Productivity Commission inquiry into ways to improve how government agencies commission and purchase social services:

Social Sector Trial response

Thank you for the opportunity to respond to the Productivity Commission Inquiry into ways to improve how government agencies commission and purchase social services.

The following response to the issues paper has been collated from the 16 Social Sector Trial (SST/the Trials) leads (those NGOs and individuals leading the 16 Trials) operating in communities across New Zealand.

Comments are from the SST leads perspective, not a national office perspective. As such, they are operationally focussed, from people tasked to be sector managers (on behalf of the Ministries of Education, Health, Justice, Social Development and the New Zealand Police) in defined geographic areas.

This written submission supplements a meeting of the Director: Social Sector Trials with the Commission team, meetings of the Commission team with selected Trial leads (including in Kaikohe and Horowhenua) in their communities, and a meeting of the Commission team with Trial leads geographically close to Hamilton.

In providing this response, Trial leads note that questions asked by this inquiry are vast, and that the responses provided only go part way to answering those broad questions. Select questions only have been addressed, noting this is where SST leads thought their input could be most valuable.

Background on the Trials

The Trials programme has been in place since 2011, when six Trials were started. Since then, evolutions have included implementation of an additional 10 Trials (which started in 2013).

Appendix one provides a diagram of the Social Sector Trials framework.

Appendix two provides an A3 which summarises how the SST model operates. This appendix (using the Waitomo Trial as an example) shows that for an initial SST appropriation-funded investment of two FTEs (a manager and a coordinator), a set of community specific coordination functions is developed (including a local advisory group, action plan and individual case management functions). Community and individual-centric programmes and services are then implemented, partly funded with SST appropriation funds (but often largely funded through philanthropic, community, business and other agency funding) to achieve outcome changes.

More information about the Trials model is available upon request.

SST response to inquiry questions

Q1 What are the most important social, economic and demographic trends that will change the social services landscape in New Zealand?

The SST leads consider there are a number of significant trends in communities that need to be taken into consideration in the design and delivery of social services. These include, but are not limited to):

- legislation changes impacting on voluntary sector (compliance etc. - Vulnerable Children Act 2014, Health and Safety in Employment Act 1992)
- increasing emphasis on big cities in terms of allocation of resources (housing, transport, infrastructure) and development of employment opportunities (this is a logical response due to size and scale however there is a possibility it is at the detriment of provinces where cheaper housing and infrastructure can cope with additional influx of employers/ citizens)
- an aging population
- increasing local empowerment and voice re: decision making and funding
- increasing role that the Maori economy will have in relation to national economy
- migration – changes in cultures and influences
- changing family/whanau structures (single parent households, grandparents raising children, increase in the number of working parents (increased childcare needs))
- technology changes (changing interfaces and relationships (less face to face))
- changes in employment including:
    - rural economies increasingly struggling more than urban changing employment patterns for individuals (3/4 careers per lifetime)
    - changing industries (shift away from primary industries)
    - changing work patterns (part time, out of core hours, job sharing etc.)
- increasing New Zealand exposure to, and influence of, international markets
- greater impacts of the cost of housing (increase in social housing)
- increasing recognition of disabilities/syndromes at the community level (such as foetal alcohol syndrome)
- greater taxpayer accountability for funds
- more transient families - low income people moving to low cost areas (lack of family supports)
- increasing community expectations for the use and accountability of public funding
- ongoing problems of:
    - family violence and child abuse
    - the influence of gangs
    - low incomes amongst highly vulnerable families.

Q2 How important are volunteers to the provision of social services?

The Trial leads see on a daily basis just how reliant communities are on volunteers in the social sector. In Trial communities, volunteers support and directly deliver social services, provide community leadership, direction and community knowledge. Along with a core group of government and non-government organisations, volunteers carry out a number of functions and provide community representation on multiple boards, communities, and action-focussed groups – in some towns, many of these groups would not exist if volunteers were not active.

In Waitomo for example, there is volunteer support for the Alternative Education programme (thereby: boosting supervision numbers in the classroom, allowing for smaller ratios of staff to students, making activities outside the classroom more safe, and supporting community ownership of the programme.

In Waitomo, volunteers also staff the fire response, participate on the Social Sector Trial advisory group, staff the ambulance response, are on the family violence taskforce, support one-off activities like a recent river clean up, and are on multiple other committees (often it is a small group of volunteers across all activities).

In addition to delivering and enabling the delivery of social services volunteers are crucial to providing community leadership, direction and cohesion through the application of local community knowledge.

Balancing the need to ensure safety around these volunteers (through appropriate 'vetting' of these volunteers as well as through providing safe working environments), and ensuring quick and community focussed responses to needs as they arise, is important.

Volunteering can provide people with a number of benefits: work experience, a sense of responsibility and contribution to community, and it can also support mental wellbeing.

A reliance on volunteers, however, carries a number of risks, including a lack of continuity, and being unable to secure the level of proficiency required of roles carried out by unpaid workers.

There may be potential to develop accreditation systems to quality assure training and proficiency of volunteers and provide them with structured support and supervision. Although accreditation systems can be expensive to develop and implement, this could be done at a national level to ensure consistency and keep costs lower. If we are to rely on volunteers to deliver social services, it is important to invest in them and protect clients through formal accreditation systems.

There is a need for careful consideration and open dialogue of the responsibilities that should be tagged to volunteers and community groups, vis-à-vis families, non-government social service providers, and the state.

Q3 What role do iwi play in the funding and provision of social services and what further role could they play?

A number of Social Sector Trials are led by iwi and kaupapa Māori organisations: Raukawa Charitable Trust in South Waikato delivers the South Waikato Trial, Ngāpuhi Iwi Social Services contributes to the delivery of the Kaikohe Trial (through a joint venture arrangement), Tui Ora Ltd leads the South Taranaki Trial, WERA consultants leads the Whakatane Trial, and Te Taumata o Ngāti Whakaue iho Ake leads the Rotorua Trial.

Additionally, iwi organisations are:

- represented on Social Sector Trial advisory groups
- represented on Social Sector Trial community action groups
- providing expert advice
- involved in (supporting, leading, funding, staffing etc) delivery of initiatives (such as innovative health service access, holiday programmes, whanau empowerment programmes, health promotion activities, noho marae to support education achievement etc)
- contracted by the Trial leads to delivery programmes and services responsive to local/individual needs.

Iwi organisations are considered by the Trial leads to be fundamental to social service delivery (through the Trials and generally) not least because of:

- their connection to whanau
- their connection to communities
- their permanence, ie unlike some NGOs they won't be departing the landscape if funding arrangements change
- their delivery of/commitment to the principles of whanau ora.

Q4 What contribution do social enterprises make to providing social services and improving social outcomes in New Zealand?

SST leads noted that social enterprise is a promising approach to both attract investment and support local social service priorities.

Challenges to this model include:

- the lack of local data currently available in the New Zealand social service landscape, which then makes development of business cases challenging
- difficulties attracting start- ups to small and struggling communities (that may be in most need of innovative approaches)
- a lack of understanding of the social enterprise approach and how it may be useful
- the 'leap of faith' perceived to be required in investing in such an approach.

Whilst there are currently limited tested examples in Trial locations, there are examples of start ups in Trial locations that are being supported to be successful (e.g. ARCO in Kaikohe). This particular example has a degree of a symbiotic relationship with the Kaikohe Trial, with the start up looking to support youth employment and empowerment through training and education (which are SST outcome areas), with the Trial facilitating government support to ARCO where it can (e.g. facilitation of a Work and Income relationship).

There are also some social enterprise concepts under development within Trials, for example, one location has developed a social enterprise response concerning education, training and employment statistics in their community. Without funding options, however, this initiative won't take off, despite other preconditions being met (e.g. community support, the development of a business case showing an investment proposition etc.).

Government agencies are not necessarily able to fund social enterprise per se, for example it would be difficult to apply for the use of government agency funding that was bound by NDOE rules for social enterprise (it's likely that the relationships between inputs and outcomes are too complex to fit NDOE rules in most cases and there may be a time delay in the social enterprise model before outcomes are seen (and investment is seen to pay off)). Where there are specific funding mechanisms for social enterprise/social bonds, they have been known to be silo specific (e.g. health outcomes) in the cases SST leads know about, and oversubscribed.

As such, other funding sources (such as philanthropic) become the port of call for activities that will deliver outcomes sought by core government agencies.

Philanthropic funding can often be time limited, relatively short term, project based, and therefore not sustainable. There are also usually limits on what a philanthropic will fund (e.g. no salaries, and often only a small proportion (5 to 10%) of the overall cost of the project). In addition, while many philanthropic organisations tend to fund innovation, they do not always take decisions about what to fund in a strategic way as part of the wider context of what else is going on in that space or that locality. In addition, they could benefit from sharing the lessons learnt from funded projects in order to inform future decision making by all local funding organisations.

Q5 What are the opportunities for, or barriers to, social-services partnerships between private business, not-for-profit social service providers and government?

The barriers observed in terms of "partnership" approaches, can cross over with those barriers described in the answer to question 4 above.

A partnership approach may be seen to require:

- a 'leap of faith' (given it's a relatively new approach for New Zealand social services)
- behavioural changes (moving to 'equal' partnership with shared agendas and a different power relationship)
- a long term approach and maturity in relationships as a precondition for success
- different expectations/approaches to the use of tax payer funding

Partnership creates an opportunity for seeking mutually beneficial outcomes.

Q6 What scope is there for increased private investment to fund social services? What approaches would encourage more private investment?

More private investment could provide a funding source at national, regional and local levels without the requirements government investment can sometimes carry. However, it would need to be clarified as to what benefits private investors would receive from funding social services given they are profit driven – as it is hard to envisage that enough efficiencies would be generated to fund the profit margin element.

Philanthropic organisations have, however, talked to us about the challenge they face in directing their spend in the most effective way, i.e. like government; they are looking for the best way to identify the best use of their limited dollars for the most advantage.

Government investment can be prescriptive in its scope and implementation expectations, can be bound by geographic and other parameters, have narrow scope, be time limited etc. There can be multiple reasons for this – for example; linking back to the funding system, funding and planning cycles, discretion sitting nationally rather than locally or regionally, policies that impact on spend, NDOE rules that mean the money from an agency must be spent in line with specific conditions (such as on a particular age group).

Often there are great ideas identified at the community level that multiple stakeholders agree would make a difference to the community, but there isn't the scope or flexibility for a known funder (such as a government agency) to fund the 'new' thing, due to reasons such as those above.

Private investment can sometimes be far less 'rules based' (i.e. there is more scope for innovation), and more focussed on outcomes for communities.

Within the SST environment, the KickStart breakfast programme (sponsored by Sanitarium and Fonterra) has been really important for ensuring children and young people go to school fed. Through the provision of breakfast, children attending have also received mentoring, developed new relationships with other students and school staff, and staff have gained a better understanding of the children's holistic needs and lives outside of the school environment.

Likewise, Fonterra is supporting SST children through a partnership approach which builds bikes for SST children in SST communities. The young people benefit through receiving the bikes as transport to school and for recreation, and they feel a sense of investment in them as individuals. Through the association with the programme the young people have also gained a greater understanding of a key employer in the region and formed closer relationships with that employer. Fonterra use the bike building exercise both as an organisational development approach, and as a community investment exercise.

Q7 What capabilities and services are Mäori providers better able to provide?

Maori providers have strengths in providing:

- culturally responsive programmes
- programmes/services for hard to reach/engage populations
- tikanga/te reo focussed programmes.
- values based programmes
- connectedness, identity and belonging for rangatahi
- cultural capital and culturally appropriate models of practice e.g Mana Potential (a strengths based tool for behaviour change)
- sharing indigenous perspectives

Q8 Why are private for-profit providers significantly involved in providing some types of social services and not others?

No SST comment provided

Q9 How successful have recent government initiatives been in improving commissioning and purchasing of social services? What have been the drivers of success, or the barriers to success, of these initiatives?

Government has introduced a number of initiatives to improve the commissioning and purchasing of social services. The initiatives have varied but are observed as including:

- individual case management and wrap around services (Children's Teams and Youth Offending Teams)
- improved resourcing approaches (ISO)
- new programmes to solve intractable social problems with individuals, families/whanau (eg Whanau Ora)
- systemic change programmes through initiatives (such as the Social Sector Trials).

Improving effectiveness of spend, and improving outcomes for individuals and communities is at the heart of these initiatives.

The degree to which these initiatives have or haven't been successful isn't something we are providing comment on, but there are some system 'barriers' which don't necessarily strongly enable these new approaches which we are commenting on.

Social Sector Trial intent

The SST Trial leads are all charged with reconfiguring social services to better meet local and individual needs within communities (age ranges, outcome focus and boundaries of which are set by Ministers).

Trial leads have access to government resources, establish community based advisory groups, and have a direct reporting line to Ministers to support their mandate. The SST approach includes the expectation that Trial leads will raise barriers to both cross-agency social service delivery and the achievement of outcomes in these particular communities (which include TAs with large populations bases (like Waikato TA), cities (like Rotorua and Porirua), suburbs (like South Dunedin), and rural and remote communities (like Kawerau and Kaikohe).

The Trials work with social services in their communities to ensure they are more responsive, better connected, and more aligned with the needs of their unique communities. The greatest potential for the SST model is its ability to shape and influence the nature of an initiative or programme to provide the best outcomes for the community it is placed in.

Key points of difference between the SSTs and other programmes are the SSTs ability to:

- use the SST framework to:
    - engage the community in planning (through a local advisory group)
    - drive community centric and individual centric programmes, services and other responses
    - use the action plan and ongoing reporting to provide accountability and transparency around planning and implementation (funding and action)
    - use the national structure to identify and resolve issues/barriers (including policy, legislative and behavioural) to assist in achieving outcomes (with a direct reporting line to partner agency CEs and Ministers providing both 'circuit breaking' responses, and mandate)
    - integrate spend from multiple agencies, thereby having access to funds that isn't bound by the same NDOE rules agencies can be bound by
    - influence agency activity (including funding and service delivery) outside of the direct accountabilities of the SSTs.

In terms of the Trials, key drivers for the local approach at the heart of the model were overcoming agency silos through a local person or NGO becoming the social sector manager for a defined patch, and that person or NGO carrying accountability for a set of defined outcomes, it was intended that the person or NGO could shape agency and other stakeholders decisions and actions towards a collective impact approach for a community by encouraging:

- a shared agenda
- mutually reinforcing activities
- shared measurement
- constant communication
- constant learning.

Enablers of success

Where agencies collaborate and there is relevant decision making capability at the advisory table, Trial sites have been successful in reorienting or reconfiguring services to fill a gap and meet local needs. Trials continue to gain greater traction with agencies to ensure that Trial leads are included, from conception, in aspects of social service delivery in their communities that may impact on Trial outcomes.

Trial leads use a number of levers within their community to support the process to reconfigure agency's efforts to improve outcomes for specific populations. The levers include:

- leading Trial outcome-related community planning, with strong community input, to ensure social services deliver in line with community and individual needs
- managing contracts and funding that is within the scope of the Trial (money to purchase programmes and services to fill gaps as well as some contracts transferred from agency control)
- overseeing any in-kind resources provided by agencies or other community stakeholders (e.g. Council)
- influencing funding and contracts not under their direct control.

The Trials model is supported within a larger, structured framework. This supporting framework enables flexibility of small-scale activities locally, and strengthens the sustainability of the model within communities. The framework allows the Trials to be implemented in a number of different communities but be flexible enough to meet the needs of the communities (i.e. Trials in each community look very different).

The Trials are able to provide value to marginalised communities (such as Kawerau and Kaikohe) that have small populations, are rural and isolated as well providing a different

value to a larger urban community that has a greater population and many services (such as Porirua and Rotorua).

The Trials also provide agencies and other social service providers an overview of services provided to common clients.

1. *Action plans*

Each SST lead oversees the development of an action plan for the community and manages its delivery. The plan is focussed on reconfiguring social service delivery to improve outcomes in an individual and community-centric way.

The SST has had some success in facilitating the partnership between government agencies and community aspirations through this process. The action plans are very much action focussed and provide a transparent accountability document, noting clearly who is accountable to deliver each action (with local, regional and national processes in place to monitor and assist delivery against these commitments).

2. *Transfer of contracts into SST management*

Access to integrated funding (through the transfer of relevant contracts previously managed by individual agencies to SST management and an integrated appropriation within Vote: Social Development) ensures Trial leads can then use this funding to continue key programmes, reconfigure these programmes, or end these programmes and re-contract for something else, depending on what best fits local needs. The integration of the funding within the SST appropriation ring-fences the spend for SST use, and scope statements ensure it's able to be used (within appropriate legal limits) for SST-directed initiatives without the limits individual Vote appropriations require (including restricted age range targets, outputs, or outcome areas).

3. *Seed funding*

The opportunity to apply innovative approaches through the use of seed funding provides greater flexibility and collaboration in a timely way that is more responsive to community needs and very different to typical social service provision. It is integrated funding in a SST ring-fenced appropriation, meaning it isn't bound by any other agencies NDOE rules. It is available for allocation within legal limits, with the Director: SSTs agreement to the spend. It is able to be quickly contracted and is therefore responsive to local needs. It is allocated for communities in advance of the financial year, meaning each SST knows it's available funding source in advance, and then has the ability to secure other funding as needed.

As examples of how innovative approaches can be purchased with seed funding:

- in South Taranaki the Trial funded a youth case coordinator to provide a triage approach for youth offenders with a focus on addressing causal factors. The Trial identified the need for this role through interactions with local Police and young people. This coordinator, together with the Police adopting a new approach in this area (Trial-led) to focus on the young offenders circumstances (through use of HEEADSSS assessments), has contributed to the drop in the number of non-traffic offences being committed by young people in Hawera by 32 percent for the twelve months ended August 2014. The Police believe so strongly in the approach that they are seeking replication of the coordinator role in more stations in South Taranaki
- in Waitomo, the Number 12 youth hub was set up using seed funding and is now a base for youth mentoring, drivers licensing support, alcohol and other drug abuse support, Te Kura support, an anti-bullying programme, after school activities etc. This hub provides a central support function for children and young people and in 12 months of operation over 7000 visits to the hub have been recorded
- in Kawerau, before the Trial, there was a 0.2 FTE truancy service funded and based in Whakatane. Under the Trial, there is now a full time truancy service based in Kawerau which focusses both on getting young people back to school, and

overcoming barriers to attendance (which means addressing living situations, family violence, alcohol and other drug abuse issues, uniform issues etc.). Since the role came into effect in 2011, attendance at the Kawerau secondary school has improved by 30 percent and over 70 young people under 16 years who were 'off the radar' from school are now back in education or training

- in Gisborne, seed funding is being used to test whether subsidised bus transport increases attendance. For young people in the high-deprivation suburb of Kaiti, there is a 4.7km walk to school each day (with all secondary schools based on the other side of town). During winter months, this has been considered to have a large impact on attendance rates. The pilot is still underway, but results look very promising.

Barriers to success

The Trials' work with their communities (which includes agencies within the communities) and have identified barriers to change that are wider than any one agency and are symptomatic of the system in which social service delivery operates. These barriers often relate to the make-up of our operating environment and to the way social services have historically been delivered. Some of these problems are barriers to effective integration and local decision-making.

Systemic barriers

A number of key systemic barriers impact on the current Trials locations ability to deliver. This includes:

- barriers related to insufficient or inadequate data to measure both baseline (i.e. the starting point) and outcomes in Trials locations
- Trial Leads' ability to engage and influence local services, and engagement with agencies in decision-making on these services and programs.

Many of the barriers identified in Trials locations are likely to apply to locally-led and integrated services across the sector. These include:

- siloed agency interactions and priority setting
- lack of transparency about services in locations
- limited community influence over services and allocation decisions for specific community needs.

There can be a lack of transparency about programmes and services (government and non-government) at the community level in locations, which can lead to:

- a lack of understanding of services available
- a perceived lack of local referral options
- duplication, as people/agencies look to fill perceived gaps (with communities not necessarily knowing what is funded/delivered, as well as providers not knowing the service map either)
- a lack of information for regional and local planning.

In addition, large (or super) providers can create economies of scale but can also create a false sense of efficiency by creating "Super" providers. Issues include:

- empire building by providers where there are no longer any other options for whanau
- poor contract management due to the size and scale of the provider large geographical responsibilities and the specific needs of priority communities/vulnerable clients/groups are lost in the delivery across a wider area.

1. *Multiple overlapping products and programmes in communities*

One of the initial hurdles to overcome in communities was the sense of another 'pilot'. Recently a senior stakeholder in a Trial community noted "we've had so many pilots we

could have opened an airport." This sense of 'pilot fatigue' reflected that some communities (and it does tend to be that high-deprivation/high-need communities are the obvious choice for multiple initiatives), had been the site of trialling of lots of approaches from government in recent years, many of which had been temporary, not sustained, or lacking "in teeth".

Still, even with the Trials model now firmly embedded in communities and a high level of confidence in it, the number of other sector products in communities can give a sense of "co-opetition" – that is, competing collaborative initiatives. With some communities having a SST, whanau ora, youth crime action plan, Children's Team etc., how do collaborative initiatives organise themselves to work together most effectively when the system doesn't at times necessarily incentivise this?

The SST or a similar type of framework could be seen to provide a vehicle to support new objectives. The need for multiple products, that often overlap, in the same communities is not seen to be helpful.

2. *Central government making decisions for communities*

There is a sense of initiatives being driven from the centre rather than based on local and regional priorities/needs. A lack of local and regional structures to support collaboration is seen to support the lack of local and regional responsiveness, limiting the ability for the system to develop cascading layers of collaboration.

Agencies and providers have historically delivered services without a formal accountability mechanism to the community, and target groups have not been involved in the development of programmes and services. Traditionally, siloed approaches from agencies mean communities have not been able to reorganise funding at the local level to avoid duplication or to ensure gaps in service delivery are adequately addressed, or to engage in addressing local issues.

Centralised decision making means information provision and decision making are decided away from other organisations and communities. This fosters the silo mentality and despite overarching strategies that enforce cross-sector relationships, and cross-sector decision making, it is difficult to undo sometimes 20 years of practice and behaviour.

3. *Service boundaries and contract volumes*

Service providers funded to deliver services across a region may only deliver the service in one location (for a number of reasons, e.g. cherry picking where they can achieve contracted volumes, or because they aren't funded for travel time). They are not always required to account for service targeting according to need for example, nor is it always feasible to deliver, across the region.

Different boundaries, within and between agencies, increase the cost of collaboration for agencies and providers. It also complicates the process for working out what agency resources are being used in a given area. For the Taumarunui SST, there are regional managers in six different locations that the SST lead has on-going relationships with, and that have accountability for Taumarunui (these managers are in Palmerston North, Hamilton, Rotorua, New Plymouth, Wellington and Wanganui). Establishing a depth of knowledge within government, when a community may be considered geographically peripheral, has been raised within a context of 'visiting culture'.

Contracts are often reported and monitored in terms of output or volume rather than outcomes. This is a fundamental issue that providers are contracted to do not necessarily to achieve.

4. *The availability of relevant local-level data*

Relevant data is another major barrier to both highlight success and or to identify the need in communities. Where data is available, it may not be available in a manner that is the most relevant. Many agencies have national data but what is more helpful to communities is local

data which for agencies availability and quality can vary (from national, to regional to local) to identify service need and purchase accordingly. Data is also required to support evaluation to ensure there can be systematic evaluation of initiatives.

Q10 Are there other innovations in commissioning and contracting in New Zealand that the Commission should explore? What lessons could the Commission draw from these innovations?

The social sector is dealing with a number of intractable complex issues. As the landscape and response to the landscape (such as multi agency responses) changes, the key question should be, "do the present funding and commissioning models complement the delivery of solutions to complex problems?"

The innovative aspects of SST contracting (i.e. a local NGO or a local individual) becoming the government's contract management function has not been heavily formally evaluated to date (and may provide insights).

The Commission could look at a number of other innovations specifically those innovations that take different approaches from historic social service delivery. The new social investment approach (i.e. population funding RFI recently released by Treasury) may provide the opportunity for grassroots innovation in social service delivery. Monitoring and evaluating the impact of the initiatives themselves (rather than the process), given their local responsivity, may provide valuable lessons in how to encourage, enable and support innovation.

Lessons learnt

The SST experience has informed a view that social service delivery in communities (by government and non-government) is critically enabled when it is a coordinated and collaborative approach. Early consultation with communities is important and should inform policy design and delivery. This will ensure an assessment of 'fit' can be undertaken, as well as officials gaining a greater understanding of the social landscape in which the product will be operating.

Pressures on a community are often not understood. Changes that do not seem significant at a policy or national office level can dramatically impact a community. This includes both introducing and exiting programmes and services. Robust analysis and consultation within the community with an analysis of the decision should be undertaken.

Existing community structures (local and regional, including council, government and community-led) provide a forum of key individuals to support such processes.

A mechanism to enable government agencies to involve communities in local decision making (that sets out the minimum standards to ensure that the involvement of communities in the commissioning and contracting in those communities) could be developed as a whole of government minimum standard.

Innovative approaches

One innovative approach would be the monitoring of all contracts delivered by an independent cross-agency team who would:

- not be required to have on-going relationships with providers
- be able to compare service provision across communities and share good practice and learnings.

This could provide a level playing field for monitoring. Monitoring reports could be made transparent to communities and others that the service is in place to serve.

Q11 What other international examples of innovative approaches to social service commissioning and provision are worth examining to draw lessons for New Zealand?

Sustained approaches are important. It is key that effective programmes are appropriately supported to succeed, rather than continuing to introduce pilots to patch areas existing programmes may be able to address. Setting up government products to appear as competitive carries a cost for communities and could be seen to work against the intent (e.g. better outcomes, and efficiencies).

The Commissioning Cycle model is used extensively in the UK by health and local government agencies contracting for services. The Commissioning Cycle is effectively four key stages of analyse, plan, do and review that brings rigour to the process of commissioning services. It ensures that services are purchased based on need and gaps identified, and ensures an overarching approach is taken to planning and purchasing services (ie a pathway approach that is end to end and comprehensive). It also ensures that robust performance management of services takes place by establishing a clear service level agreement or contract that sets out expectations and output/ outcome measures. It also ensures resources are shifted where needs are not being met and outcomes not being delivered. It represents an annual (or sometimes less frequent) cycle that is continuous and not a one-off process. The system brings clarity to all providers about the processes that will be undertaken to make decisions and ensures a level playing field for all providers.

It requires the collection of intelligence on a routine basis that can be used to inform the process and performance manage performance so it sets out clear expectations about what is required. The initial process of setting up the system, and collecting the data, can be time consuming but once it is set up it will roll on from year to year, with annual needs assessments no longer starting from scratch but adding to the previous year's assessment. Use of the Commissioning Cycle is well embedded in practice by government and local government agencies in the UK and has led to more efficient purchasing decisions that make the best use of resources for the local community. Ensuring staff who are leading and undertaking the commissioning process are skilled to undertake the various stages is a critical success factor, as is ensuring there is adequate capacity to undertake the commissioning process well.

There are a number of models tailored to relevant sectors – the following outlines the model used by the Bristol Compact which is a partnership between the public sector and the voluntary, community and social enterprise sector in the city of Bristol:

More information can be found on the following link:

http://www.bristolcompact.org.uk/vcse/commissioning/commissioningcycle

Another example from the UK relates to the development of Joint Strategic (Needs) Assessments across all agencies for a local community. This brings data and intelligence together from a wide variety of sources to build up a picture of the issues in a local community, and helps identify priorities and target effort and resources in addressing those priorities. The Assessment is updated annually and is owned by all key agencies at a local level so that there is “one version of the truth”. It covers the full range of issues that affect a community, including health, well being, housing, community safety, children and young people, leisure, economic and environmental issues.

A very well developed example of this approach is in the county of Wiltshire in the South West of England – the main Joint Strategic Assessment (JSA) draws on demographic and other information with priorities identified against each issue area. This document is then supported by a range of specific needs assessments that go into a lot more detail about individual issues eg an alcohol and drugs needs assessment is undertaken annually and informs the JSA, identifies priorities and informs commissioning of services. Because the population of Wiltshire is nearly 500,000, community level JSAs are also done at a more local level to inform the work of Community Boards. A version is also done for Clinical Commissioning Groups based on their patient populations to inform their work. This approach requires a commitment across all agencies to resource the process properly and

to pool their information and analytical resources so that operational staff are working closely together, and also a commitment to own the final version and to collaboratively act upon the findings. It also requires the systems in place to routinely collect the data in the first place. The initial investment to establish data collection systems in NZ would be more than repaid by the resulting ability to understand the needs of the population and to allocate resources in an efficient and effective way in the future.

The Wiltshire Joint Strategic Assessment and background documents can be found on the following link:

http://www.intelligencenetwork.org.uk/joint-strategic-assessment/

Q12 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?

Understanding, from a policy and operational perspective, how overseas experience may inform New Zealand developments may be key. Lessons learned from international models can be usefully adapted and applied within the context of the New Zealand problem definition, environment, cultural context etc,

A number of barriers and risks include the application of a new initiative in a like for like from overseas experience (geographic, economic, cultural differences) including:

- applying an international experience that does not meet the needs of a country with an indigenous population
- being seen to ignore innovation developing in New Zealand in favour for something international
- attempting to implement what looks like an 'off the shelf' product in communities (which have their own eco-system essentially).

Q13. Where and when have attempts to integrate services been successful or unsuccessful? Why?

SST leads have noted the following key factors as important success factors: local ownership, community buy-in for the concept, fit for purpose integration, and "by community, for community". Where local opportunities are identified and there is integration support locally and centrally, there have been positive outcomes noted.

It is acknowledged that integration takes many forms, and may include (at one end of the spectrum) a shared plan, or co-location of services, but may also extend to be an integrated delivery approach (with joint planning and joint delivery).

Example of successful integration from the SSTs are:

- the creation of an Interagency Youth Plan coordinator in Waitomo who works with young offenders across Police; Child, Youth and Family; and Probation. This position fills a collectively identified need, is funded from integrated multi agency funding, and ensures consistency and specialist support is available for all children and young people who offend regardless of their age or the severity of the offence
- the Kawerau Wellness Centre, now known as the Student Services Centre. Agencies/providers roster themselves to be available for students to access (including the school nurse, the guidance counsellor, the Social Worker in School worker, Voyagers (mental health services), Attendance Service staff and Youth Services staff). There are rooms/spaces available to accommodate private 1:1 or group meetings (where levels of privacy are required, such as for meetings with Child Youth and Family or New Zealand Police involvement). The Centre has been

designed with four different entries, to provide a level of discretion for students. The Centre is an example of integration, as: the services available for the students are provided 'by the community, for the community'; are a simple co-location of services available to students in the community, but made more accessible through the provision of rostered space at the centre located on the school premises; the services work together to meet clients' needs.

Q14. What needs to happen for further attempts at service integration to be credible with providers?

New models introduced into communities need to be sustainable. The Trials model sits within a larger framework that allows for smaller initiatives to be implemented within a larger framework that support sustainability through reporting aiding transparency and cohesiveness. The ethos of the SST model, with its focus on individuals and communities and not on agency delivery, supports creation of integrated approaches.

Barriers to credible service integration include:

- a perception that integration is sometimes being directed to save money rather than because it's in the clients best interests
- a perception of a lack of a bigger game plan around such approaches, ie how does integration fit with other government priorities, contracting programmes, devolution etc
- that the contestable nature of funding means that providers often revert to the strict terms of their contact rather than engendering co-operation or alignment with similar or complementary providers – unless it's forced
- a need for incentives, i.e. joint, common or complementary outcomes need to be included in contracts, along with relevant reporting and accountability requirements in order to embed integration
- silos between government agencies.

Whanau ora provides a holistic model of working with both the individual and the whanau across health, social service, Alcohol and other Drug, housing, budgeting as part of one intervention. A similar approach could be taken to integrate child protection and family violence health services and social services.

Q15. 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?

Experts in the Enabling Good Lives approach could add valuable comment on their learning from this approach.

It could work well in relation to young job seekers – allocate a budget and a case manager or navigator (within Work and Income or within an NGO) to purchase services to meet individual needs eg budgeting, CV development, interview skills, career planning, alcohol/ drug or mental health services, mentoring. We understand this is currently being considered.

Q16. Which social services do not lend themselves to client-directed budgets? What risks do client-directed budgets create? How could these risks be managed?

Clinical health services may not lend themselves to client-directed budgets as these require specialist decision making.

There would always need to be some sense of economies of scale around client-directed approach, ie efficiencies of an approach (from an outcomes perspective would have to be carefully considered.

Q17. What examples are there of contract specifications that make culturally appropriate delivery easy or more difficult?

High levels of prescription and specificity can limit culturally appropriate delivery.

Flexible funding streams enable more flexible delivery. The inclusion of the Treaty of Waitangi in all government contracts enables culturally appropriate service delivery. Relationships from different cultural contexts need to be based on values of trust, respect and participation. Cultural competence of staff enables for more appropriated are targeted services. Contracts that are based on a strengths based holistic approach may be more palatable to the recipients of the service.

Q18. How could the views of clients and their families be better included in the design and delivery of social services?

Grass roots initiatives or local flexibility support client centric/whanau centric approaches. National policies are not often required, nor is nationally led prescription. Where national control isn't required, local influence can inform local delivery and better reflect client and whanau needs.

Ensuring a strong voice of the service user in monitoring and evaluation of provider (government and non-government) performance is important. Empowering citizens to have a voice in these processes is important.

There is also the potential to include the principle of social return on investment (SROI) which looks at how change is being created by measuring social, environmental and economic outcomes and using monetary values to represent them.

Empowering clients by enabling them to access their own whanau/individual information (e.g. school attendance and achievement portal in Waitomo, or health portals where clients are able to review their own file). A clients ability to view their own information can increase accountability to the people the service is there to serve.

Q19. 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?

Service delivery is almost always 'local'. Decisions regarding what to focus on should, where they can be, be taken at a local level so that services can be tailored to local need to varying degrees. Ultimately high level decisions on some aspects of service delivery will likely always be made centrally (eg statutory functions), but even with these decisions there is likely to be opportunities for local influence to ensure fit etc.

A key aspect of whether decisions should be made locally or centrally or a combination of the two, largely depends on the capacity and capability within each distinct group. Whilst some local groups are capable of some function, it is a huge responsibility and there are not always the necessary skillsets around the table, particularly in smaller rural towns/districts to do this effectively.

It can, though, be detrimental to parachute in national initiatives without taking account of the wider context of what else is in place, and thereby avoiding duplication and ensuring integrated approaches. Decision making should be informed and take account of the local environment and views of the local community and government agencies.

The SST model is to take the resource, rather than just the decision making, out of the centre and into the community. There are some services which have not been transferred to SST control, with SST leads in some cases seeing this as potentially inhibiting impact. The reasons for not transferring the service to SST management are noted as including: that other programmes need to access them in their current form, wanting national consistency over some services and inefficiencies from breaking up contracts that span greater age ranges, geographic areas etc.

Decision making re service delivery should be made in tiers to ensure public value, equity and fairness – i.e. by taking decisions as close to the users of the service as you can.

An overview of service delivery decision making should ensure services are delivered equitably i.e. there are risks that smaller populations are disadvantaged by lack of services (rural communities), and transport to services, and also a risk of over delivering for the population size.

Centralised overview functions support, to a degree, appropriate 'spread of resources' across communities.

Q20. 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?

Competition created by contracting practices means that providers are often focused solely on deliverables at the expense of developing innovative ways to deliver the same or better results.

Providers who do innovate sometimes have to fund the innovation themselves by redirecting their own funding. They also have to carry the risk themselves. A new way of achieving results may or may not then result in a change to the contract provisions.

One way to encourage innovation would be to have a supplementary innovation fund in contracts that could be accessed subject to a proposal for new or better ways to achieve outcomes.

Contracts that are perceived to be too specific include

- the separation of family violence generic family support services, services for perpetrators, victims and child witnesses. This type of criteria can label a person and not provide for the level of complexity that exists when young people are witnesses, perpetrators and victims of violence. They may not be able to address a young person's learning disability or developmental delays which result from the trauma of exposure to abuse or violence
- mental health and alcohol and other drug service contracts where specifications to providers are focussed on the top 3% of clients leaving 97% under the threshold. It would seem logical to assume that young people who presented earlier and were therefore supported earlier it would be easier (and more cost effective) to get a more positive outcome than waiting until the situation was dire (in the 3%).

Q21. How can the benefits of flexible service delivery be achieved without undermining government accountability?

A wider framework, with accountability structures within it, can support flexibility (providing a safe structure for risk to be managed within).

Likewise, contracting for outcomes rather than outputs can support innovation and responsive services.

Accountability to community and other stakeholders can be achieved in multiple ways, and accountability around government spend can actually be increased at the same time as flexibility is being increased – it doesn't need to be a trade-off.

Q22. 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?

High Trust contracts do allow for some innovation as they are not so tightly managed against specific outcomes. It has been noted, however, that equally, this means that it can be unclear what outcomes are achieved.

They also have more sustainable longer term funding attached to them, therefore encouraging more long term employment relationships. The longer term nature can also be seen to allow the provider to focus on the service rather than constantly looking for new funding lines.

Q23. Do Crown entities and non-government commissioning agencies have more flexibility to design and manage contracts that work better for all parties? Are there examples of where devolved commissioning has led to better outcomes?

No SST comment provided.

Q24. 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?

Yes.

Such dependencies are created over time and can either be functional or can lead to monopoly situations occurring. Dependency by a government agency on a particular provider can lead to the provider not evolving and progressing over time and not looking for new opportunities and ways to innovate. A level of contestability can help minimise this, though a point can also be reached where the reliance by government on one provider has led to a lack of options for government beyond that provider (especially in small towns).

Community providers need to be reviewed at a cross community level as often NGOs have multiple agency contracts agreed to over time which add to a management burden but don't add service value over time. Contracts need to come together for similar and impacting service delivery.

'Collectives' can help minimise risk in this area.

Relationships and lack of a clearly laid out process that is applied consistently across the sector can lead to a reluctance to disinvest from services or programmes that have been

rolling over year on year but are not effective, and to instead invest in something new and innovative.

There is also a risk with national providers having a monopoly over a particular service/programme (e.g. a niche national provider) and government becoming dependant at a national level. This has the potential to lead to poor performance at a local level but contracts and performance are reviewed, measured and negotiated at a national level. A cross community review process would provide a mechanism to signal issues in national contracts.

Q25. What are the opportunities for and barriers to using information technology and data to improve the efficiency and effectiveness of social service delivery?

Information technology and data has the potential and ability to identify need and to deliver the right service for the right person at the right time. For remote communities, or for very specialised services, an IT solution can be critical.

Likewise, IT can support timely information for service providers, e.g. the ability to look at a person's case history when you are in a remote location – supporting real time joined up information.

Comprehensive and timely knowledge can help direct resources to those most in need. This can help reduce the management requirement within contracts, which can lead to more service funding.

Significant barriers to the use of information technology and data include the cost of developing and provision of solutions and the bespoke nature of IT tools often limiting the application and consistency of the use of these tools. This also limits the quality and depth of data available to learn from.

There is an IT knowledge deficit among many NGOs which needs to be addressed to make the most of new technology to improve efficiency and effectiveness. This can be expensive for NGOs so finding ways of sharing information and systems that is supported by funders is important.

In Dunedin, they are investigating the potential of using Gigatown funding to establish a Cloud system for NGOs to share IT functions and costs, including data management, in order to free up resources for use in their client facing business.

The Social Sector Trial has also been collaborating with the MSD Community Investment Adviser and the Council of Social Services to develop a Community of Practice for NGOs to share experience and information about development of case management systems to be able to undertake evaluation and monitoring and demonstrate impact. They have hosted two events for the sector to date – one involved presentations from six small, medium and large NGOs about the systems they have developed, and the second involved a trade fair of IT companies describing the systems available. We are also holding a Results Based Accountability workshop.

Some NGOs have developed the use by all staff of tablets to be able to collect and upload real time data to a client management system. The use of internal KPIs is also an effective way for social service providers to be clear with staff about expectations as well as measure progress and success.

Q26 What factors should determine whether the government provides a service directly or uses non-government providers? What existing services might be better provided by adopting a different approach?

Factors influencing whether government should provide a service include:

- Value for money and cost effectiveness (who can deliver the service most cost effectively and for best value)
- Extent of reach (national, regional, local reach required) and ability to deliver that reach
- Whether a standardised approach is required and who is best to deliver the standardised approach
- Criteria for delivery – who has the skill set to best deliver the particular service.

Where flexibility or adaptability is required locally a different approach may be needed. A different approach could include the pooling of common government services to common target groups into one singular contract:

Q27 Which social services have improved as a result of contestability?

No SST comment provided.

Q28 What are the characteristics of social services where contestability is most beneficial or detrimental to service provision?

Beneficial:

- Number of large providers with required skills
- Contract is complex and comprehensive (opportunities for economies of scale).

Detrimental

- Small number of providers in a community (i.e. one big provider and a number of smaller providers in same community)
- Small localised delivery.

Q29 For which services in which parts of New Zealand is the scope for contestability limited by low population density?

Specialist/clinical service provision is limited and lacks responsiveness in rural/remote areas, with travel time/access being barriers to service provision. Allocation as opposed to contestability may address this.

Q30 Is there evidence that contestability is leading to worse outcomes by working against cooperation?

Whilst SST leads are not making a judgement on the impact on outcomes, there is evidence of contestability inhibiting collaborative behaviours and reinforcing the competitive environment. Whilst sharing of contracting information (i.e. which providers are contracted to delivery what) may be beneficial to a community, some providers feel exposed in doing this, as suddenly their traditional competitors have a greater level of knowledge of the funding amounts and sources of particular NGOs. Cooperation can be stifled and this can lead to a lack of sharing of best practice and knowledge.

Q31 What measures would reduce the cost to service providers of participating in contestable processes?

It would be advantageous if:

- RFP panels were required to have understanding of provider organisations in terms of performance level on current contracts (NGO)
- there was a central government repository for all front end and back end information for RFP. Proposals would then only needs to cover the specifics for tender process rather than provide a large amount of supporting information they have provided countless times before.

Q32 What additional information could tender processes use that would improve the quality of government purchasing decisions?

Options may include:

- the use of cross agency tender panels to support collaborative notions if a cross agency (or collaborative) approach is being sought
- the use of cross agency due diligence information to support decision making processes
- sustainable funding levels being on offer, that therefore attract a full spectrum of tender bids
- RFP time could be earlier – again to attract more tenderers i.e. February for employment of staff and program roll out in July.

There is also a requirement for reliable data collected on a routine basis to demonstrate performance and inform decision making about purchasing. Providers need to be supported to develop systems that would enable them to collect robust data to demonstrate performance and impact.

Q33 What changes to commissioning and contracting could encourage improved services and outcomes where contestability is not currently delivering such improvements?

Changes could include:

- Support for backend work that is not service delivery focused to allow agencies to work more collaboratively (i.e. funding aspects of the time it takes for collaboration)
- Sustainable time periods for contracts (ie 3-5 years) to support staffing and other internal decisions
- Local commissioning and contracting
- Overlapping of contracts to cover periods of uncertainty.

Application of the Commissioning Cycle model outlined in the response to question 11 above, where needs assessment is done on a regular (e.g. annual) basis and the findings inform priorities and allocation of resources for the subsequent year, with proper performance management of services against the agreed service level agreements or contracts.

There could also be some learning from the Primary Health Organisation model that is used within the health field in New Zealand. Where it works well, this provides for an overarching, co-ordinating body for a specific geographical area that secures funding and allocates it according to need to the organisations that are “members” but are legal entities in their own

right. There are requirements from those members in relation to provision of data and analysis of performance. This could be seen as a fair, transparent and clear process that does not get swayed by relationships between individual member organisations and funders.

Q34 For what services is it most important to provide a relatively seamless transition for clients between providers?

Almost all social services, including those that work with:

- vulnerable clients (e.g. the young, the sick, the old and the disadvantaged)
- transient clients – particularly families with young children
- anyone else who may 'fall through the gaps'**.**

Q35 Are there examples where the transition to a new provider was not well handled? What were the main factors that contributed to the poor handover?

Yes. Contributing factors can include:

- political dynamics between providers
- different provider systems, ethos, kaupapa
- where organisational focus, and therefore response to clients, is different
- lack of clarity about roles and responsibilities.

Q36 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?

No SST comment

Q37 How well do government agencies take account of the decision-making processes of different cultures when working with providers?

It varies. Some contracts are specifically for working with Maori, Pacific or migrant cultures (e.g. with dairy farming), suggesting awareness of different approaches.

Some agencies have two tick boxes - iwi and other. This reflects the fact that there may not be weight given to cultural competence for general providers.

Q38 Do government agencies engage with the appropriate people when they are commissioning a service?

In the experience of SST leads this engagement varies. The variance is across communities, agencies, issues etc. In all cases, engagement levels could be increased.

Options to enhance this could include:

- talking to other government departments to ensure interaction and that account is taken of their initiatives within the defined geographical area
- setting up formal mechanisms to take account of the client voice.

Q39 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?

In the experience of SST leads this engagement varies.

Q40 How well do commissioning processes take account of the Treaty of Waitangi? Are there examples of agencies doing this well (or not so well)?

In the experience of SST leads this engagement varies. Agencies should have benchmarks that providers can self-assess against rather than self-assessing based on a policy which may exist but not be operational in their service delivery

Q41 Which types of services have outcomes that are practical to observe and can be reliably attributed to the service?

Many providers are unable to attribute outcomes to the services provided as there can be a number of different activities in a community that contribute to achieving set outcomes.

Q42 Are there examples of outcome-based contracts? How successful have these been?

No SST comment provided.

Q43 What is the best way to specify, measure and manage the performance of services where outcomes are not easy to observe or to attribute?

The system could:

- more tightly specify outcomes but have an element of flexibility to take account of client mix and impact on success of client mix
- develop robust service level agreements and strong performance management of contracts within a Commissioning Cycle framework, as outlined in the response to question 11 above
- monitor client's perceptions of change as a result of service provision – this can be used successfully in client management systems as a way of measuring outcomes if supported by training of staff and good IT hardware and software
- community feedback could be sought where appropriate
- use holistic client self-assessment facilitated independently from service provider.

Q44 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?

Agencies collect some of the data required to make informed judgements about the effectiveness of programmes, however there are some areas where data is not collected in a comprehensive way. For example, information about who receives services and programmes is often limited and is collected by providers in an ad-hoc manner without any systematic method to capturing this data.

Where there are data-capturing systems, they tend not to be consistent in what they record or how it is determined. .

At the simplest level data collection could be improved by having a common IT system for service providers that capture basic data consistently and comprehensively. This would require investment into IT tool development. There would also need to be significant effort to improve data sharing arrangements and clear transparent guidance.

On the ground, there is a lack of alignment around 'common clients'. Alignment of contracting processes would support this (e.g. suicide education/prevention/intervention is funded by three Ministries, and providers are not being aware of who is contracted to do

what in each community (which creates an environment where duplication, gaps in service and misalignment can occur).

Data collection and analysis should be done systematically within the context of a strong commissioning cycle framework, and not in isolation, as outlined in the response to question 11 above.

Sharing systems and learning across providers is another way that they can be supported to undertake more robust evaluation and monitoring, along the lines of the work being undertaken as part of the South Dunedin Social Sector Trial, as outlined in the response to question 25 above.

Implementation of combined contracts across government agencies, including High Trust Contracts, should ensure agreement by the government agencies involved of what they want from the contract, and how they are going to measure success, and then clear guidance should be given to the provider.

Q45 What have been the benefits of government initiatives to streamline purchasing processes across agencies? Where could government make further improvements?

Further improvements could include:

- one point of contact in communities when providers have questions about cross agency initiatives (e.g. the chair of a regional or local structure could be the first port of call)
- better alignment of contracted services
- an ISO-like approach to increase capability and reduce number of providers
- independent and separate compliance and monitoring from funding and contracting to maintain relationships, objectivity and high performance standards.

There is also the potential for using the Commissioning Cycle (see question 11 above) and also a version of the Primary Health Organisation model (see question 33 above).

Q46 Is there sufficient learning within the social services system?

The social services system is vast and there is currently no comprehensive knowledge base from which learning is kept. Agencies all have knowledge and learning's as do learning institutions and service providers but this knowledge is often vested in units and people in fragmented ways and is not consistently applied or shared.

Information gathering varies in reliability and interpretation. In some cases information gathered is comprehensive and can be strongly relied on however this is not the case across the entire sector.

At the local level, there would be huge value in ensuring shared commissioning processes across government agencies including joint assessments of the local community's needs, as outlined in the response to question 11 above.

Innovation including sharing of resources, information and data can be impeded by competitive funding systems.

Evaluation is not comprehensive, nor is it usually sustained and built upon.

Is the information gathered reliable and correctly interpreted?

This relies on clear guidelines, independent monitoring and knowledge of expectations

NGOs and philanthropy all invest in separate innovations, but don't always evaluate or share the learning from pilots. Social bond model may be able to bring this together.

Information gathered by providers to report to funders that is based on client feedback. Even if feedback is gathered anonymously, the client of the service has received a service (often for free or at low cost) and may feel indebted to the provider (often a charity) and rate the service they have received influenced by a sense of obligation to that provider. E.g. a young person who has received social work support or mentoring may feel that they received good support but have not achieved any actual behaviour change.

Q47 Does the commissioning and purchasing system encourage bottom-up experimentation? Does the system reinforce successful approaches and encourage reform of less successful ones?

There is evidence of support for a 'bottom-up' experimental approach through increasing emphasis of local solutions to local problems, and outcome-based contracting.

The Trials model is an example of a commissioning approach where communities are able to tailor solutions to achieve certain outcomes.

There is an expectation that social service delivery will be reshaped to meet community needs, either by reprioritising funding and contracts transferred into Trials management, or through engagement with funders of other services that are relevant to Trials' outcomes.

The system has not traditionally encouraged constant learning and adaptive change principles – for a variety of reasons (contracted specifications, management of risk, national consistency etc.).

Q48 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?

The investment approach is appropriate in most cases.

An investment approach assumes that the decider has complete information to work from and can make a decision based on that evidence as to which services would be best. An investment approach would also need to weigh priorities up against each other and there could be perverse outcomes and un-intended consequences from some decisions.

To utilise an investment approach would require significant resource to be put into the gathering of evidence and research into the outcomes and impacts of different services.

Q49 How can data be more effectively used in the development of social service programmes? What types of services would benefit most?

Better understanding of the target populations and the barriers and issues that these populations and communities face would improve the understanding of what types of services are needed.

This is especially important for services provided to young people. Having young people involved in the design of services is very important.

Q50 What are the benefits, costs and risks associated with using data to inform the development of social service programmes? How could the risks be managed?

Benefits include better understanding the issues and barriers that New Zealanders face in order to participate and how to address those issues.

Risks include the potential for un-intended consequences of taking a pure quantitative approach since data cannot tell us everything.

Costs – significant investment in IT and analytical resources is required to improve data capabilities.

Q51 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?

No SST comment provided.

Q52 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?

No SST comment provided.

Q53 What institutional arrangements or organisational features help or hinder the uptake and success of innovative approaches to service delivery?

No SST comment provided.

Q54 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?

The use of MCAs to support transfer of funds to support operations, within an envelope, is a useful development that looks like it will support responsivity to local needs.

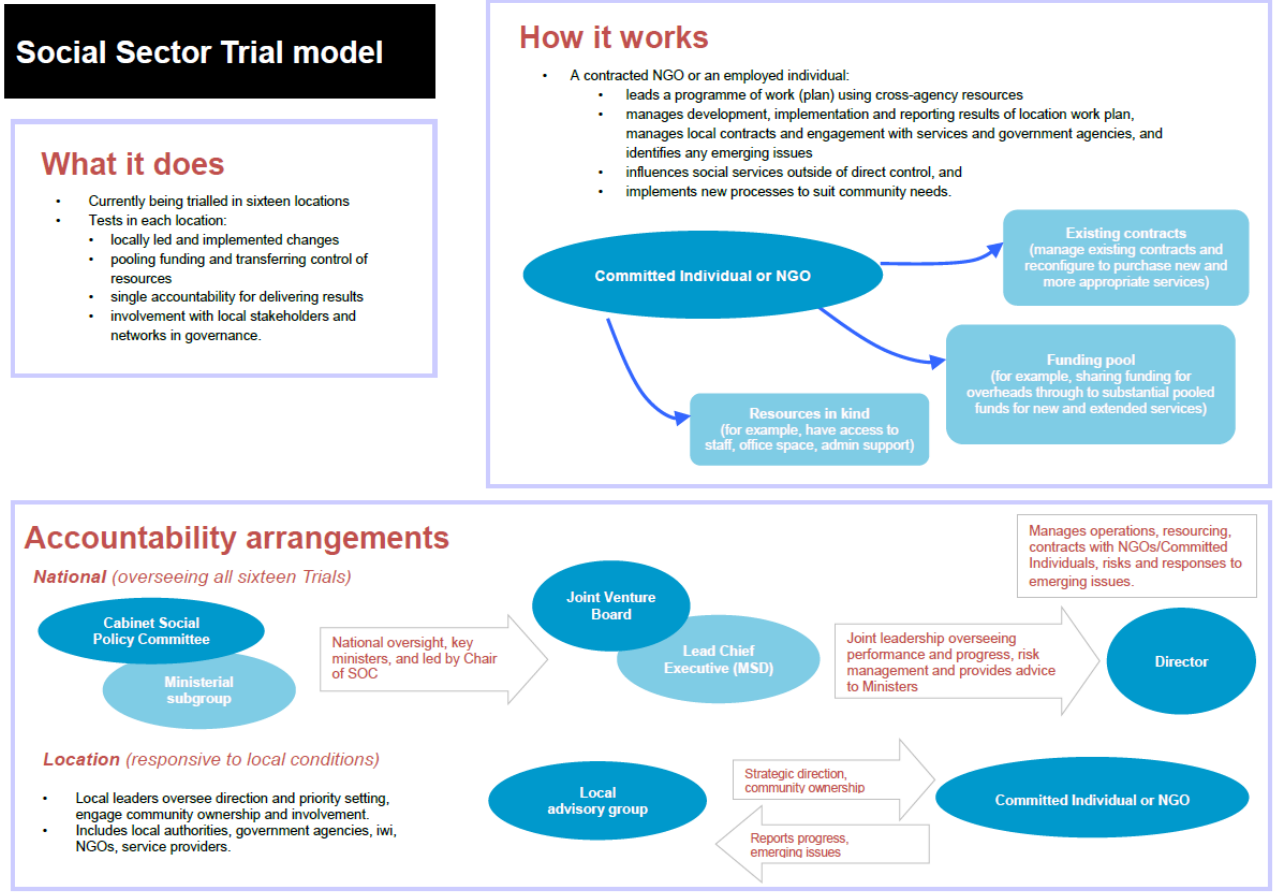
Q55 Are there important issues for the effective commissioning and contracting of social services that will be missed as a result of the Commission's selection of case studies?

The Social Sector Trials experience is multi-faceted (ie multiple aspects provide learning's for the questions you are asking). As such, additional information on the programme is appended and further discussions can occur.

Q56 Are you willing to meet with the Commission? Can you suggest other interested parties with whom the Commission should consult?

Carl Crafar, the Director: Social Sector Trials, can be contacted on carl.crafar001@msd.govt.nz or 04 916 3655.

Appendix One: The Trials Model



Appendix two: Waitomo Social Sector Trial model

Waitomo Social Sector Trial model

Funding Key:
- SST DOE
- SST NDOE (full)
- SST NDOE (part)
- No direct cost to SST
- Resulting benefits
- New service under SST
- Service reconfigured by SST

Advisory Group

Youth Council

Committed Individual and Coordinator

Overarching SST outcomes that the below services, programmes, initiatives, and new roles aim to achieve:
- reducing youth offending
- reducing truancy
- reducing alcohol and other drug abuse
- increasing participation in education, training or employment

The programmes and services represented in this diagram are those that have been initiated or brought together by the Waitomo SST.
Note: these examples are illustrative only and are not a comprehensive list of all of the services provided under the Trial

Community action groups
e.g. Alcohol and other drug abuse issues

Action plan process
(development by CI/ advisory group, agency engagement and ownership, action delivery)

Case management forums
e.g. Truancy, youth offending

Youth Hub (Number Twelve)
- Fine reduction programme through SST-sourced work
- Driver licence training (theory, financial help, defensive driving support)
- Alcohol and other drug service support
- Youth Card for young people accessing the youth hub to get retail discounts
- Health/ sexual health support
- Te Kura Correspondence school support
- Job/ employment support
- family violence information sessions
- Youth Probation service/community work provider
- Music hub
- Computer/ Wi-Fi access to support education
- Alternative Education additional support (e.g. mentoring, tutoring)
- Number 12 website – which, amongst other things, links young people and whanau to support services
- Hub used by approximately 630 young people a month
- 318 learner and restricted licenses gained through the driver licensing programme as at November 2014

Attendance service (AS)
- Waitomo AS worked with 79 young people for the year to November 2014 (27 non-enrolled, 52 unjustified absence)

Alternative Education (AE)
- Waitomo AE funded for 11 young people, often has 12. For the year to November 2014, 9 young people transitioned back to high school
- Approximately 27 young people access AE each year
- Young people achievement of credits through Waitomo AE has increased from 4 in 2012 to 797 as at November 2014 (this academic year)

Youth mentor
- Supporting young people back to school/ to remain in education/ transition to training programmes/ work
- Health service support
- Social service support (CYF, W&I)
- Community education programmes
- screening for AOD issues, referring to services
- supporting young people to pro-social activities and events
- 56 young people supported from January 2013 to November 2014
- 3 young people assisted into training, 6 back into education

Youth Justice Coordinator
- Targeting high risk and recidivist young offenders
- Position aims to increase youth compliance with individual development plans
- Working with young offenders on Alternative Action plans, Family Group Conferences, Probation plans

Holiday programmes
- Breakaway holiday programme
- Project Possum (NCEA-credited,32 young people attended. Young people learn about possum trapping, fur and pelt recovery, possum biology and environmental impact)
- River upgrade (cleanup project with Maniapoto Maori Trust Board)
- 219 young people involved in holiday programmes for the 2014 year to November

Community events/ support
- Waitomo's Got Talent (attended by approximately 500 residents a year)
- Top town physical education challenge (30-70 people engaged over 4 weeks)
- Overnight camp for Alternative Education students
- Bluelight Disco
- Child Matters training provided to upskill 32 residents working with young people
- Suicide prevention training

Youth employment initiatives
- Industry training opportunities through Maniapoto FM
- Employment help for young people through the Youth Hub
- 13 young people assisted into fulltime jobs (and still working), 4 working in jobs they secured themselves

Note: some of these SST programmes are only part-funded by SST NDOE. Additional SST funding sources include:
- Government agencies (e.g. MSD FACS funds Te Punanga Haumaru bullying programme)
- local industry (e.g. local Waitomo forestry and energy companies providing work for fines programme)
- philanthropic trust (e.g. North King Country Trust contributes to youth hub/ mentoring funding)
- local business/ community (e.g. local tradespeople donated time and resources to set up youth hub)
- not-for-profit organisations (e.g. Rotary club donations)
- schools (staff time, use of resources etc.)

Acronyms:

SST	Social Sector Trial	FACS	Family and Community Services
CI	Committed Individual	MSD	Ministry of Social Development
W&I	Work and Income	CYF	Child, Youth and Family
DOE	Departmental Output Expense (SST funding appropriation)	NDOE	Non-Departmental Output Expense (SST funding appropriation)