an organisation has multiple contracts for meeting a population group’s needs there would be huge benefit in the relevant government departments getting together with a provider and negotiating what each government dept. is wanting to see as an outcome. Joined up contracting and accountability is widely discussed but doesn’t seem to be widely used just yet.

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

High trust works when the purchasing agency understands the work being done by the provider, reads the reports, recognises good practice and outcomes, and remains in ongoing communication with the provider. Clarity of the desired outcomes is essential – as is a shared understanding of how progress will be measured and understood by all parties.

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?

Providers are often reliant on government funding to provide the service – particularly as sources of charitable funding have dried up. Where similar social services are having to compete for funding contracts, the focus becomes on chasing the funding rather than on social service delivery. Sometimes this results in ‘mission creep’. However, to grow a quality workforce takes time and investment. Growing quality over time means an organisation needs to have some certainty in its future – and invest in developing its workforce. Chopping and changing between providers may be expedient but it may also mean that quality knowledge and ability may be lost.

It should always be remembered that the Social Services sector is providing service that government wants or needs to provide to society. Historically the government has contracted with the sector because it can provide services more cheaply than the government can itself. Dependency – well the government wishes to have a service and a social sector organisation provides it. ‘Dependency’ has several meanings in this context – depending on what lens one applies to it.

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

There are many opportunities to use information technology and data to improve efficiency and effectiveness of social service delivery, for example gathering data on services across all Age Concerns through our national database. However, barriers to this include the lack of resources to train everyone adequately. Sometimes the actual technology can be funded but the ongoing costs and training needed make it difficult to get maximum value from the technology. In a rapidly changing technological environment it's very difficult to keep up with the latest offerings – and be able to provide them. TechSoup – the Microsoft donation programme has been hugely useful for the sector – as have many of their training and resources. Supporting 'Infoxchange' has been an enlightened and helpful investment by MSD recently.

Keeping hardware and software up-to-date is a costly process for not-for-profit social service providers: computers are often old, slow and have out-of-date software which can cause a raft of problems, that are both time consuming and costly. Acquiring funding for new hardware is extremely difficult as it may mean compromises have to be paid to client facing delivery.

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

People-related services that require a high level of confidentiality and trust require time to establish a credible public reputation. When this has been built, but through contestability the service is awarded to a provider not recognised for expertise in the same field, public confidence can be reduced, with a high cost in dollars and time required by the new provider to build another credible reputation.

Where services require a large back-up of resources, expertise, orientation, etc. for best practice, contestability can be very tough, especially when a service requires specific training that is only available through the main provider, for example, EANP training through Age Concern.

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

Within Age Concern, the scope for contestability of the EANP service is much harder in the Far North, East Cape and Marlborough where population density is low.

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

Many social services can be considered complimentary (i.e. that may have unique purposes). However, the providers of these services may have similar target demographics or service provision, which if combined would have more favourable outcomes than both providing standalone service. Because of contestability these service providers currently choose to work in silos and do not develop strategic partnerships in order to improve outcomes, for fear of losing funding.

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

By providing funding that covers overheads as well as service delivery, this would enable social service providers to focus on what is really important, i.e. service delivery, which would ultimately result in better social outcomes and would reduce costs to service providers by not having to spend time and money sourcing alternative funds to cover overheads.

32. *What additional information could tender processes use that would improve the quality of government purchasing decisions?*

The provider who is putting in the tender must have knowledge of what is being delivered in other areas and how effective these services are.

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

Look at collegial working relationships versus client capture. Know what is happening in other localities.

34. *For what services is it most important to provide a relatively seamless transition for clients between providers?*

Home-based support services and health-related services where service continuity is essential for the client. In particular, where a client is unable to manage the transition themselves or where any transition will jeopardise their wellbeing.

36. *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?*

Provider diversity reduces negative competitiveness and client capture and gives clients choice. The client is more able to find a service that meets their needs. In turn, this enhances collaboration and appreciation of different ways of working.

38. *Do government agencies engage with the appropriate people when they are commissioning a service?*

Sometimes government makes a good attempt to do this by establishing a sector wide working group/reference group to advise it. An example of this has been the NGO Working Group working with Minister Bennett on what was needed for the Social Services sector in the post global financial crisis and subsequent period. This group has worked with both MSD and the Minister and some very good initiatives have resulted from this.

39. *Are commissioning agencies making the best choices between working with providers specialising in services to particular groups, or specifying cultural competence as a general contractual requirement?*

Cultural competence should be a general contractual requirement, but expertise may be held in a particular service, for example, TOA Pacific and TKK, who provide EANP services specifically to their local Māori communities.

However, recent experience of losing a contract for specialist service to older persons, to an agency not known for this expertise but with a cultural focus on service provision to Māori indicates that the commissioning agency may have been looking more at cultural competence than the specialist EANP service.

The cultural emphasis in service provision tends to focus on the Māori population with minimal attention to the rapid increase of immigrant ethnicities in our communities.

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

Many outcomes need the benefit of time – evaluating outcomes too early invariably leads to disappointment for one or more parties. Change in people takes time and the changes are often complex. For example in looking at reducing reoffending in a person do we look at reducing all offending as a success – or reducing severity or frequency of offending – or all as indicators of success. Too often measures of success are superficial due to the short time frame of measuring change.

Some services are significantly easier to measure than others – frequently what needs to be found are ‘indicators of success’ rather than absolute measures. Difficult to measure the progress of someone undertaking a financial literacy course unless we track progress over time.

Most social services attract statistics, are audited against the services provided and/or demand accountability or client satisfaction surveys.

42. Are there examples of outcome-based contracts? How successful have these been?

Age Concern New Zealand’s contracts for AVS and EANP have both been very successful in reducing loneliness and abuse respectively for individual older people.

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?

The service provider needs to work together with the contracting government agency on what outcome measures best measure outcomes for clients. There needs to be clear trust established so that funders are not simply being provided with measures that make them feel like something is changing or something is being achieved.

45. What have been the benefits of government initiatives to streamline purchasing processes across agencies? Where could government make further improvements?

Government agencies that do not have the knowledge of the service being provided need to establish working groups with the providers of the services to better understand the problems and together work on solutions, so that the tender documents describe appropriate and effective services which can meet the needs of prospective clients. Government agencies need to ‘get together’ and work at collaboration in the same way they expect collaboration to occur within the social services sector. In reality little of this happens in government – although sometimes when a philanthropic funder becomes involved they can play a ‘brokering role’ by bringing a range of funders together and putting money on the table also.

46. Is there sufficient learning within the social services system? Is the information gathered reliable and correctly interpreted? Are the resulting changes timely and appropriate?

Government purchasing departments do not always ask for reporting that is relevant for giving a good picture of how effective the service is. This means that some of the best and most relevant information is never reported on because it is not asked for. Providers cannot always guess what the purchaser wants to know to determine effectiveness, when the contract does not spell this out as a

reporting requirement. It is not all that clear how 'learning' actually occurs or is valued – there are some instances of contracts being funded because they always have been – what is more helpful in contract negotiations may be for the government funder to come to the table prepared to learn about what is working – to invest in expertise to inform effective practices and support organisations who are clearly most effective. Being a learning organisation requires strong leadership and the ability for an organisation to use the learning it has done to influence better service – if a funder is interested in funding something in a particular way then the learning is not valued.

47. Does the commissioning and purchasing system encourage bottom-up experimentation? Does the system reinforce successful approaches and encourage reform of less successful ones?

Often there is not enough time or money in the contract to do any more than what is asked for. More discussion of reports and what is actually happening could lead to better outcomes and more innovative approaches – there needs to be better trust between the purchaser and provider.

There is not always an incentive to find other funding for experimentation unless the result of the experiment is something that can be developed or taken to scale and then supported in some way financially.

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?

There is a saying 'culture eats strategy for breakfast' – meaning culture in an organisation plays a defining role in how the organisation performs – how it innovates and how it operates in a changing landscape. That's the case for both the government and for the Social Sector. The impact of culture and leadership is evident in EVERY service area.

52. 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?

Investment is needed in the social sector beyond the traditional boundaries – many leaders in the Community and Voluntary sector are very busy finding funding to stay afloat which sometimes causes a poverty of leadership and drives particular types of competitive behaviour – when collaborative behaviour might deliver a better result for the client. In recent years there have been many examples of businesses collaborating to get a better result for the client – it would be good to see more of this in other sectors. Supporting leadership in the Community and Voluntary sector is critical to innovation and effective practices. In government, the support of leaders who have decision-making powers to empower others to be leaderful is also critical so that there is upward and downwards exchanges of ideas. Too often public sector CEOs are speaking of innovation but then not empowering their staff to work in innovative ways.

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

Restrictive and narrow contracts do not support innovative approaches to service delivery – nor do low-trust relationships between funded and fundee. There is scope for the philanthropic sector and government to work together more in supporting innovation.

54. Have recent amendments to the Public Finance Act 1989 made it easier to coordinate across government agencies? Are there any examples where they have helped to deliver better social services? What further measures could be effective?

Yes they have – but a willingness to embrace and test these changes seems to be missing.

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?

56. Are you willing to meet with the Commission? Can you suggest other interested parties with whom the Commission should consult?

There are many examples of innovative practices within the New Zealand philanthropic sector – and in the sector worldwide. Philanthropy NZ has excellent leads both nationally and internationally. In the USA Grant makers for Effective Organisations (GEO, led by Kathleen Enright) have worked with the Obama government on a range of critical issues in the Social Sector and the way leadership and innovation are supported.

Thank you for this opportunity to comment. We welcome any questions you may have about our submission.



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