



**Children's Services Tū Māia Whānau**  
A world strong with children

## **Submission by Stand Children's Services Tu Maia Whanau**

Productivity Commission's Issue paper (October 2014)

*More effective social services*

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## INTRODUCTION

Thank you for the opportunity to contribute to the inquiry on more effective social services in New Zealand. Stand welcomes this inquiry at an important time when the challenges facing our society require nothing short of a transformation.

Stand Children's Services *Tu Maia Whanau* has been working with vulnerable children and their families in New Zealand for over 90 years. Our vision is a "world strong with children", where all children and young people are protected, belong, thrive and achieve.

Stand's work is focused on healing the harm caused by unrelenting poverty, violence and other forms of childhood maltreatment, and we work to help vulnerable children and their families prevent this harm from reoccurring.

New Zealand's most vulnerable children are not children at risk. To Stand, they are children of promise. Our services are concerned with building in them the hope that will allow them to see a future in which they can fulfil that promise.

Stand is unique in New Zealand. We have developed an intervention model that incorporates Health, Education and Social outcomes – at times funded by all three Vote budgets. We have successfully evolved the way we work over many years of careful observation, guidance from kuia and kaumatua, study of international best practice and rigorous testing of our own methods, and now deliver proven services through an inclusive, "wraparound" approach for vulnerable children and families.

Stand Children's Services comprises a nationwide intensive family wraparound service; a highly structured therapeutic care and education intervention through our seven Children's Villages; respite holiday care for grandparents raising grandchildren; and social workers in schools services.

Our staff are trained to understand the powerful influence and guidance that one person can provide to a child. They are trained to recognise that the behavioural symptoms, cognitive distortions, lack of emotional regulation, inability to know right from wrong and the consequences associated with those, are all evidence of terrible harm caused by maltreatment.

This harm is best described as "injury". Children injured by exposure to unrelenting poverty, violence and maltreatment require the same tender approach as children suffering from other serious injuries. Staff charged with their care must learn enough about the nature and course of the injuries to assume responsibility for helping those injuries to heal.

Our specialist staff must work with the child's family, school and community and do whatever is necessary to remove obstacles in the way of each child's recovery. They take into account the disabling effect of injury, and create circles of positive influence to sustain safety and healing.

We are committed to the approach by government to seek greater clarity around outcomes from social services. We have been involved with MSD's ISO work since its inception in 2013 and have designed a service model intervention logic that includes a clear target population, the outcomes we strive to achieve with them and how these outcomes are to be measured, and how our efforts contribute to the long term outcomes set by government for vulnerable populations.

## SUMMARY OF OUR RECOMMENDATIONS

1. Government needs a clear wellbeing agenda for all New Zealanders. The Treasury BIM covering Prosperity, Inclusiveness and Sustainability offers a clear wellbeing framework that could be adopted across the social services landscape.
2. Any new developments in investing, commissioning and purchasing must be driven from child and family needs and our aspirations to achieve the wellbeing we want for all New Zealanders.
3. If New Zealand wants social service provision based on rights, social justice and social solidarity in New Zealand, then the government needs to recognise that publicly funded social services including universal systems are the best approach to achieve this.
4. The depth of complexity in today's social issues requires a change in how we work together to deeply understand the issues in order to select the best solution and invest wisely in the success of that solution. We need to reduce and simplify levels of activity so that we can focus on investing in what is working or promising, rather than continuing to flood the sector with more initiatives and trials.
5. Strong trust-based relationships developed between commissioning agencies, government and service providers that utilise co-design principles, such as the Social Innovation Labs approach, are needed urgently to create a stronger partnership and accountability culture providing more stability for innovations that need long term investment.
6. Investment in a capacity-building infrastructure for the sector can provide better support for social impact. Government and the sector must invest to deliver a well-planned, well-trained, supported social service workforce that is better able to contribute to the care of vulnerable populations. Government and the sector must also invest in the associated infrastructure needed to sustain quality and delivery to meet changing needs.
7. No matter what new initiatives government undertakes to solve complex issues with innovative responses, it will require a highly competent, consistent workforce with remuneration levels that reflect the importance of the service response, and will support workforce stability, which is a vital part of working with vulnerable populations.
8. Government needs to set national fair funding rates for the social work profession, similar to that in place for teachers and nurses that are cost of living indexed and create equity across the profession.
9. To strengthen good purchasing and contracting practice in New Zealand we believe one set of agreed 'rules' for how all government and crown agencies must engage with, contract with and fund NGOs is needed. For example, the following three documents could be combined to become the rules for engaging with the social sector.
10. There are many opportunities for better coordination, alignment, and collaboration but real service integration across and within sectors and services to ensure that the children and families we work with experience a seamless transition of supports during their engagement with social services requires a systems level approach to service integration.

# SOCIAL SECTOR OVERVIEW

## Key trends

Our society is facing extraordinary challenges:

- A global economy that is slowing or stagnant and resulting in continuing fiscal constraints for public services.
- An ageing population.
- Widening gaps in health and wealth levels for vulnerable populations.
- Unprecedented numbers of children and young people being exposed to the trauma of domestic violence, drug and alcohol abuse, and other forms of abuse and neglect
- Demanding pace of technological change and increased use of technology for social communication.
- Changing practices of funders and philanthropists.

New Zealand is lagging in social investment approaches, compared with the UK and USA. Strategies such as ‘targeting’ – i.e. targeting of specific vulnerable demographics – may not be delivering the anticipated outcomes and we are now seeing emerging issues for New Zealanders stuck in the ‘middle’ who do not meet ‘target’ criteria but are still struggling to fully participate in adequate housing, employment and education opportunities.

Government needs a clear social / wellbeing agenda. The Treasury BIM covering Prosperity, Inclusiveness and Sustainability offers a clear wellbeing framework for all New Zealanders that could be adopted across the social services landscape:

<http://www.treasury.govt.nz/publications/briefings/holding-on-letting-go>

## Te Tiriti o Waitangi

**Government contracts/outcome agreements that allow the development of practice environments where social workers and practice leaders are empowered to work creatively and flexibly with children and families in the design and support of services will be a major contributor to improved and lasting outcomes, not only with Maori but with all peoples in Aotearoa New Zealand.**

The partnership and values embedded in Te Tiriti O Waitangi offer the opportunity for all New Zealanders to work from a Te Ao Maori perspective. Stand has a bicultural governance structure and outcomes framework, and employs over fifty percent Maori staff to match our client population.

As we seek to re-design the sector for more effective outcomes, provision to engage with iwi to deliver social services that meet the principles of the treaty is vital. We need to sustain trusted and consistent relationships with iwi, based on a clear understanding of the cultural responsiveness that is inherently aligned to iwi aspirations to strengthen cultural identity and belonging.

Whanau Ora established two commissioning agencies with iwi organisations earlier this year, in line with acknowledging iwi aspirations. We look forward to learning more about how this approach is working and what can be adapted across a wider range of social services.

We anticipate that Whanau Ora will also develop capability in the workforce and an ability to set outcome expectations for whanau that government cannot.

Shannon Pakura former Chief Social Worker said that Maori iwi *“enjoy treaty status with the British Crown, which places them in a unique position with the New Zealand Government. When Maori articulate new possibilities based on traditional problem solving and family-based solution processes, they can be a force which leads, not follows, service innovation and improvement.”*<sup>1</sup>

Pakura goes on to say that all services need to recognise, acknowledge and utilise Maori customs, values and beliefs, and employ Maori methods of decision making in relation to services for Maori children and their families.

Maori, alongside other disenfranchised groups, are often dissatisfied and distressed about the impact of decisions they are not party to and they should not be asked to tolerate systems of operating that gave little weight to Maori customs, values and beliefs.

Pakura argues that it is imperative that we find ways to translate Maori aspirations and beliefs into the social services context. Children and families have a right to social service professionals who support them to achieve their potential and who respect their right to real involvement in decisions about themselves.

*“Social work is about change. Families in the notice of statutory child welfare and child protection agencies are there because of some type of crisis and not changing the way they function will have disastrous repercussions for them. They cannot, however, be changed by external compulsion. Decades of professional activity that produced little positive result is testimony to that. Just as we know as individuals that we must consent to change if change is to occur in our lives, so is it for families. How we position families to make these choices is the key to strengths-based practice. Our learning is that families see their choices most clearly and are able to respond most effectively when they are within a familiar social and cultural context...”*

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<sup>1</sup> *The Family Group Conference 14 Year Journey: Celebrating the successes, learning the lessons, embracing the challenges (June 2004)*

## Families at the centre

**Stand firmly believes that any new developments in investing, commissioning and purchasing must be based on child and family needs and our aspirations for children and families to achieve the safety and wellbeing we should expect for all New Zealanders.**

Alongside addressing the determinants of poverty it is also critical when working with children of promise that we renew both their individual sense of hope and their family's sense of hope to awaken their frozen imaginations to new possibilities.

Stand creates the possibility of different life choices through the provision of experiences that help the child and their family make choices that will not re-enact the past.

We often see children, and their families, who are experts in getting people to reject them. This proves their view of themselves as unworthy, that adults or people in general are not to be trusted and that the world is an unsafe and unforgiving place. We know that the time when we are most tempted to give up on these children and families of promise, when we most want to walk away, is the time when they most need us to make a stand.

We must face them with love and courage, and say "we believe in you". In doing so, we renew our pledge to honour their right to safety, wellbeing, equality and a bright and meaningful future.

The children Stand works with have experienced maltreatment and often have a family history of trauma. We provide supports for change that enable them to recover from trauma and regain control of their own lives.

Stand families have complex issues, deal with multiple agencies, experience financial hardship and are often desperate when they come to us.

Stand supports the principle of client directed budgets as it would support the goal of our work in restoring families to being *citizens* rather than *consumers* through families gaining the confidence to fully participate in society. Whilst we are willing to engage with developments that could enable the extension of this principle it is imperative that essential service capacity for vulnerable populations is maintained.

Stand considers that the 'social service system' would need to significantly re-orientate for a client directed budget approach to be achievable in the longer term. The client directed budget concept is gaining interest internationally as a contributor to strengthening individuals, communities and society. Stand also recognises that for a very small percentage of the population, the need to have support services that assist with choice and voice will remain.

Areas that need to be considered for moving towards client directed budgets include:

- Ensuring wise use of funds (as much as possible)
- Issues around equity and a move away from targeted services
- Equitable access to services in urban vs rural environments
- People who do not want choice or who cannot decide
- Court directed services
- The funding formula and ensuring budgets are sufficient.
- Required sector workforce reform particularly in the areas of competencies, structure and costs.

Stand believes the following service areas could be well suited to client directed budgets:

- Maternity
- Job search and employment support
- Offender rehabilitation
- Drug/alcohol services
- Long term health conditions, including disability
- Mental health

## Social service capability

The social service workforce remains one of the most underfunded, misunderstood and underappreciated fields of work in New Zealand. As a result, the social service sector struggles to attract, pay and retain qualified and competent workers. The strength of a social service system is dependent on the strength of its workforce.

A well-planned, well-trained, supported workforce will change the social service landscape in New Zealand for the better, as it is the workforce that addresses the needs and enhances the resources of vulnerable populations, including children and families. When strong planning, training and support processes are in place, social service workers are better able to coordinate their efforts across social, health, justice, mental health and education, and, ultimately, to promote well-being and prevent and respond to a variety of risks, including domestic violence, drug alcohol abuse, mental health issues, other forms of abuse, neglect and complex family dynamics.

We live in a country where too many people are being made vulnerable due to poverty, social exclusion, inequality and social injustice; **a strong social service workforce is urgently needed**. The social service workforce creates protective environments for healthy development and wellbeing by tackling poverty, reducing discrimination, promoting social justice and providing needed services to care for and support those who need it most.

### *International developments*

The following resources offer useful concepts to respond to emerging needs in the New Zealand social services landscape:

#### **Outcomes focus**

1. Vermont, Canada introduced Outcomes legislation using the RBA framework to create a 'culture of accountability' across state and NGO sector  
<http://www.bvvt.marlboro.edu/#!outcomes-bill-resources/c1d14>
2. Adult Social Care Outcomes Framework (UK Government)  
<https://www.gov.uk/government/publications/adult-social-care-outcomes-framework-ascof-2015-to-2016>



### **Different ways of working**

1. US non-profit advisory organisation, The Bridgespan Group - Developing new approaches together. A review of 'social innovation labs' which are proving valuable in developing 'different ways of doing things'.

The key findings were:

- They create knowledge from and for the system.
- They build capacity for implementation.
- They build networks to sustain results.
- They create solutions with a deeper understanding of root causes.

<http://www.bridgespan.org/Blogs/Innovation-Labs/November-2014/Innovation-Lab-Resources.aspx>

2. Delivering on a well-planned, well-trained, supported social service workforce better able to contribute to the care of vulnerable populations:

<http://www.socialserviceworkforce.org/framework-strengthening-social-service-workforce>.

# INVESTMENT AND COMMISSIONING

**Stand supports further research work into how improved investment and commissioning approaches could contribute to improved wellbeing outcomes.**

## Investment strategies

The Productivity Commission Issues Paper provided an example of welfare 'liability' (Box 12 page 61) as a particular investment approach to achieve different outcomes, however this raises concerns regarding the potential for single lever targeting to result in unexpected consequences/new problems emerging elsewhere.

For example, a recent research project report (Family 100 project) suggests that although MSD is claiming a reduction in future benefit payments, the report suggests that the strategy is driving alternative responses unaccounted for in the 'costs' to society. The presentation on the Family 100 report noted that many beneficiaries have found the new MSD processes difficult and humiliating and have stopped going to them with issues, instead resorting to instant cash finance companies, resulting in spiraling debt problems. This creates an even more complex set of factors for families that social services are then responding to.

Reference:

[http://www.aucklandcitymission.org.nz/uploads/file/Family%20100/City%20Mission%20Family100%20Speaking%20for%20Ourselves\\_website.pdf](http://www.aucklandcitymission.org.nz/uploads/file/Family%20100/City%20Mission%20Family100%20Speaking%20for%20Ourselves_website.pdf)

The potential risks from policy changes applied to one area of the system having unintended consequences in other areas needs to be identified prior to strategies being implemented. Any investment approach needs to be well thought out, tested with the social sector and carefully managed, with an ability to adapt policies/strategies if negative impacts emerge that create further problems. In particular, any government policy or investment changes should be analysed for unintended consequences/impact on vulnerable populations, particularly children as it is unjust to subject this group to higher risks of testing new strategies that may not achieve the intended outcome.

Policy makers, professionals and practitioners need to cultivate a deep curiosity about our world and actively seek to understand other sectors/populations, perspectives, models, and disciplines. Inter-disciplinarianism is critical to innovative thinking and essential for delivering high-impact, culturally competent work. Seeing beyond our own silo enables us to see **connections and patterns** and understand the perspectives of those affected by social problems. This is the new thinking we are teaching and instilling in the children and families Stand works with: developing connection and engagement, not isolation and exclusion.

Interest in social innovation is growing internationally. It needs to. Our societies are facing extraordinary challenges: increasing inequality, rising poverty rates, unstable economies, climate change, technologies are transforming the world in which we live, markets are undergoing massive change, and funders and philanthropists are changing their practices.

In New Zealand the tendency has been towards trying many new solutions without full understanding of the problems. The depth of complexity in today's social issues requires a change in how we work

together to deeply understand the issues, select the best solution and invest wisely in the success of that solution. We need to reduce and simplify our levels of ‘activity’ so that we can focus on investing in what is working or promising, rather than continuing to flood the sector with more initiatives and trials.

In the Design for Public Good report it is quoted that: *“A designer addresses development by looking for a problem – not a solution. There is only one problem, but there are many solutions. Because of the amount of competition and the pressure on finances and resources, we don’t have time for mistakes. It is both efficient and risk reducing to identify the problem before developing the solutions.”*

The release of the draft MSD Investment Framework in February 2015 could provide an opportunity for a different approach in working in together to develop sound investment approaches.

### **International developments that:**

#### **1. Offer emerging practices in solving today’s social challenges are:**

*Canada:*

The Center for Social Innovation <http://socialinnovation.ca/home>

*Denmark/Finland:*

Design for Public Good Report, Denmark, Finland, UK and Wales

<http://www.seeplatform.eu/docs/Design%20For%20Public%20Good%20May%202013.pdf>

The Danish Cross-Government Innovation Unit <http://mind-lab.dk/en/>

Danish Design Centre <http://ddc.dk/en/>

Article on developments <https://hbr.org/2014/11/look-to-governmentyes-governmentfor-new-social-innovations>

*United States:*

The Bridgespan Group - Developing new approaches together. Review of ‘social innovation labs’

<http://www.bridgespan.org/Blogs/Innovation-Labs/November-2014/Innovation-Lab-Resources.aspx>

#### **2. Discuss capacity to transform the sector**

The world is rapidly changing and the social sector has been busy responding. Capacity building (the process of building the systems, structures, and skills organisations need to succeed) is getting left behind. It is now time for capacity-building support for the sector to catch up. It is not to say that new ideas and practices are not in place and working, but we see an opportunity in our increasingly networked environment for a fresh look at the frameworks we use for discussing and building capacity.

The MSD Capability Resource (<http://www.msd.govt.nz/about-msd-and-our-work/work-programmes/investing-in-services-for-outcomes/capability-investment-resource.html>) is an example of where there is sound intention by government to invest, however it is difficult to ascertain what impact this investment has resulted in to date.

In New Zealand and internationally, nonprofits, funders, governments, and companies are acting together more often, whether forced by budget cuts or drawn by the promise of collective impact. By focusing on the “who, what, and how” of capacity building, we believe investment in a capacity-building infrastructure for the sector can provide better support for social impact.

Any investment strategy that aims to improve social service responses must factor in all elements of the true investment required to achieve the desired outcomes.

**The most important investment Government can make would be to invest in delivering on a well-planned, well-trained, supported social service workforce with the capacity to meet the needs of vulnerable populations and the infrastructure to sustain quality and delivery to meet changing needs**

Reference: Capacity Building 3.0, How to Strengthen the Social Ecosystem, Jared Raynor with Chris Cardona, Thomas Knowlton, Richard Mittenenthal, and Julie Simpson  
[http://www.tccgrp.com/pubs/capacity\\_building\\_3.php](http://www.tccgrp.com/pubs/capacity_building_3.php)

## Commissioning strategies

Stand is aware that a range of alternative commissioning models are being tested both in New Zealand and internationally. Evaluation on the effectiveness of these approaches is in the early stages although indicators are promising for some, such as the Social Sector Trials. Internationally, commissioning approaches appear to be more ambitious and more comfortable in taking a higher level of innovation risk to try different approaches, reflected in an attitude of - Have a go “fail fast”, keep focused on the outcomes sought, adapt efforts quickly, take the learning forward, have another go.

**Commissioning development needs to be strongly linked to a clear social/wellbeing agenda and long term investment approach. Any investment approach will require a long term commitment and commissioning will need to account for any government policies that are introduced later that impact on the achievement of the original strategies being pursued.**

An example for potential cross cutting policy risk is referenced in the issues paper, the Petersborough Social Impact Bond model (page 36), which was presented as a promising model in the social impact bonds project by the Ministry of Health in 2013. However, after seven years of the project, where initial returns and outcomes are being achieved, recent UK government policy reforms changing the way services will be delivered may now impact negatively on the longer term outcomes and investment returns.

Refer to:

<http://www.socialfinance.org.uk/transforming-rehabilitation-is-being-dressed-in-sheeps-clothing>

New commissioning models will need to exist alongside the long term projects until the full results are available, although we would not want to see new commissioning models that don't leverage existing hard work on promising models and relationships. The Whanau Ora commissioning model established this year may also offer learnings that could be applied across the wider sector.

Strong trust-based relationships developed between commissioning agencies, government and service providers that focus on co-creation and co-production would create a stronger partnership/accountability culture and in turn provide more stability for innovations that need long term investment. Within such a partnership approach, collaborative input would take place at the start of the policy development cycle, resulting in the best investment/commissioning options to meet the needs of the population group.

Currently, the fragmentation and ‘siloeing’ within the health, education and social services sector, and the lack of robust engagement processes available is a significant barrier to meaningful discussion on the commissioning of services. The development of a best practice engagement processes, perhaps

along the lines of the Social Innovation Labs, and applied consistently across all government agencies could improve the ability to identify and engage with the public who need the services and those who support them.

The NGO sector also needs to improve its ability for constructive participation by having clear collaboration across the sector and supporting key collective organisations with a mandate to represent the sector. We would suggest that models similar to the “Peak Body” model utilised in Australia offer opportunities and learnings to improve the ‘collective voice’ of the community sector.

A trusted partnership approach can also be supported by the recent commitment of the government to the Open Government Partnership NZ Action Plan, July 2014. This will need to be well monitored under the State Service Commission’s guidance and should offer opportunities for wider engagement across the sector.

## **Divesting commissioning**

Social services play an important role in mitigating the impacts of poverty and achieving inclusive development. They give the poorest and most vulnerable a lifeline to maintaining a basic quality of life. Social services should act as a safety net to support the economically vulnerable from falling into poverty traps during times of crisis. They should also help redistribute wealth, guarantee social justice and ensure the right to a decent standard of living.

There is a trend in the New Zealand government landscape towards considering more commissioning of social services from for-profits and not-for-profits following the international trend.

Internationally, governments have pursued cuts in social spending and introduced user fees, and encouraged for-profits and not-for-profits to have a greater role in welfare provision. The result in some areas has been declining standards of education and healthcare for those with lower incomes, and less access to these services. Such erosion of social services can leave the disadvantaged more vulnerable to shocks, particularly illness, job loss and natural disasters. Market-based and targeted social services have for some time been promoted as more efficient and cheaper, but more often than not we see the opposite. In many cases, these policies have led to fragmented social services lacking accountability, limited access, and poor quality of service.

**If we want social service provision based on rights, social justice and social solidarity in New Zealand, then the government needs to recognise that publicly funded social services including universal systems are the best approach.**

New Zealand needs to acknowledge variability of services and actively find ways to move to the high quality services needed for vulnerable populations to be effective.

Social service partnerships could assist with translation of variable services to high quality services where there is a well-defined need and desired outcome, for example the Youth Gang / Youth Mental Health initiatives, which have enabled direct service responses and new partnerships. Critical to the success of this approach is real citizen involvement at all levels to the solution design.

In regards to private investment, some service providers have to provide their own capital for property needed to deliver services and/or are in desperate need of capital investment as this is not funded by

government service contracts. Could government include in their contract price a return on investment to organisations that provide their own private investment in this way?

An interesting approach in the UK can be found at <http://www.housesforhomes.co.uk/who-we-are/> Houses for Homes was launched in 2002 to supply social and extra care housing stock and accommodation to people across the country through registered housing providers.

By working in partnership with local authorities and registered housing providers financing both existing stock and new build schemes, Houses for Homes helps to meet the UK's housing need within a clear financial framework. The company operates within the Real Estate Investment Trust (REIT) regime, helping its customers take advantage of a number of helpful commercial and tax benefits. [http://www.bpf.org.uk/en/reita/reits/about\\_reits.php](http://www.bpf.org.uk/en/reita/reits/about_reits.php) The team behind Houses for Homes utilises commercial acumen to deliver sustainable, ethical funding solutions for the benefit of service users, government and the tax payer.

The New Zealand government also receives 'unexpected income' from private business, such as tax fines for late payments. This could be invested in social services as redress for the broken social obligations of private business.

## Volunteers

Following the release of the White Paper for Vulnerable Children Stand has observed an accelerating trend of defining groups of children and families based on needs and risk factors in an effort to define what constitutes 'vulnerability'.

Stand works with children and families who have experienced maltreatment and trauma. To meet the needs of this vulnerable population Stand has a professional workforce and has for many years operated to the standard of staff recruitment set out in the CYP&F Act and the new Vulnerable Children's Act. As Stand often responds to severe maltreatment and deep trauma with lasting and profound effects, our firm view is that unqualified volunteers should only ever augment the delivery of professional services to highly vulnerable people, not be responsible for them.

If government continues to move towards only purchasing high level, evidence-based services and programmes, more providers will need to professionalise their workforce to meet the required competency and safety to work with vulnerable populations. Volunteer support services whose contribution to family wellbeing and connection in their communities alongside the professional social services is a valued role, may be impacted by the growing professional workforce with many opting to become qualified and registered.

**There is a balance to be considered between the need for safety and competency and ensuring the workforce supply is available at all levels of services.**

Stand is aware of several workforce development strategies currently being developed by government across the social sector and would recommend that a cross-sector approach be promoted to ensure the whole social service workforce is cohesive, has clear role definitions and the level of competencies for each and is connected to a fair, benchmarked salary framework.

# PURCHASING AND CONTRACT MANAGEMENT

Stand welcomes the intent of recent initiatives to streamline and improve purchasing practices. Stand has been active and at the forefront of this work since the MSD ISO initiative commenced in 2013.

## Contestability

It is inconclusive as to whether contestability within the social service sector has served our client populations well, whether it has been effective at establishing services that meet the needs of the community or whether this has discouraged the sector from collaborating and seeking opportunities for service integration.

Tendering practices have been weak. Our observation is that they are:

- Highly risk averse.
- Closed, paper based only processes.
- At risk of local bias that is not moderated.
- Run by staff who don't always have the capability to manage a complex process
- At times politically influenced.

The compliance burden on providers is significant, with no opportunity to fully showcase what we could bring to the table due to a mostly a paper based process.

Some NGOs are responding differently to the tendering process by discussing who might respond or whether a collaborative approach could work. There are cases where as a result of this collaborative approach, government agencies have been offered an alternative option by NGOs, but due to restrictive rules and lack of trust, agencies have continued with a competitive process leaving providers little choice but to submit an individual application rather than collective solutions.

Stand has been more selective about which tenders to engage in as resourcing this activity has a significant impact on operational delivery; in effect, the intent for contestability to select the 'best supplier' may be lost if participation in tenders is reducing. As government continues with its expectations for more collaborative and collective impact arrangements, contestability is not a useful mechanism for achieving the desired outcomes.

A strong trust-based relationship between government and service providers to create a partnership and accountability culture (such as the Vermont, Canada example noted on p7) along with engaging sector input at the start of the policy development cycle could assist in developing better commissioning/purchasing options to meet the needs of the population group in a way that would not require a contestable process.

Stand does not disagree with contestability in principle, however if it is to be applied, the rules must be clear, fair and applicable to all parties (for example DHB's have been known to re-tender contracts awarded to NGOs but not re-tender contracts awarded to their own service provider arms). The process must include the opportunity to present to panels rather than paper based only, as service delivery is relationship based for social services. It must be managed and delivered by competent staff and the decisions moderated, and it must be demonstrated that the outcome sought is best achieved by contestability rather than a partnership approach with the sector.

Principles underpinning contestability should be

- Focusing on clinical outcomes (quality) rather than targets.
- Empowering professionals to use their judgement and innovate.
- Giving clients greater choice.

To achieve these Government should:

- Continuously review current services provision arrangements from a broad clinical and contractual perspective.
- Obtain quality information data to inform transparent and fair decision making processes.
- Ascertain whether it is necessary, desirable or appropriate to invite competition.
- Actively manage the provider market, creating greater client choice while maintaining quality outcomes.
- Engage and work closely with the local community and a range of trusted providers to deliver collaborative and integrated services.
- Apply robust, fair and proportionate procurement processes that follow all mandated and 'good practice' requirements.
- Apply funding criteria that takes account of whole-of-life costs and overall service quality.
- Put in place robust contractual arrangements to ensure service delivery.

**Dependency on NGOs for the delivery of services is not inherently good or bad: the performance or effectiveness of those services depends on implementation. What is important is that parties share a common goal.**

There is little empirical analysis comparing the effectiveness of government v. NGO service delivery. What exists shows no clear evidence that NGO service delivery is inherently more effective or less effective than public service delivery, although the government and NGO sectors each have their own relative strengths and weaknesses.

There are examples of successes and failures in both sectors. Most of the research suggests that the key factor is whether there is clear accountability for results, clear criteria in contracts, and clear government outcomes framework.

The government is responsible for assuring that public services are effective, whether or not the services are publicly delivered.

## **Contract management**

Current experience highlights that two sets of conditions and expectations exist for contract relationships, creating inequities in collaborative efforts and placing significant pressure on NGO resources. First, NGOs are asked to participate actively in numerous government initiatives impacting on delivery of BAU as NGOs do not have the capacity to backfill staff. Second, government agencies have access to dedicated resources for 'change projects' with budget, access to consultants and seconded staff.

Stand recommends that for any significant change initiatives requiring collaboration across the sector, such as Streamlined Contracting or Improving Service Outcomes, that government consider providing



clear support to those leading the work in both government and the NGOs to ensure stability and continuity that is essential for collaborative efforts to succeed.

**A move to high trust, outcome based contracts could offer the best opportunity to reduce the need for 're inventing the wheel' with multiple 'new model' initiatives.**

A high trust relationship with government that sets a clear accountability framework for all parties, such as Results Based Accountability, will result in more time and focus given to delivering outcomes for the families we serve. It should also reduce resourcing pressures for professional and essential NGO services that arise from spending significant time 'proving' what we do to multiple government agencies in a heavy compliance environment. As an organisation that has continued to deliver outcomes for vulnerable children for over 90 years, the high compliance drain on our resources seems to us to be excessive.

To strengthen good purchasing and contracting practice in New Zealand, Stand believes one set of agreed rules for how all government and Crown agencies must engage with, contract with and fund NGOs is needed. For example, the following three documents together could become the rules for engaging with the social sector:

- Treasury (2009) *Guidelines for Contracting with Non-Government Organisations for Services Sought by the Crown and Good Practice*
- Office of the Auditor General (2006) *Principles to underpin management by public entities of funding to non-government organisations*
- Department of Internal Affairs (Community & Voluntary Sector) *Code of Funding Practice*.

This needs to be underpinned with robust monitoring of government and Crown agencies in the application of the rules, given the sector's current concerns around commissioning competency.

**As we move towards greater collaboration and partnership, government could explore the establishment of a pan NGO body to help provide regular and routine oversight of the application of these rules.**

An international development that offers concepts adaptable to the New Zealand context is from Vermont, Canada, and included the introduction of Outcomes legislation using the RBA framework to create a 'culture of accountability' across state and NGO sector  
<http://www.bbvt.marlboro.edu/#!/outcomes-bill-resources/c1d14>

## **Accountability and flexibility**

Social services represent, in many respects, the core of the not-for-profit sector. But these organisations have faced a series of political, organisational, and economic challenges in recent years that have transformed them in fundamental ways. Not-for-profit social services have greatly increased in number in New Zealand, as has the diversity of their services and programmes. But many not for profits face complex organisational dilemmas relating to mission, financing, and strategy that have tremendous implications for the quality and accessibility of social services

As not for profit operations have grown more complex, volunteer and/or inexperienced boards have become increasingly unable to provide the oversight that is needed.

At the same time, the government and public's expectations of not-for-profits increasingly lose sight of the realities under which NGOs operate. For example, NGOs should not charge more than cost for services or good provided, pay a market wage for employees, or be run like businesses.

Nor are some of the other accountability mechanisms working well despite a lot of compliance activity. Government exercises surprisingly little meaningful oversight of the not-for-profit sector and for political reasons will often not hold non-performers to account.

In an effort to demonstrate accountability, some NGOs like Stand, have initiated efforts to measure the outcomes, or the positive social returns provided. But while attempts to introduce qualitative assessments into the evaluation process is appealing, measuring outcomes requires resources.

The current form of government contracts is also restricting innovation due to an over emphasis on performance risk resulting in 'directive' contracts that specify to the highest detail, limiting flexibility to try new approaches.

Government needs to understand that the development and life cycle of a social service includes identifying the problem; studying it to better understand its prevalence among a particular target population, its potential causes, and its larger environmental context; constructing a well-reasoned theory of change; and researching and choosing interventions that address the problem.

Once an intervention is chosen, it proceeds through a journey of developing and testing the intervention, comparing it to alternatives and learning more about its effectiveness, replicating or adapting it for different users and contexts, and continuously monitoring and improving it over time.

**Social services achieve the best outcomes for children and families when interventions with strong research evidence are combined with practitioner expertise that takes into account specific child and family characteristics preferences and culture.**

This is evidence-based practice. However, the not-for-profit sector is not funded or supported to have capacity for research and development and this slows progress in establishing new responses to emerging needs.

Stand is participating in the MSD Outcomes Trial work and considers that outcomes based contracts can contribute to more flexibility for service providers to try new service approaches based on understanding how social service outcomes are best achieved, and understanding the journey required to continuously respond to changing needs.

Barriers to stronger accountability for outcomes and flexibility in service delivery are:

- The inequitable and unclear funding formulas used in the contracting process.
- Having contracts remaining at the same funding levels every year with no CPI adjustments.
- Ongoing increases in direct operating costs.

These factors continue to result in an overall reduction of funding contribution for direct service costs. This impacts significantly on essential social services to provide high quality service delivery to achieve outcomes and increasingly leaves no scope for flexibility, innovation or research capacity.

**NGO's are so focused on contract compliance and ensuring funds are renewed every two to three years that there is little room for innovation work that requires long term investment.**

No matter what new initiatives government undertakes to solve complex issues with innovative responses, it will require a highly competent, consistent workforce with remuneration levels that reflect the importance of the service response succeeding and which will support workforce stability which is a vital aspect in working with vulnerable populations.

**In particular Stand recommends that government needs to set national fair funding rates for the social work profession similar to that in place for teachers and nurses that are cost of living indexed and create equity across the profession.**

The Australian Productivity Commission also identified the same issue in the 2010 report as follows:

**Productivity Commission Research Report, Contribution of the Not-for-Profit Sector, January 2010**  
*“Rec 10.2 In order to ensure that not-for-profits can sustain their workforces, and as wages are a major factor in the successful recruitment and retention of staff, Australian governments purchasing community services need to base funding on relevant market wages for equivalent positions. Costings need to take into account the skill sets required to perform the purchased services and be indexed appropriately to market wage growth within that industry sector.”*

Subsequently in 2012, the Equal Remuneration Order came into effect addressing the indexation of wages for the social and community work sector over 8 years and setting pay rates for equity <http://www.fairwork.gov.au/Pay/Minimum-wages/social-and-community-services-industry-pay-rates>

## Service integration

Increased recognition of the importance of providing appropriate services to vulnerable children and families with complex needs has led to a widespread recommendation to promote “integration” of services and treatment as a mechanism to achieve this goal. While this is a logical recommendation, the term “integration” is often associated with a lack of precision regarding the meaning of the concept, and this lack of precision may result in further confusion.

Service integration, broadly defined, always includes two components: a child and family interface component and an organisational function component.

At the child and family interface, “service integration” is the mechanism by which appropriately matched interventions are combined in the context of a clinical relationship with an individual social worker or clinical team, so that the child or family experiences the intervention as a child-centred or family centred integrated experience, rather than as disjointed or disconnected services.

At an organisational function level, “integrated services” are created by activities that organise both the structure of the organisation and the functional processes of the organisation so that service “components” are interwoven in a coherent manner in order to accomplish the organisation’s mission for its target population of children and families.

Integrated services are distinct from “parallel” services or functions in which components or services are “co-located”, or provide care in tandem to children and families, but without the interwoven fabric between them and the provision of integrated interface within each component. Similarly, integration is distinct from “blending.” Service integration does not mean that the independent identity and value of each component is lost; rather each type of component or service is a valuable element in the interwoven fabric of care.

The Stand for Children service is an intensive family wraparound approach and includes a range of supports for change to achieve the outcomes, utilising all the ‘service types’ Stand is contracted to deliver. Stand has also worked with health providers and DHBs resulting in medical and dental services being delivered on-site to children participating in our therapeutic care and education service. This integrated service approach has been highly effective in gaining access to urgently needed health services for children where families have not been able to afford a GP or dental visit in the past.

A risk to achieving the outcomes within the current purchasing approach is where the funding allocation is by individual ‘service type’. If one service type funding line is removed this impacts on the overall outcomes we could achieve with children and their families.

Strategies to promote ‘integration’ of services need to clearly define what outcomes are being sought and funding allocation models will need to align to achieving the outcome through a ‘package’ of integrated services rather than individual service types. This could be supported by a move to Government budget being allocated based on population needs rather than the current ‘Vote’ system across the Ministry portfolios, which place Ministries in competition with each other for funding as well as the wider sector.

**There are many opportunities for better coordination alignment and collaboration but real service integration across and within sectors and services to ensure that the children and families we work with experience a seamless transition of supports during their engagement with social services requires a systems level approach to service integration.**

A systems approach to achieving real service integration would consist of two steps:

1. Developing the capacity of the system to deliver appropriately integrated services at every child and family interface as a routine practice. This would require all organisations to restructure and redesign their services – (the process of systems integration).
2. Developing organisational structures and functional processes to interweave all the components and services of the system into a coherent whole that meets the diverse needs of the total population for which the system is responsible – (an integrated system would be the outcome).

NGOs have been active in exploring partnerships and collective efforts to improve access to supports, including partnerships with government agencies who provide services directly to clients. The Children’s Teams are an attempt to create integrated services on behalf of vulnerable children and families and we believe this initiative could be enhanced by a systems approach to social services change.

# Outcome measures, Results Based Accountability and Evaluation

**Stand recognises and highly values the importance of developing strong evidence based outcomes through the use of clear outcome measures and evaluation processes.**

Stand is a lead provider for the MSD Outcome Trials work and values the opportunity to move from an output focus to outcomes focus for future contracting. Stand has a long service history of being outcomes focused and utilises a clear theory of change and service intervention logic.

Stand has also introduced the Results Based Accountability framework which will enable more in depth and meaningful analysis and reporting on what is working and can test whether anyone is 'better off'.

Our work in contributing to the outcomes trial has highlighted the importance of organisations having the capability and capacity to deliver on outcomes-based services. Even though Stand is a progressive and well established organisation we remain committed to investing in raising the quality and outcomes of the service to deliver even better results for children and families.

In any move to outcomes based services, it is important that government and NGO's recognise that considerable resource investment and organisational commitment is required to ensure that:

- Staff fully understand the intervention logic and theory of change applied.
- Service design is aligned to and leads to the outcomes using the theory of change and intervention logic.
- Staff have the competencies to deliver to an outcomes framework for clients.
- Systems for data collection are based on sound professional practice, are intuitive and easy for frontline staff to use and are sufficient to provide sound analysis using the RBA framework.
- Strong feedback loops are in place to keep 'turning the curve'.

**Government strategies to improve commissioning and purchasing need to account for this resource and time investment required by social service providers. Outcomes based work is a long term investment and may not show clear outcomes for at least 5 to 7 years. A commitment to long term, trusted relationship between government agencies and service providers is required. This can be supported by frameworks such as Results Based Accountability, where the baseline story, learnings and commitment to ongoing actions to improve outcomes are shared by all parties.**