



# Cabinet Social Policy Committee

## Minute of Decision

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### Organisational Form to Support the New Operating Model for Vulnerable Children

**Portfolios**                      **State Services / Social Development**

On 4 May 2016, the Cabinet Social Policy Committee (SOC):

- 1        **noted** that in March 2016, SOC invited the Minister of State Services and the Minister for Social Development to report with recommendations on the organisational form required to support the new operating model, and the regulatory and legislative impacts required to give effect to it [SOC-16-MIN-0023];
- 2        **noted** that officials have developed a short list of options using the following criteria:
  - 2.1      ability to drive the short and long-term changes required to support the new operating model;
  - 2.2      strong, focussed leadership in a structure attractive to high quality candidates;
  - 2.3      clarity of governance and accountabilities;
  - 2.4      focus/prioritisation of vulnerable children;
  - 2.5      enabling effective continuation of existing Ministry of Social Development (MSD) operations;
- 3        **noted** that the short-list of options involved two broad possible options - a separate stand-alone department, and different combinations of departmental agencies with a host department;
- 4        **noted** that officials' analysis determined that the most suitable organisational form to support the new operating model for vulnerable children is a separate government department;
- 5        **noted** that a separate government department is also the organisational form that was recommended by the Modernising Child, Youth and Family Expert Panel (the Expert Panel);

**Establishing a new department**

- 6 **agreed** to establish the New Children's Entity (NCE) as a new department by 31 March 2017;
- 7 **noted** that, following agreement to the name and commencement date for the new department, the Minister of State Services will issue drafting instructions to the Parliamentary Counsel Office for the Orders in Council needed to establish the new department;
- 8 **noted** that the Order in Council will:
  - 8.1 bring the new department into legal existence on a specified date by naming it in Schedule 1 of the State Sector Act 1988;
  - 8.2 provide for savings and transitional matters connected with the transfer of functions from the Ministry of Social Development;
- 9 **noted** that a separate Order in Council will be required to name the new department in Schedule 1 part 1 of the Ombudsmen Act 1975;

**Appointing a Chief Executive for the new department**

- 10 **noted** the impending vacancy for the position of Chief Executive for the new department;
- 11 **confirmed** the position description, attached to the submission under SOC-16-SUB-0053, as a basis for selecting a suitable candidate for appointment;
- 12 **noted** that the State Services Commissioner intends to commence advertising for the Chief Executive role as soon as decisions about the establishment of the new department are made public;

**Implications for the rest of MSD – the establishment of a new social sector agency**

- 13 **noted** that removing functions that relate to vulnerable children and families from MSD will cause such significant change to MSD that it will effectively result in the need to establish two new departments: the NCE and a new social sector agency;
- 14 **noted** that two Orders in Council will be required to amend the respective schedules in the State Sector Act and the Ombudsmen Act if the name of MSD is to change;
- 15 **endorsed** the following objectives to guide the development of the options for the functions of the new social sector agency:
  - 15.1 there should be no reduction in the standard or continuity of services provided to New Zealanders from those provided by MSD up until 31 March 2017;
  - 15.2 the new social sector agency will provide specified corporate services to the NCE for a minimum of two years from 1 April 2017;
  - 15.3 the functions, strategy and structure of the new social sector agency could:
    - 15.3.1 optimise its contribution to improved outcomes for New Zealanders;
    - 15.3.2 optimise its contribution to the social system;
    - 15.3.3 enhance the performance of the social system;

- 15.3.4 optimise the contribution of the social system to improved outcomes for New Zealanders;
- 15.3.5 provide the opportunity for the new social sector agency to exploit future opportunities to enhance its contribution to improved outcomes to New Zealanders;

- 16 **agreed** to reassess the new operating model at the same time as the scheduled review of corporate support services from MSD, two years after commencement of the operating model on 31 March 2017;

### **Implications for the broader social services system and the future development of a social investment system**

- 17 **noted** that the Expert Panel proposed several mitigations for the cross-boundary co-ordination challenges inherent in setting up a new department (for example, the proposed purchase function and changes to Vulnerable Children's Board governance) and that further consideration will be given to options and levers that could enhance the performance of the new social sector agency;

### **Next Reports**

- 18 **noted** that in March 2016, SOC invited the Minister of State Services and the Minister for Social Development to provide a functional analysis report in July 2016 that confirms the final set of functions be included in the new operating model [SOC-16-MIN-0023];
- 19 **invited** the Minister of State Services and the Minister for Social Development to ensure that the July 2016 report on the new operating model includes:
- 19.1 an outline of the core role and functions of the NCE including the value proposition to New Zealanders;
  - 19.2 which functions (currently undertaken by MSD) should be transferred to the NCE;
  - 19.3 the corporate services proposition, including legal, research and evaluation, and data services, to support the NCE;
  - 19.4 an indication of the likely costs of new commercial arrangements, potential redeployment costs and any other transitional costs that are likely to arise from the arrangements outlined in this paper and agreed by Ministers;
  - 19.5 options for names for the new agency (if not agreed earlier);

- 20 **invited** the Minister of State Services and the Minister for Social Development to report in July 2016 on the functions, strategy and structure of the Ministry of Social Development (MSD) as a result of the transference of functions to the NCE, including:
- 20.1 the potential to reshape MSD as a new social sector agency consistent with the development guidance in paragraph 15, with consideration of:
    - 20.1.1 the roles and functions of a new agency including the value proposition to New Zealanders, and the potential for a role in strengthening and coordinating the performance and leadership of the wider social sector;
    - 20.1.2 how the roles and functions of the new agency will work with the emerging NCE operating model, including the concept of funding following the child;
    - 20.1.3 options for names for the new agency (if not agreed earlier);
  - 20.2 the role and functions to be retained by MSD or transitioned into a new social sector agency;
  - 20.3 an indication of the likely costs of new commercial arrangements, potential redeployment costs and any other transitional costs that are likely to arise;
  - 20.4 options for aligning appropriate functions to support social system leadership, including the potential location for a government chief actuary (if established) and other relevant system-wide capability (including the Social Investment Unit).