



# Report

**Date:** 18 May 2016

**Security Level:** IN CONFIDENCE

**To:** Hon Paula Bennett, Minister for Social Housing

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## Implementation of emergency housing funding model

### Purpose of the report

- 1 This report provides advice on whether the emergency housing funding model could be implemented faster than initially advised. It seeks an indication of your preference for a procurement option the Ministry of Social Development (MSD) should follow to contract emergency housing places.

### Executive summary

- 2 In Budget 2016, \$41.6 million has been committed to a new emergency housing funding model comprising contracted emergency housing places and a new emergency housing Special Needs Grant (SNG).
- 3 MSD has been planning to implement the new emergency housing funding model in late September 2016. At your request, MSD has investigated whether it is possible to bring forward the implementation date.
- 4 This report sets out three options for the procurement process for the contracted emergency housing places which all offer an accelerated implementation.
  - **Option 1: Phased implementation from end of July onwards** – a phased procurement process which includes varying the contracts for the 16 existing providers of social work services for families in emergency housing. Under this option, funding could be provided to certain providers from the end of July 2016 but there are some risks (e.g. perception of fairness from other providers).
  - **Option 2: Implementation from end of August/early September** – a procurement process which could still account for the status of different provider groups (e.g. providers with existing government contracts would benefit from a more streamlined procurement process) but with final decisions about funding for all providers being made at the same time. Providers would be selected and contracts offered to successful providers by the end of August.
  - **Option 3: Phased implementation from early July onwards (recommended option)** – a phased and significantly streamlined procurement process for existing government contracts. Under this option, funding could be provided to certain providers from the beginning of July 2016 but there are some important risks to consider (e.g. impact on service quality for the initial roll out).

5 [Section 9\(2\)\(f\)\(iv\) Active Consideration](#)

- 6 MSD does not consider that the SNG can be implemented before September. This is mainly due to the IT changes that need to be made to ensure that this new SNG is available to frontline staff. Until the SNG is implemented, frontline staff will still assist those requiring emergency housing through the avenues currently available (use of benefit advances or recoverable assistance payments).

### Recommended actions

It is recommended that you:

- 1 **note** that the Ministry of Social Development has considered whether the emergency housing funding model could be implemented faster than initially advised and has developed three options for the procurement process for the contracted emergency housing places:
  - 1.1 Option 1 – Phased implementation from July onwards which includes varying the contracts for the 16 existing providers already contracted by the Ministry of Social Development
  - 1.2 Option 2 – Implementation from the end of August/early September onwards with decisions about funding for all providers made at the same time
  - 1.3 Option 3 – Phased implementation from early July onwards which includes a significantly streamlined procurement process for providers with existing emergency housing-related government contracts
- 2 **agree** with the Ministry of Social Development’s recommendation of Option Three as the quickest way of getting funding out to emergency housing providers while still following a transparent process, although there are some important risks to consider

**Agree / Disagree**

- 3 **note** that line-by-line reviews of the 16 providers who are already contracted by MSD to provide social work services for families in emergency housing are currently underway and, when these are finalised, the Ministry of Social Development will report to you, the Minister for Social Development and the Associate Minister for Social Development with the findings, and how any changes that are required should be implemented

- 4 [Section 9\(2\)\(f\)\(iv\) Active Consideration](#)

- 5 **note** that MSD does not consider that the Special Needs Grant can be implemented before September 2016 because of the IT changes that are required

6 **agree** to forward a copy of this report to the Minister for Social Development.

**Agree / Disagree**

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Anna Butler, General Manager,  
Housing, Income Support and Employment

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Date

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Hon Paula Bennett  
Minister for Social Housing

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Date

## Background

- 7 In Budget 2016, \$41.6 million has been committed to a new emergency housing funding model comprising:
- approximately 800 contracted emergency housing places (approximately 3,000 per year) delivered by emergency housing providers for individuals and families across New Zealand
  - a new, non-recoverable emergency housing Special Needs Grant (SNG) to help individual and families with the cost of staying in emergency housing (for example, motels, hostels etc) for up to seven days if they are unable to access one of the contracted places
  - [Section 9\(2\)\(f\)\(iv\) Active Consideration](#)

### **The procurement process for the contracted emergency housing places can be accelerated but there are pros and cons that need to be considered**

- 8 Three options have been developed for accelerating the procurement process for the contracted emergency housing places. These options and the associated pros, cons and timeframes are set out below.

#### *Option 1: Phased implementation from the end of July onwards*

- 9 This option would involve a phased procurement process tailored to the type of providers seeking funding. Alongside an RFP process for providers not currently funded by government, this option would make contracted places funding available for the 16 providers contracted by MSD to deliver social work services for families in emergency housing by varying their existing contracts. Under this process, providers with existing contracts with government would effectively be 'fast-tracked' for contracted places funding.

#### *Option 2: Implementation from the end of August/early September onwards*

- 10 This option would still involve a procurement process that was tailored to the type of providers seeking funding (e.g. providers with existing contracts would be 'pre-qualified' for certain aspects of the RFP and so would not have to provide as much information in the procurement process as providers with no contracts with government). The key distinction between Option 1 and 2 is that the final decisions on the allocation of funding would not be made until the end of the RFP process. In this way proposals from all providers could be considered together, whether they have existing contracts with government or not.

#### *Option 3: Phased implementation from early July onwards*

- 11 This option would begin the RFP process one week earlier than the other options. It also involves a phased procurement process tailored to the type of providers seeking funding, which is similar to Option 1. Under this option, all providers would go through an RFP and providers with existing contracts with government would be further 'fast-tracked' for contracted places funding, since the timeframe for providers to respond and for MSD to evaluate the responses would be shortened.

- 12 The approximate changes to the timeline for each options are shown below (note however that the timeframe for implementation will depend on contract negotiations which vary from provider to provider)r:

<b>Stage</b>	<b>Original timeline</b>	<b>Option 1 timeline</b>	<b>Option 2 timeline</b>	<b>Option 3 timeline</b>
<b>Open RFP</b>	22 June for all providers	7 June for most providers  Start CI contract variations earlier	7 June for all providers	1 June for all providers
<b>Final response to RFP due</b>	27 July	Same as Option 2 for existing and new providers	4 July for existing providers  18 July for new providers	22 June for existing providers  13 July for new providers
<b>Evaluation of RFP responses complete</b>	August	18 July for existing providers  Same as Option 2 for new providers	8 August for existing and new providers	28 June for existing providers  3 August for new providers
<b>Funding for places available to providers</b>	September	From the end of July for existing providers  Same as Option 2 for new providers	From the end of August for existing and new providers	1 July for existing providers  Mid-August for new providers
Acceleration in time	None	Four to six weeks for places with existing providers  Same as Option 2 for new providers	Two to three weeks for places with existing and new providers	Eight to ten weeks for places with existing providers  Four weeks for places with new providers

13 The pros and cons of the three options are outlined below.

Option	Pros	Cons
<a href="#">Section 9(2)(g)(i) Free and Frank Expression</a>		

- 14 MSD considers that all options outlined above are in line with government procurement rules and will be seeking confirmation of this from the procurement team at the Ministry of Business, Innovation and Employment.
- 15 MSD recommends Option Three as this would provide a transparent process which would make funding available as soon as possible. Additional resources will be required to ensure there is a working service response ready in time.
- 16 MSD is preparing the documentation that will be required for the procurement process. Once officials have confirmed which procurement approach you would prefer MSD to follow, this documentation will be finalised before publicly announcing the procurement process.

### **Link with the line-by-line reviews of providers currently contracted by MSD to deliver social work services for families in emergency housing**

- 17 The line-by-line review of the 16 providers currently contracted by MSD to provide social work services for families in emergency housing is almost complete. As soon as this review is finalised MSD will report to you, the Minister for Social Development and the Associate Minister for Social Development with the findings from these reviews and proposals for how any changes that are required should be implemented.
- 18 MSD intends to make any changes required to these contracts resulting from the line-by-line reviews through agreeing contract variations with these 16 providers. Discussions about these contract variations would happen at the same time as contract discussions about how these providers could access the contracted places funding.
- 19 A key priority in these contract variations would be to ensure that there is no duplication of funding for providers by clearly separating the funding for the cost of providing emergency housing accommodation and funding for the services for people in emergency housing. These contract variation discussions would also involve ensuring that the funding for accommodation and funding for services was aligned. For example, the contracted funding will be for three months per individual or family so the service contracts would also be focused on supporting these individuals and families while they are in emergency housing and with the transition to longer-term housing.

[Section 9\(2\)\(f\)\(iv\) Active Consideration](#)

20 [Section 9\(2\)\(f\)\(iv\) Active Consideration](#)

### **The proposed Emergency Housing Special Needs Grant will be implemented in September 2016**

- 21 MSD does not consider that the SNG can be implemented before September. This is mainly due to the IT changes that need to be made to ensure that this SNG is available for frontline staff. Until the SNG is implemented, frontline staff will still assist those requiring emergency housing through the avenues currently available (use of benefit advances or recoverable assistance payments).

### **Next steps**

- 22 MSD will report to you, the Minister for Social Development and the Associate Minister for Social Development as soon as the findings from the line-by-line reviews of current providers are finalised.

23 Based on your feedback on this report, officials will work with your office on the timing for further reports on the implementation of the new emergency housing funding model in the coming weeks and months.

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