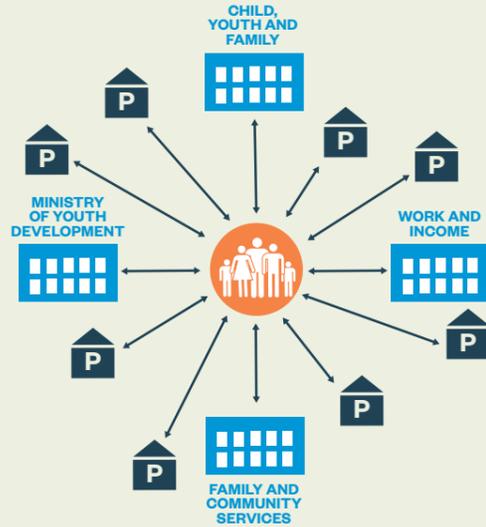


NEXT STEPS

Investing in Services for Outcomes will be implemented over the next 18 months and is expected to be largely operational by December 2013.

Currently



- Unclear funding priorities
- Multiple contracts with single providers
- Inconsistent service effectiveness and results measurement
- Competitive tendering limiting results
- Inconsistent contracting and tendering
- Contracting silos
- Delivery gaps

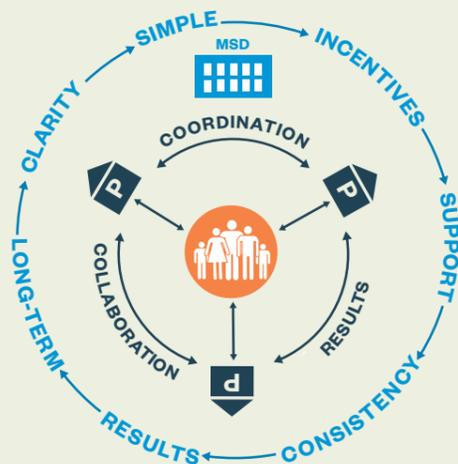
June 2012 Direction, expectations and timeframe set out and communicated to MSD funded providers

December 2012 Provider capability framework developed
Government priorities and target groups identified
Decisions made on what services will be purchased

June 2013 MSD funding and contracting processes streamlined
Providers have assessed their capability
Providers selected and contracted

December 2013 Most changes in place
Continuous improvement cycle begins

The Future



Outcome: Ensuring the needs are met of individuals, children, families, whānau and communities in New Zealand

Investing in Services for Outcomes

Communities, social services and Government working together can improve outcomes for individuals, children, families and whānau in New Zealand.

The Government wants to improve the way the Ministry of Social Development (MSD) contracts social service organisations to achieve better results for communities.

Government priorities will drive funding towards capable services that make a proven difference and get demonstrable results.

Changes made through Investing in Services for Outcomes will provide a simpler and more streamlined contracting approach so that investment in MSD-funded service providers will focus squarely on the best outcomes for families, whānau and communities.



FROM THE MINISTER FOR SOCIAL DEVELOPMENT

E ngā iwi o te motu, tēnā koutou katoa.

We share the same aim as social service providers to support vulnerable families and communities effectively. This is at the heart of what we do and it makes sense for Government, MSD and the social services sector to work together.

MSD funds more than 2,300 social services providers to deliver around 4,300 contracts supporting children, individuals and families annually. These contracts are linked to MSD's four service lines – Work and Income, Child, Youth and Family, Family and Community Services, and the Ministry of Youth Development.

It's vital these Government-funded services make a tangible difference to those who need it most.

Services including intensive home visiting for vulnerable children, parenting support, community social work, youth programmes and employment support have the potential to change lives, but every dollar has to make a difference.

Government is determined to improve outcomes through social services, which means taking an inside out approach to lifting our game.

We are changing how we work within Government and we're asking MSD-funded service providers to change how they connect with families and communities on the outside. We're asking providers to ensure they achieve the best results for families and communities through the way they work. In Government, we are also looking to change the way we work with providers.

Since 2009, I have been putting the building blocks in place to transform social services. I started by responding to cost pressures during the recession, then simplified contracting and compliance through High Trust Contracts and introduced Innovation Funding to encourage collaboration. I have set my expectations for our social sector agencies to focus on results for communities. We have, and will provide support to them but I will discontinue contracts where providers have continued to not meet Government expectations. This is an example of focused contract management that will support providers to deliver high quality, effective services.

These measures are a signal of more to come. With these building blocks in place, the next step is to ensure that the way we invest in services delivers

stronger, more flexible and integrated community-based social services. We are making significant change both inside and out for the families and whānau we need to support.

We need to make significant changes to see better outcomes within communities.

I know that change can be challenging but it is so critical that we get it right for the families and children who need help. We simply must continue to improve our services.

I hope you will join me in seeing this as an opportunity for all of us to change and make continual improvements that deliver real results for everyone.



Hon Paula Bennett
Minister for Social Development

INVESTING IN SERVICES FOR OUTCOMES – CHANGES AT A GLANCE

Government, MSD and MSD-funded service providers will work with communities to achieve the following outcomes.

| GOVERNMENT | MSD | MSD-FUNDED PROVIDERS |
|--|--|---|
| Determine purchasing priorities (types of services to be funded and where) | Streamline relationship and funding management Further develop contracting mechanisms Hold providers and MSD accountable for agreed results Invest in the capability of providers who have the potential to deliver effectively | MSD providers assess their organisational capability and delivery using a framework developed in partnership with MSD |



FROM MURRAY EDRIDGE, DEPUTY CHIEF EXECUTIVE FAMILY AND COMMUNITY SERVICES, MSD

A vision for the social sector

Our vision for better contracting within MSD will ensure funding is used effectively and efficiently. We want to have more joined-up providers, funded under fewer agreements, delivering measurable results.

The changes will see:

- better use of multi-year and multi-agency contracts and better consistency across MSD's service lines
- incentivising providers to achieve the results our communities need
- funding targeted to what we know is working and the organisations that can demonstrate success
- providers working together for better outcomes
- supporting providers to develop and adapt to changing expectations
- solid and measurable outcomes achieved with current funding levels
- better ways of measuring what results are being achieved.

We will maintain funding levels in the sector, however where there is evidence that our current funding is not delivering what works, the funding will be shifted to where it can make a difference.

In calling for change, the Minister has given clear direction to MSD that it too must transform the way it operates in order to support the community agencies in working with our most vulnerable.

We have a real opportunity to improve how we manage contracts and eliminate some of the existing issues including, gaps and duplication, providers with multiple contracts with both MSD and other government agencies and short-term contracts which leave little stability for the community organisations we fund.

Partnering with MSD-funded service providers

The social services sector is central to achieving better outcomes on the ground. We are all working for the same goals – whether you work in the community

or in government: We all want families, whānau and particularly vulnerable members of society to get the support they need.

Over the next few months decisions will be made about which types of services MSD will fund in order to achieve the outcomes we need in line with Government priorities. Communities will have an opportunity to feed into the development process. We will also be engaging with the existing NGO Advisory Group and Community Response Model Forums.

MSD will work with its providers to develop a capability framework that builds on existing frameworks and experience. The framework will be used by MSD-funded service providers to assess their own delivery and organisational capability, which will then guide decisions on which providers are best placed to deliver which services, and where.

Future support – Capability Investment Resource

Some providers will need support to deliver results. We intend to invest in the providers that can demonstrate they have the potential to deliver services effectively. To support this, Government will provide \$31.65 million over four years through a Capability Investment Resource. From July 2012, this fund will be used to:

- continually improve the quality of social services funded by Government through strengthening organisational and delivery capability
- motivate and reward funded providers to achieve real results
- help join up providers across communities to achieve better outcomes for clients, families, whānau and their communities.