Chair Cabinet Social Policy Committee

INVESTING IN CHILDREN LEGISLATIVE REFORM: PAPER SEVEN – TRANSITION TO INDEPENDENCE – DISCRETION TO SUPPORT YOUNG PEOPLE UP TO AGE 25

Proposal

- This paper proposes to amend legislation to extend the existing discretion to support young people transitioning from care to independence up to age 25¹, and to ensure that reasonable efforts are made to remain in contact with young people after they leave care up to age 21.
- This paper is one of a series of papers that contain legislative proposals required to support the operating model for the Ministry for Vulnerable Children, Oranga Tamariki (the new Ministry). The proposals in this paper will be included in a package of legislative reform, referred to in this paper as Bill No 2.

Executive summary

- 3 Children and young people in care are among the most vulnerable in New Zealand. The State has an obligation to support children in care. I believe that having provided primary care to these young people, the State should continue to have some responsibility towards them as they make the transition to independence and adulthood.
- On 26 September 2016, Cabinet agreed to a package of legislative proposals for care leavers aged 18 to 21 [CAB-16-Min-0492]. This included a right to remain or return to living with a caregiver, and extended eligibility for transition advice and assistance to the age of 21, underpinned by new purposes and principles in the Children, Young Persons, and Their Families Act 1989 (CYPF Act).
- I propose to further strengthen legislative settings for young people leaving State care or a youth justice residential placement, by introducing provisions to:
 - extend discretion for the chief executive to consider whether transition advice and assistance is required up to age 25, and enable it to be provided, where necessary, with a particular focus on those with higher and more complex needs
 - ensure that reasonable efforts are made to remain in contact with young people after they leave care up to the age of 21.
- The goal of these proposals is to improve the support that these young people have access to in their transition to independence, in order to improve their outcomes and those of any future generation, or wider family with whom they relate.
- By the age of 21, many of these young people will have made a successful transition to adulthood. However, the vulnerability experienced by these young people in their childhood, combined with the difficulties commonly experienced by young New Zealanders transitioning to independence, means that some will continue to experience complex needs that require support into their mid-twenties.

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¹ Throughout this paper 'up to age 25' is defined as up to the twenty-fifth birthday.

- 8 Most parents actively maintain some level of contact with their children who have left home, to help them manage challenges as they move into independence. However, the current provisions relating to transitions to independence effectively require a young person who has left a care arrangement to request assistance in order to receive support. Young people say that they are least able to ask for this sort of help when they need it most.²
- 9 To reflect gaps in support at older ages for young people after they have left care, other jurisdictions have extended discretion to offer transition support into their mid-twenties and placed a responsibility on the care and protection agency to 'keep in touch' with young people.
- 10 Extending and strengthening these legislative settings will help to:
 - fulfil the responsibility on the State towards those young people who have previously been in care
 - improve outcomes in early adulthood, leading to reduced costs to the individual,
 Government and society, and providing the potential for long-term return on investment.
- 11 The proposal would extend the eligibility for the existing transition to independence provisions in section 386A of the CYPF Act up to the age of 25. These provisions contain broad discretions. Any support under these provisions must have regard to what financial assistance is already available to the young person, and must consider what advice and assistance is necessary for the young person to achieve independence. For most young people, existing mechanisms of receiving support including financial assistance would be sufficient, and there would be no new entitlement to financial assistance. In addition, I propose to specify further details in regulation to ensure transition support is appropriately directed.
- Based on international experience with older age groups, the uptake of support from eligible young people is expected to be low. [9(2)(f)(iv) Confidentiality of advice]
- 13 Legislation alone is not sufficient to embed the operational changes that are required to significantly improve outcomes for this group of young people. These changes are therefore proposed as one part of wider reform, including detailed design and implementation of the transition service and the new operating model, and engagement with public and community partners to actively assist young people who are vulnerable.

Background

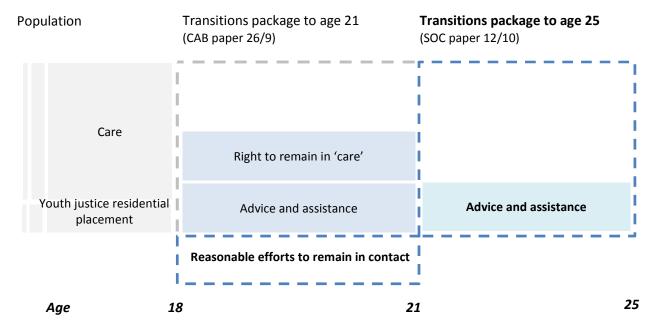
- The Expert Panel on Modernising Child, Youth and Family (the Expert Panel) identified that young people leaving care are very vulnerable and known to experience poor long-term outcomes. In March 2016, in response to the recommendations of the Expert Panel, Cabinet agreed that transition support would be a core service area, as part of a new operating model, to improve outcomes for vulnerable young people leaving care [SOC-16-MIN-0023 refers].
- The CYPF Act was recently amended to enable the administering department to provide advice and assistance to young people leaving care under section 386A up to age 20. While this amendment goes some way towards improving the system that supports young people to transition to independence, it does not go far enough to provide direction to the new Ministry on how to address the issues identified for these young people or to direct support to those young people who require support for longer.

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² This feedback was provided by former members of the Youth Advisory Panel.

- 16 Cabinet invited me to report-back on possible legislative changes to ensure the needs of vulnerable young people exiting care and in transition are identified and met, up to age 25. [SOC-16-Min-0024 refers].
- 17 This paper is one of a series of papers to be considered by the Cabinet Social Policy Committee (SOC) that contain legislative proposals required to support the operating model for the new Ministry. These complementary proposals underpin the Government's objectives of child-centred care and protection, and youth justice systems that will improve outcomes for vulnerable children, young people and families.
- This paper, and three companion papers on accountabilities, improving outcomes for Māori and other amendments, and increasing the youth justice jurisdiction to include 17-year-olds, comprise the fourth and final tranche of proposals. These four papers are also accompanied by a second financial implications paper noting the fiscal implications of the legislative programme as a whole.
- 19 I propose two areas for further legislative change to ensure that young people who have been in State care are effectively supported to transition into adulthood:
 - the ability to provide transition advice and assistance up to age 25 as needed
 - the requirement to make reasonable efforts to remain in contact up to age 21.
- The age groups that the proposals considered by Cabinet on 26 September 2016 and those included in this paper will apply to, are set out below in Figure one:

Figure one: Transition to independence packages



Discretion to provide advice and assistance up to age 25

- 21 Under the current settings, there are abrupt cut-off points when the support provided to these young people ends. The legislation currently enables a young person to:
 - remain in formal care until the age of 17
 - receive transition advice and assistance, after they have left care, until the age of 20 (or for longer to complete an educational qualification).
- The CYPF (Advocacy, Workforce, and Age Settings) Amendment Bill proposes to enable young people to stay in formal care until age 18. On 26 September 2016, Cabinet agreed to a package of support services for young people aged 18 to 21 who have been in care. This includes:
 - a right to remain or return to living with a caregiver to the age of 21
 - extended eligibility for transition advice and assistance to the age of 21.
- I propose to extend discretionary transition advice and assistance up to age 25, with a particular focus on those with higher and more complex needs. I propose to set the upper age for discretionary support as age 25; this would align with the Ministry for Youth Development's definition of young person. It also aligns with other jurisdictions including New South Wales. England uses the age of 24 and Scotland the age of 26. The difference in the likely cost between each upper age is comparatively small, due to the small number of young people who would receive a service at the higher ages.
- Young people who have been in State care or have been in youth justice residential placements are some of New Zealand's most vulnerable young people, with some of the most limited access to usual supports. The State has an obligation to support children in care. I believe that having been responsible for the primary care of these young people, the State has a responsibility to assist them in early adulthood, particularly when they experience adversity.
- There is strong evidence that young people leaving care and youth justice residential placements experience particularly poor outcomes in many domains, including educational achievement, employment, income, housing, health, and criminal justice.³ These outcomes continue to have an impact on these young people into their twenties.⁴ Their vulnerability can mean that they are less resilient to risk,⁵ and can experience difficulties in gaining access to usual support services, such as primary healthcare.⁶ They are more likely to become parents early and also more likely to have their children come to the attention of Child, Youth and Family.⁷
- By the age of 21, with additional support from the State, many of these young people will have made a successful transition to adulthood. However, some young people, especially those previously exposed to trauma, remain vulnerable into their mid-twenties. Research tells

³ Modernising Child, Youth and Family Expert Panel. (2016). Expert Panel Final Report: Investing in New Zealand's Children and their Families. Wellington.

⁴ Courtney, M., Dworsky, A., Brown, A., Cary, C., Love, K., & Vorhies, V. (2011). *Midwest Evaluation of the Adult Functioning of Former Foster Youth: Outcomes at age 26.* Chicago, IL: Chapin Hall Center for Children at the University of Chicago.

⁵ Cashmore and Paxman 1996; Stein 2005 as cited in Ashton, Sarah. (2014). The Rights of Children and Young People in State Care. Dingwall Trust.

⁶ The Office of the Provincial Advocate for Children and Youth (2012). 25 is the New 21: The Costs and Benefits of Providing Extended Care & Maintenance to Ontario Youth in Care Until Age 25. Author: Ontario.

⁷ Tumen, S. and others. (2016). Research Using Administrative Data to Support the Work of the Expert Panel on Modernising Child, Youth and Family. New Zealand Treasury.

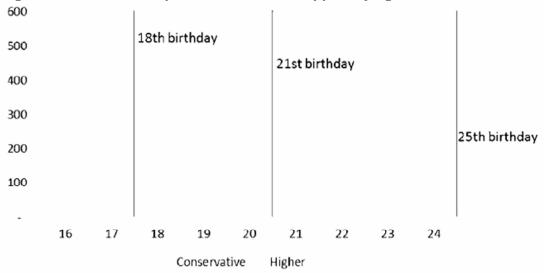
- us that young adults are continuing to develop the neurological ability to exercise good judgement and manage risks until this age.⁸
- 27 Transitions to independence are not linear. Many young adults in their early twenties are in unsettled circumstances, including moving between flats, jobs and relationships, and entering the labour force. Most New Zealand young adults are independent and self-sufficient most of the time, but benefit from support when challenges arise. Parents are increasingly offering support to their children into their twenties, especially with respect to housing.
- 28 I note that the Government expects New Zealand parents to continue to support their children into adulthood. This is reflected, for example, in the student allowance parental income test, which extends up to age 24.
- 29 Discretion to provide transition advice and assistance from the age of 21 up to age 25 is particularly needed for those with higher and more complex needs, including those with significant ongoing mental health issues, those with disabilities, or those with serious developmental, addiction, behavioural or offending issues. Many young adults with these sorts of issues continue to live with their parents or receive intensive support from their parents during a crisis period. Universal and tertiary services typically rely on supportive parents to help young adults navigate the system and support them to recover after the immediate crisis period.
- 30 Most of the young adults without higher and more complex needs will not need additional support. However, some young people may experience a period where short-term support could make a significant difference to their outcomes. Discretion to offer support to this wider population provides for a safety net where necessary.
- 31 The proposal would extend the eligibility for the existing transition to independence provisions in section 386A of the CYPF Act up to the age of 25. These provisions require the chief executive to consider what is necessary for a young person to achieve independence, but contain broad discretion for what is provided:
 - Advice and assistance is intended to complement existing services and support young people to access them, including for example, the proposed advocacy service.
 - Any financial support under these provisions must have regard to what financial
 assistance is already available to the young person. For most young people, existing
 mechanisms of receiving support including financial assistance would be sufficient, and
 there would be no new entitlement to financial assistance.
- 32 Extending discretionary support to age 25 would provide for a system of stepped-down support and allow for advice and assistance to taper off as young people become more independent. Similar stepped-down settings have been introduced in a number of comparable jurisdictions, with a right to remain in 'care' to age 21, and flexibility to provide transition assistance into the mid-twenties.
- 33 The extension of the discretion to provide advice and assistance would apply to all young people who meet the eligibility criteria for section 386A agreed to by Cabinet on 26 September 2016.9

⁸ Gluckman, P. and others (2011). *Improving the transition: Reducing social and psychological morbidity during adolescence*. A report from the Prime Minister's Chief Science Advisor.

⁹ These include young people who have been in one of the following arrangements for a continuous period of at least three months, after the age of 14 years and nine months: the care or custody of the chief executive, the guardianship of the Court, detained in a youth justice residential placement or under a prison sentence that started before the upper age limit for the youth justice system.

An estimated 2,400 young people between the age 21 to age 25 would be eligible. Based on international experience with older age groups as well as New Zealand's experience with young people in care, the uptake of support from eligible young people is expected to drop off rapidly. Our indicative estimate is that one in five eligible young people from age 21 to age 25, or around 500 young people each year, would access some form of support each year.





- I recognise a need to focus support for those over the age of 21 on those with higher and more complex needs, but also wish to retain an element of discretion to enable short-term support to be provided where this would make a difference for those with less complex needs.
- I propose that the empowering provision agreed to by Cabinet on 26 September 2016 to enable regulations to be made on detailed policy settings for transition advice and assistance available under section 386A of the CYPF Act would also apply to eligible young people up to age 25. Regulations would therefore address the following matters:
 - particular considerations to be taken into account when providing support over the age of 21, to guide the chief executive and practitioners the focus to those with higher and more complex needs
 - services and assistance to be provided to the young person and how this is tailored to reflect the circumstances of young people receiving it
 - other related policy issues as required.
- 37 I recommend that the proposal agreed to by Cabinet on 26 September 2016, to introduce a legislative override to the Social Security Act 1964 to clarify that financial assistance, including for young people transitioning from care, is not to be treated as income under the Social Security Act, also apply up to age 25.
- 38 At the time Bill No 2 comes into effect, all young people up to age 25 who meet the eligibility criteria would become eligible for this assistance.

Reasonable efforts to remain in touch

39 Currently, provisions relating to transition to independence require the chief executive to consider what support a young person needs to become independent. However, once a

¹⁰ Around 500 young people leave care and 100 young people exit a youth justice residential placement each year.

¹¹ This has been modelled based on what is known about the level of demand in England and several US states.

- young person has left a care arrangement, they may need to request assistance in order to receive it. This may not meet the needs of vulnerable young people who say that they are often the least able to ask for help when they most need it, because they are in crisis.¹²
- 40 Typically, parents actively maintain contact with their young adult children to help them manage challenges as they move into independence. To reflect this, other jurisdictions (including England, Scotland and Wales) have placed a statutory responsibility on the care and protection agency to 'keep in touch' and continue to assess transition needs and offer services.
- I propose that the CYPF Act is amended to ensure that the new Ministry has clear direction that reasonable efforts should be made to remain in contact with young people who have left care. This provision would apply to all young people eligible under section 386A up to the age of 21. This age would align with the new right to remain or return to living with a caregiver, and reflects the particular needs and expectations for this age group.
- 42 Reasonable efforts to remain in contact with eligible young people could involve a range of channels, including internet or phone-based methods. The amount of contact would be expected to reduce over time, in line with young people's increasing independence. The methods for remaining in contact would take into account a young person's needs as well as their views about this contact.

Case for investment

- I expect that these proposals will lead to a reduction in forward liability to Government by reducing demand for services, especially from justice and health sector agencies and Work and Income. These proposals align with our investment approach for vulnerable children because discretion is retained to allocate supports to where they will have the most impact.
- There is reliable New Zealand data on the poor and costly outcomes in early adulthood for these young people. For care-experienced young people born in 1991, their estimated justice sector and benefit costs to 35 years of age averaged over \$200,000, compared to \$30,000 for those with no contact with Child, Youth and Family.¹³
- International evidence suggests that transition support can be effective and improve the outcomes of young people who have left care, including employment, mental health and interpersonal violence outcomes.¹⁴
- 46 Several international cost-benefit analyses have been undertaken on investment in services for youth transitioning from care to independence. Different models and assumptions have been used, but all have estimated that investment would yield benefits and savings in the long term. A Canadian study modelled extending transition support from age 21 to 25. It estimated a return of \$1.36 due to increased tax revenue and social assistance and incarceration costs avoided. 6

Crichton, S., Templeton, R. & Tumen, S. (2015). Using Integrated Administrative Data to Understand Children at Risk of Poor Outcomes as Young Adults. New Zealand Treasury.

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 $^{^{\}rm 12}$ This feedback was provided by members of the Youth Advisory Panel.

Valentine, E., M. Skemer & M. Courtney. (2015). Becoming Adults: One-year Impact Findings from the Youth Villages Transitional Living Evaluation. MDRC: New York, USA. Provincial Advocate for Youth. (2012). 25 is the New 21: The Costs and Benefits of Providing Extended Care & Maintenance to Ontario Youth in Care Until Age 25.

Courtney, M. (2015). Do the Benefits of Extending Foster Care to Age 21 Outweigh the Costs? Evidence from Illinois, Iowa, and Wisconsin. Wisconsin Family Impact Seminar Number 33. Burley, M., Lee, S. (2010). Extending foster care to age 21: Measuring costs and benefits in Washington State. Olympia: Washington State Institute for Public Policy. Deloitte Access Economics (2016) Raising our children: Guiding young Victorians in care into adulthood. Socioeconomic Cost Benefit Analysis. https://www2.deloitte.com/au/en/pages/economics/articles/guiding-young-victorians-in-care-into-adulthood-anglicare.html

Provincial Advocate for Youth. (2012). The analysis used a 40 year term and a 3% discount rate.

Improving outcomes for these young people could be expected to also have inter-generational impacts by helping to prevent the cycle of violence within families and communities. These effects are difficult to quantify, but the evidence of a 30 per cent reduction in violent relationships from a USA study suggests that these measures will help to reduce the vulnerability of children in the next generation, thereby significantly reducing forward liability for Government and increasing the return on investment.¹⁷

Implications for Māori

48 Māori are significantly over-represented among eligible young people, both in care and in youth justice residential placements. Māori make up six out of every 10 children and young people in care. To succeed, the foundation of service and practice design must be evidence-based and culturally responsive for Māori rangatahi and whānau. This is a key component of the service design work now underway.

Implementation

- Legislation alone would not be sufficient to embed the operational and behavioural changes that are required to significantly improve outcomes for this group of young people. These legislative changes are therefore proposed as one part of wider reform, including detailed design and implementation of the transition service and the new operating model, and engagement with public and community partners to actively assist young people who are vulnerable. There may be a need for workforce and service capacity to be built up over time to meet the desired design.
- 50 Proposals would be implemented from 2017/2018. It is anticipated that service provision would be phased in over three years.

Related proposals

I note that these proposals are linked to recommendations in the companion Accountabilities paper on cross-agency accountabilities to revise requirements for the vulnerable children's plan so that agencies will set out in the plan opportunities and support to improve the wellbeing of young people who have been in care up to age 21 ('community parenting').

Consultation

- This paper was prepared by the Ministry for Social Development. The following agencies were consulted in the development of these proposals: Ministries of Education, Health, Pacific Peoples and Justice, the Ministry for Women, the Department of Corrections, the Children's Action Plan Directorate, the New Zealand Police, Te Puni Kōkiri and the Treasury were involved in the preparation of these proposals.
- The Department of the Prime Minister and Cabinet and the State Services Commission have been informed. The Vulnerable Children's Board has provided direction on specific proposals.
- The proposals have been discussed with the Office of the Children's Commissioner, Barnardos, Dingwall Trust, Open Home Foundation, [9(2)(a)] (academics), and members of the Māori Reference Group, who all supported the general policy intent.

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¹⁷ Valentine, Skemer & Courtney (2015).

Proposals were discussed with young people who have left care and were members of the Youth Advisory Panel. They strongly supported the policy intent for transition services to be provided more proactively and extended up to age 25.

Financial implications

- The final costs associated with the proposals will not be known until the design of the service has been completed and regulations have been developed, which will include consideration of other services already funded by the Government. Fiscal allocations will be confirmed through Budget processes and include consideration of decisions on potential reallocation of services and funding for the new Ministry.
- 57 [9(2)(f)(iv)]
- 58 [9(2)(f)(iv)]
- 59 [9(2)(f)(iv)]
- 60 [9(2)(f)(iv)]
- 61 **[9(2)(f)(iv)]**

Human rights implications

- Draft legislation that arises from proposals in this paper will be assessed comprehensively for compliance with the BORA and the Human Rights Act 1993, and with New Zealand's international obligations.
- Preliminary analysis indicates that proposals, based on age, are prima facie inconsistent with the right to freedom from discrimination based on age as defined by section 19 of the New Zealand Bill of Rights Act 1990 (BORA) and section 21(1)(i) of the Human Rights Act 1993. Those aged over the upper age limits are not included. However, this prima facie inconsistency may be justifiable in terms of section 5 of BORA.
- 64 All proposals in this paper have been assessed against child impact assessment guidelines and align well with New Zealand's obligations under the United Nations Convention on the Rights of the Child.

Legislative implications

The proposals in this paper will be included in a second stage of legislative reform to establish the new operating model (Bill No 2). [9(2)(f)(ii) protect collective and individual Ministerial responsibility]

Regulatory impact and compliance cost statement

The regulatory impact analysis requirements apply to the proposals in this paper. Analysis of these proposals has been prepared and included in the attached Accountabilities Regulatory Impact Statement (RIS).

¹⁸ Section 19(1) of the New Zealand Bill of Rights Act 1990 affirms that everyone is entitled to be free from discrimination on the grounds set out in section 21 of the Human Rights Act 1993; this includes age (starting at 16). The LAC Guidelines set out that a provision will likely limit the right to freedom from discrimination where it draws a distinction on one of the prohibited grounds of discrimination and the distinction involves a material disadvantage to one or more classes of individuals.

67 The Regulatory Impact Analysis Team (RIAT) at the Treasury has reviewed the RIS produced by the Ministry of Social Development. The reviewers consider that the information and analysis summarised in the RIS **meets** the QA criteria. It makes the case that legislative along with operational changes are necessary to underpin the accountability structure of the new Ministry and to support the new operating model. However, the actual impact of decisions will largely depend on the detailed design of the new arrangements. Therefore, it is important to put a comprehensive monitoring and evaluation process in place, to measure the success of the new system and identify any additional changes needed.

Gender implications

The proposals are intended to improve the access to education, employment or training by young people leaving care or a youth justice residential placement. This would have a positive impact on young women, who are more likely than young men to be disengaged with education, employment or training.¹⁹

Disability perspective

Proposals in this paper for care-experienced young people are consistent with the United Nations Convention on the Rights of Persons with Disabilities and will help to advance the objectives of the New Zealand Disability Strategy, especially objective 8 to support independent living in the community for disabled people.

Publicity

- The Final Report of the Expert Panel and the accompanying Cabinet paper were released on 7 April 2016. A first set of Cabinet papers considered by SOC in September were released on 22 September 2016.
- Any further specific public announcements about Bill No 2 will be co-ordinated by the Office of the Minister for Social Development.

Recommendations

- 1 It is recommended that the Cabinet Social Policy Committee (SOC):
 - note that, on 30 March 2016, SOC invited the Minister for Social Development to report back on possible areas for legislative change to give effect to the new operating model for vulnerable children and young people [SOC-16-MIN-0024]
 - 2 note that on 26 September 2016, Cabinet agreed to a package of legislative proposals for care leavers aged 18 to 21 [CAB-16-Min-0492] including a right to remain or return to living with a caregiver, and extended eligibility for transition advice and assistance available under section 386A to age 21
 - agree to amend section 386A of the Children, Young Persons, and Their Families Act 1989 (CYPF Act) to allow the discretion for transition-related advice and assistance to be provided up to the 25th birthday, if necessary
 - 4 agree that the empowering provision agreed to by Cabinet on 26 September 2016 to enable regulations to be made on detailed policy settings for transition advice and assistance available under section 386A of the CYPF Act would also apply to eligible young people up to their 25th birthday

¹⁹ Statistics NZ, youth (aged 15 to 24 years) not in employment, education, or training (NEET).

- 5 agree that these regulations will also provide guidance to the chief executive to focus transition advice and assistance for young people aged 21-25 on those with higher and more complex needs
- agree that the proposal agreed to by Cabinet on 26 September 2016 to introduce a legislative override to the Social Security Act 1964 to clarify that financial assistance, including for young people transitioning from care, is not to be treated as income under the Social Security Act also apply up to their 25th birthday
- agree to amend the CYPF Act to require the chief executive to make reasonable efforts to remain in contact with the young people eligible under section 386A, up to age 21, in order to consider if their needs are being adequately met, and to offer advice and assistance as necessary

Financial implications

- 8 [9(2)(f)(iv) Confidentiality of advice]
- 9 **[9(2)(f)(iv)]**
- 10 **note** that detailed service design will need to be completed before more definitive costs can be provided and final funding decisions will be sought through Budget processes
- 11 **note** that fiscal costs can be scaled to respond to the design of the new operating model and to implement an investment approach

Next steps

- 12 **invite** the Minister for Social Development to issue drafting instructions to the Parliamentary Counsel Office to draft clauses for inclusion in Bill No 2, to give effect to Cabinet decisions on the recommendations in this paper
- authorise the Minister for Social Development to make any minor technical and administrative changes required to finalise draft legislation to give effect to the proposals in this paper, in keeping with the overall policy aims of the proposals, and in consultation with other Ministers as appropriate
- 14 note that any substantive policy decisions required to finalise draft legislation for inclusion in Bill No 2 will be submitted to Cabinet for decisions.

Authorised for lodgement

Hon Anne Tolley Minister for Social Development

Appendix One – [9(2)(f)(iv) Confidentiality of advice]

Figure three: [9(2)(f)(iv)]