



Report

Date: 6 August 2021

Security Level: BUDGET - SENSITIVE

To: Hon Carmel Sepuloni, Minister for Social Development and Employment

Social Sector Commissioning – Proposed changes

Purpose of the report

- 1 This report provides you advice on proposed changes to improve how government social sector agencies commission services from non-government organisations (NGOs). This includes:
 - 1.1 a foundational shift in the way that government agencies, providers and communities work together ('the relational approach')
 - 1.2 changes to government systems, processes and practices. A new set of expectations (commitments) and tangible changes will improve current practice and enable a relational way of working s 9(2)(f)(iv)
- 2 We are seeking your approval to prepare a draft Cabinet paper based on the information provided and recommend you discuss the matters in this paper with the Minister of Finance.

Executive summary

- 3 Social services in New Zealand play a vital role in supporting and furthering the wellbeing of our people and communities. There is an opportunity to improve how government agencies commission services from NGOs across the social sector to align with the government's wellbeing goals.
- 4 Members of the sector, government agencies and communities share a vision of social services that improve intergenerational wellbeing. Trying to address social issues in isolation is expensive and resource intensive. Iwi, hapū, whānau, communities, funders and providers cannot solve these issues alone – but working together, we can drive towards a common goal to deliver better, and meaningful outcomes for the people we serve.
- 5 Some progress has been made to improve commissioning, including through significant investment in previous budgets for cost pressures and new initiatives, and through changes in processes by individual agencies. However, good commissioning practice is not yet widespread across government agencies. This has contributed to the challenges faced by NGOs – including competitive procurement approaches, the burden of reporting, and funding that has not kept up with rising costs.
- 6 Government agencies have worked with members from across the sector to identify the shifts required to enable more effective ways of working. The focus has been on 'how' agencies work with sector organisations and communities as opposed to 'what' services should look like. This is based on the notion that trying to address social issues in isolation is expensive and resource intensive. Iwi, hapū, whānau, communities, funders and non-government and community organisations delivering services (NGOs) cannot solve these issues alone – but together, we can drive towards a common goal in a more effective and efficient way.

- 7 The proposed change can be summarised as:
- 7.1 **A foundational shift in the way that government agencies, sector organisations and communities work together.** This is a model developed with the sector that we are calling '*the relational approach*' which is about resetting relationships, expectations and behaviours so that the right people can work collectively on solutions that support the aspirations of whānau and communities. This approach may be particularly useful for whānau and communities requiring supports across the siloes of government
 - 7.2 **Changes to government systems, processes and practices.** This is about a significant shift in practice for ^{s 9(2)(f)(iv)} [REDACTED]
[REDACTED] These system changes will also enable a relational way of working.
- 8 Focusing on the 'how' provides an avenue for aligning with and delivering on Government priorities (eg to make strategy real through a change in commissioning approach, or to encourage greater consistency and integration across agencies).
- 9 Implementation will require change on multiple fronts, and officials would like to discuss the choices you have on the scale and pace of change. Officials recommend that you take a paper to the Cabinet Social Wellbeing Committee (SWC) that sets out the proposed changes above, a high-level implementation plan, and an update to the sector that can be published.

Recommended actions

It is recommended that you:

- 1 **note** that social sector agencies and non-government organisations (NGOs) agree that the current way in which social services are commissioned is not adequately meeting the needs of whānau and communities
- 2 **note** that the proposed changes are focused on 'how' government agencies work with NGOs, communities and whānau across the social sector, as opposed to focusing on the 'what'
- 3 **agree** that officials prepare a draft Cabinet paper for the Social Wellbeing Committee meeting that includes:
 - 3.1 the reason for change now and how it builds on previous work or complements work that is underway
 - 3.2 confirmation of the principles for improved commissioning, which were released in draft in the 2020 update to the sector (which may include an additional equity principle)
 - 3.3 what the change includes, and choices on extent of change:
 - 3.3.1 growing and extending "*the relational approach*" – there are choices around the scope and pace of change
 - 3.3.2 system changes to improve current practice ^{s 9(2)(f)(iv)} [REDACTED]
[REDACTED]
 - 3.4 a high-level implementation plan, including:
 - 3.4.1 a pathway for change to implement the relational approach across the social sector

3.4.2 how system changes will be sequenced over time

3.4.3 an operating model for delivery, including Ministerial arrangements, cross-agency governance and other arrangements to support the change, and to monitor implementation

3.4.4 measures to quantify progress and understand the impact of change over time

3.5 an update to the sector that can be published

Agree / Disagree

4 **note** that these changes have been developed in conjunction with members of the wider social sector, including representatives from NGOs and peak organisations

5 **note** that the scale of change proposed is large and will take time to take effect requiring a clear mandate for change, buy-in across Government and in the sector, and an operating model to help deliver the change

6 **note** that further work is required as part of implementation planning to understand the impacts of change on agencies and the sector which will be canvassed in the Cabinet paper

7 s 9(2)(f)(iv)

8 **note** the Ministry of Social Development consulted with the following agencies on this report: the Ministries of Business Innovation and Employment, Education, Health, Housing and Urban Development, Justice, Pacific Peoples; ACC, Ara Poutama Aotearoa Department of Corrections, Department of Internal Affairs, Department of Prime Minister and Cabinet (Child Wellbeing and Poverty Reduction Group; Health and Disability Review Transition Unit; Policy Advisory Group), New Zealand Police, Oranga Tamariki Ministry for Children, Office for Disability Issues, Office for Seniors, Te Puni Kōkiri, and the Treasury. It also consulted with the Family Violence and Sexual Violence Joint Venture

9 s 9(2)(f)(iv)

10 **refer** this report to the Ministers who are members of the Social Wellbeing Committee, along with the Minister for Economic and Regional Development, the Minister for the Community and Voluntary Sector, the Minister for Youth, and the Minister for the Prevention of Family and Sexual Violence.



Maria-Laura Crespo
Co-Director, Strategic Issues and Investment
Strategy and Insights



Date



Hon Carmel Sepuloni
Minister for Social Development and
Employment



Date

Background

- 10 NGOs including iwi/Māori organisations, service providers and community organisations play an important role in promoting the wellbeing of New Zealanders. Responding to COVID-19 over the last year has highlighted the role of NGOs in supporting people.
- 11 NGOs are often funded by contracts or grants with government agencies which complement or extend the services delivered by government agencies. Approximately \$7.1 billion¹, and potentially more, went to NGOs for the delivery of social services in 2020/21. This equates to approximately 6.5 percent of Core Crown expenditure for 2020/21.
- 12 In August 2020, you released an update to the sector on social sector commissioning. The update outlined a draft set of principles and a set of key actions to progress over the shorter term. In addition, the work is related to the following 2020 Election Manifesto commitment: *"Labour will also work toward a more effective social service sector by improving how government commissions and works with social service providers."*
- 13 To progress this work in 2021, agencies (jointly led by the Ministry of Social Development and Oranga Tamariki Ministry for Children) have been engaging with sector representatives and iwi/hapū/Māori partners through a wānanga, two symposia (you attended the March symposium) and online forums. These included representatives from: disability, education, health, and social service providers; community organisations; Whānau Ora commissioning agencies; philanthropic organisations; and peak organisations. The sector has reiterated key themes including the importance of relationships, Te Tiriti o Waitangi, whānau, flexibility, retaining what worked well during COVID-19, and being both ambitious and pragmatic about progressing change. This has also been confirmed through previous consultation with the sector and consultation to prepare a national strategy on Family Violence and Sexual Violence.

We can improve the commissioning of social services across government agencies to align with the government's wellbeing goals

- 14 It has been recognised for some time by government agencies and commented on by other actors, like the Productivity Commission, that more change is needed in commissioning for social services to simplify and streamline the experience of individuals and whānau accessing support.
- 15 To date officials have heard a lot about the way that government and social sector interactions work now as well as what the future could look like. The current system has the following challenges or weaknesses:

| Summary of challenges or weaknesses in current approach to social sector commissioning |
|--|
| <ul style="list-style-type: none">Many government agencies and NGOs delivering services lack clarity about the objectives of the social system and their role in it. The organisational cultures of providers and government agencies are often resistant to change. |

¹ This \$7.1 billion figure is based on an analysis of the total spend on non-government organisations for 2020/21 appropriations across Votes Courts, Corrections, Education, Health (excluding DHBs and non-DHB Crown Entities), Housing and Urban Development, Internal Affairs, Justice, Māori Development, Oranga Tamariki, Pacific peoples, Police, and Social Development. Note that this was a point in time analysis and does not reflect all social sector spend – for example from DHBs, ACC, Kainga Ora and Tertiary Education Commission.

- Recent reviews in the social sector have highlighted that services do not adequately respond to the needs or aspirations of Māori. Traditional approaches to commissioning (such as one-size-fits-all) have failed to achieve equity of outcomes for Māori or support choice.
- Approaches and solutions are often driven from the centre, and do not reflect the realities of whānau and communities or variations in regions/localities, or populations of interest (for example disabled people and older people). The solutions are often based on a deficit approach as opposed to reflecting the strengths of whānau and communities.
- A lack of co-ordination between social services and across government agencies can result in siloed and unsophisticated commissioning, fragmented services, and duplication of effort and resources.
- Many NGOs lack the scale, capacity and/or capability required to deliver effective and sustainable services (because of competitive drivers, funding only for services not building organisational strength, and funding arrangements restricting degree of service response).
- The approach to the purchasing and contracting parts of the commissioning process for social services appears to be slowly improving, however:
 - while the Government procurement principles and rules have been developed to support good practice across all kinds of procurements and are designed to allow flexibility, they do not always provide enough guidance for the characteristics of the social sector. Consequently, commissioners and procurement teams in government agencies may be too narrow in their interpretation and application of rules
 - the current system for funding is not designed to deliver outcomes - it has been created to manage contracts and fund outputs. There is a lack of transparency about how funding is determined and applied with funding models often lacking flexibility which is not conducive to tailored support or innovative solutions. Government agencies quite often pay less than full cost when contracting NGOs to deliver the Government's goals and commitments – this is driven by a range of factors, including how agencies manage cost and volume pressures
 - contracts can be one-sided transactional processes, with funders setting the specifications, parameters and risks, with little effort on the relationship with the NGO or the involvement of NGO(s) in co-production. This means that commissioning can be short-term, low trust and output-driven as opposed to the long term, strengths-based and high trust model that will achieve real change
 - reliance on open sourcing processes drives competition between providers, instead of encouraging collaboration, where lowest price may override effectiveness of support. Further, the lack of trust and low tolerance for mistakes because of fear of losing funding hinders open communication and learning across NGOs and with government agencies
 - onerous accreditation, audit, monitoring, and reporting requirements are imposed on NGOs, but do not always identify risks, support good practice or address quality concerns
 - too little effort is made to capture and analyse information on the impact and cost-effectiveness of activities, and to draw and spread lessons from existing services and new initiatives.

- 16 Addressing these issues in a meaningful way to improve support for New Zealanders first requires action by government agencies, both individually and collectively, to improve commissioning practice to shift away from a narrow and competitive model of commissioning to a higher trust model that enables and supports NGOs to make the best decisions for the communities and whānau with whom they work. This is because we know and can trust that NGOs are trying to achieve the same outcomes (and are better placed to do so).
- 17 Members of the sector, government agencies and communities share a vision of social services that improve intergenerational wellbeing; however, currently the system does not consistently support the commissioning behaviours and practices that we believe will best contribute to this goal.

- 18 Achieving the Government's priority of increasing wellbeing for New Zealanders requires a clear direction that recognises that:
- there are limitations on what government agencies can do, and in some situations NGOs and communities are better placed to support individuals, families and whānau
 - New Zealand is made up of a diversity of experiences and life situations, and there is no one-size-fits-all approach to increasing wellbeing. Instead, a shift to focus on outcomes with flexibility and adaptability over time is needed
 - an enabling environment is needed where government agencies have permission/mandate to form partnerships with NGOs and communities in working together on shared priorities
 - a new approach for how government agencies work with non-government actors towards outcomes needs to be developed to meet the unique and diverse needs of New Zealand, including being practically responsive to the Te Tiriti o Waitangi / Treaty of Waitangi, and supporting Pacific communities and other ethnic and population groups, in ways that work for them
 - the ability to do the above may be shaped by government priorities. government will always need to be able to make decisions and trade-offs which may have a positive or negative impact on individual NGOs or the sector overall.

Progress has been made, with government agencies making changes to improve commissioning processes, and more can be done

- 19 Significant Budget investments have been made across the social sector since Budget 2018 to implement new initiatives and enable agencies to address cost pressures experienced by NGOs. The response to COVID-19 also saw additional investment in NGOs, and greater flexibility to enable NGOs to support people and communities.
- 20 Agencies have also been making progress to improve commissioning of social services, building on the draft commissioning principles, and in line with the key actions outlined in the August 2020 update to the sector. Examples of progress are described below.
- **Agencies engaging with their community stakeholders earlier and more frequently as well as increasing their emphasis on kaupapa Māori approaches and partnerships.**
 - The Ministry of Health – as part of the Budget 2019 funding for extending access and choice of primary mental health and addiction services – designed a different procurement approach to facilitate greater diversity in the pool of potential providers – this included the ability for providers to submit in written or oral form and to submit in Te Reo.
 - ACC, in its procurement of kaupapa Māori health services, has utilised a regional commissioning approach which includes non-prescriptive kanohi ki te kanohi (face-to-face) presentations as part of the evaluation process.
 - **Agencies implementing new ways of working that facilitate greater certainty and stability for communities and those delivering services.**
 - The Pacific Integrated Services Approach brings together the Ministries of Health, Education and Social Development's COVID-19 funding through Budget 2020, with support from the Ministry for Pacific Peoples, to support and develop new ways of funding, procuring, and contracting for some Pacific providers that have contracts with multiple agencies.
 - As a result of the joint procurement and contract alignment between the Ministry of Justice and Ara Poutama New Zealand, a consistent hourly rate was agreed for non-violence programme delivery. Providers are now paid the same rate for the same service. This provides better

service delivery options for providers, to ensure participants have access to services when needed.

- **System-wide changes, such as the Data Protection and Use Policy (DPUP) and the Data Exchange (DX)**, which are about ensuring that organisations and agencies are collecting only the information that is required, and then facilitating the safe and secure transfer of data.

21 These examples demonstrate progress but do not yet translate into widespread practice across agencies or the sector.

The principles for improved commissioning describe what is important

22 Last year a set of commissioning principles were released in draft in the update to the sector, and while they were agreed in principle by Cabinet, they are yet to be confirmed. These working principles are:

- individuals, families, whānau and communities exercise choice
- Māori-Crown partnerships are at the heart of effective commissioning
- the sector works together locally, regionally, and nationally
- the sector is sustainable
- decisions and actions are taken transparently
- the sector is always learning and improving.

23 Officials tested these with the sector, and they received broad support as system principles. Some agencies have also begun adopting and adapting the principles into the design of their work, for example the Ministry of Health's work on Commissioning for Equity and Wellbeing, ACC's commissioning of kaupapa Māori health services, the Department of Internal Affairs (DIA) good practice principles for community funding, and Te Hiku Accord arrangements.

24 Officials are currently working through the principles to determine whether any adjustments may be warranted, such as the addition of a seventh principle to respond to sector feedback, ahead of confirmation by Cabinet. Such a principle could respond to the importance of flexibility and adaptability in commissioning approaches that support specific differences within communities of ethnicity, population, place, or common interests. For example, engagement with Pacific providers called for action that responds to the uniqueness and diversity of Pacific people, which are different to approaches for Māori based on a Treaty partnership. A focus on equity would be inclusive of ethnic communities, Rainbow people, disabled people, or people living in rural areas, for example. Officials are exploring whether a seventh principle is required to reflect this equity approach and will report back to you with advice as part of preparation of the proposed Cabinet paper.

There is more that can be done to improve how government agencies work with iwi, hapū, whānau, communities and NGOs

25 The sector has been clear that if the Government is serious about delivering better value interventions in the social sector, and therefore more impactful services to whānau and communities, the change needs to start with government agencies. This is about 'how' the system works as opposed to a change in 'what' the system is focused on. Focusing on the 'how' provides an avenue for aligning with and delivering on Government priorities (for example to make strategy real through a change in commissioning approach, or to encourage greater consistency and integration across agencies).

26 Officials agree that as the significant funder of NGOs in the social sector, government agencies have the collective power and responsibility to lead the change in practice that the sector is calling for. This is about government agencies exercising system stewardship through greater alignment and collective action in commissioning services across the sector.

- 27 Officials consider that the change required needs to incorporate both:
- a foundational shift in how agencies, social sector organisations and communities work together ('the relational approach'. You have choices about:
 - the components of the approach that are to be progressed
 - the scale and pace of change
 - system changes to improve current practice and enable a relational way of working. You have choices about which elements of change you want to pursue, and how these might be priorities or sequenced over time.
- 28 The proposed changes are intended to have the following benefits:
- **communities, providers and government agencies work better together to understand and respond to people's lives and aspirations**
 - commissioning for social services responds to our Te Tiriti o Waitangi/Treaty of Waitangi commitments. Partnerships with Māori mature, enhancing equity, options and self-determination
 - commissioning for social services responds to the unique and diverse communities of ethnicity, interest and place in New Zealand
 - commissioning for social services is informed by data and evidence that authentically reflects the lived experience of the intended recipients
 - relationships between funders and NGOs shift from low-trust to high-trust in progressing common goals
 - **More transparent and responsive practices for how government agencies commission services**
 - greater transparency and consistency across government for commissioning makes it easier for NGOs to engage with agencies
 - agreed flexibility in funding and agreements promotes innovation by NGO providers and communities
 - longer-term arrangements promote certainty and stability for NGO providers, government agencies and communities
 - learning occurs and is applied throughout the commissioning of social services
 - decision-making through the commissioning for wellbeing process is transparent and accessible to all parties involved
 - quality assurance mechanisms meet the needs of NGO providers and government agencies who share responsibility for outcomes
 - improved capacity in the sector by reducing administrative burden through streamlined reporting and agreements
 - supporting system stewardship across commissioning for social services.
- 29 The components of the proposed changes are set out in Appendix One and described below. The Social Wellbeing Board (SWB) has discussed this material and is comfortable with the approach. Officials are available to discuss these components with you, and how you want to communicate this information to other Ministers, including seeking policy decisions from Cabinet. Officials recommend that you take a Cabinet paper to SWC that describes the components of change (paragraphs 30–66), a high-level implementation plan (paragraphs 67–68) and an update to the sector that could be published.

The change requires a foundational shift in the way social sector organisations, communities and government agencies do business...

- 30 Officials have heard that government agencies need to change their behaviour and systems to successfully move from transactional contracting approaches towards commissioning for wellbeing. This change in behaviour is about shifting the nature and approach to commissioning conversations – taking a relational approach. This is about getting the who, why, and how before piling into the 'what'.
- 31 Taking a more purposeful, informed and co-ordinated approach to the different stages of commissioning is about government and non-government agencies working together to deliver better value, and more impactful services. Officials are calling this a relational approach to commissioning for outcomes – which is a model of collective system stewardship, placing relationships at the fore (including recognising the time and capabilities involved, and value arising from them) to ensure activity delivers meaningful outcomes for whānau and communities.

At its core, officials consider that taking a relational approach has six key features

- 32 Working more co-operatively together as partners was a big feature of how the sector worked during the early stage of the COVID-19 response. The onus is on all government agencies to catch up with examples of leading practice where agencies, communities and providers are already working in this way (for example Whānau Ora).
- 33 The components of a relational approach (outlined in the following table) should be understood as overlapping, intertwined and iterative rather than forming a linear process.

| Features | What this might look like |
|---|--|
| Grounding our work in the needs and aspirations of the people we serve | Taking a different approach that centres the realities of whānau and communities. This includes accessing data and insights from the lived experience of whānau and community to understand support needs, complexity, and aspirations. It also means involving mana whenua, communities and NGOs earlier. This may require a different approach to support people to participate in the process – including being culturally appropriate, inclusive and accessible. |
| Entering into relationship around a common set of outcomes | Commissioning as a process that starts with agreeing to shared goals and outcomes, and then later resourcing. This is about having the right people at the table and ensuring that everyone is clear about the 'why'. This might include jointly determining a set of outcomes or aligning with existing outcome frameworks – such as the Child and Youth Wellbeing Strategy outcomes. |
| Agreeing how we will work together to deliver these common outcomes | Building relationships and trust so that parties work together to identify shared goals and outcomes and act on agreed priorities. This is about moving to a high-trust model, where all parties know how they will relate to and treat each other. This might include agreed ways of working, and sharing resources, capabilities, knowledge and expertise so that parties can act in good faith. |
| Committing to shared accountability | Working together to determine which actions or activities those involved are jointly responsible for, those that only some parties are responsible for and what each party contributes. This includes where it may be appropriate to have shared accountability for success, failure, opportunities and challenges. |
| Agreeing clear roles across the commissioning process | Understanding who will be involved at what stage in the commissioning process, and how people will be updated on progress. Parties should know their role, for example leading, enabling, contributing to or supporting a key activity or piece of work within the commissioning process. |
| Recognising and giving practical effect to Te Tiriti o Waitangi/Treaty of Waitangi | Māori-Crown partnerships are at the heart of effective commissioning. The principles of Te Tiriti o Waitangi, as articulated by the Courts and the Waitangi Tribunal, provide the framework for how government agencies should meet their obligations. Parties will apply Te Tiriti o Waitangi/Treaty of Waitangi in their context including by actively building and maintaining relationships with iwi, hapū and whānau in respective regions; collecting and understanding data about Māori experiences and outcomes to drive equity; and developing cultural competency and safety to engage and apply tikanga in a way that benefits service provision. |

- 34 More work is required to describe how parties would be expected to apply Te Tiriti o Waitangi / The Treaty of Waitangi. Officials have developed a draft Te Tiriti statement which describes a possible set of commitments. This still requires input from across government and the sector. Officials will report back to you about how this might be incorporated in the material for Cabinet.
- 35 Officials are clear that this change in approach would build on/complement existing parameters and expectations about accountability. While flexibility, responsiveness, and learning are critical to the relational approach, government agencies will still need to fulfil their responsibilities including accountability for public funds, being fair and transparent, and being lawful. Agencies may also enter a commissioning conversation with existing constraints or a proposed approach which shapes the nature of the relationship with other parties. For example, there may be statutory requirements to adhere to, a fixed funding amount, or policy decisions that set the context for what government agency/ies are able to offer. The change is about shifting the approach to processes including:
- the mechanisms for ensuring providers and others are accountable for funding
 - the nature of agreements and how they are developed, managed, monitored and reported against in collaboration between funder and provider
 - the way that needs and aspirations are identified, and appropriate support determined.

The proposed pathway for change is predicated on building on the pockets of good practice by asking all agencies to pursue and further test a relational approach

- 36 Officials understand there are examples of this way of working across the social sector, including Whānau Ora, and Mana Whaikaha (Mid Central Prototype for Disability System Transformation). There is a desire for this approach to become the default way for funders (government agencies) and other parties do business. The relational approach may be particularly useful where commissioning centres on individual, whānau and communities who require supports or responses that span across the siloes of government.²
- 37 Officials recognise that moving to this relational approach as default practice will not happen overnight. It will require changes to the mindset, culture and behaviour of those involved. It may also require additional resources and organisational or system structures to support the change. For example, to enable agencies and members of the sector and communities to participate in a different approach.
- 38 **Appendix 1** outlines the proposed pathway for change which would see the relational approach move from pockets, to being pursued across all agencies starting from the 2022/23 financial year to a sector-wide scale up from around 2024.
- 39 SWB supports this proposed pathway for change, and the need to take a sector wide approach to extending and testing this different way of working. SWB has discussed how Family Violence and Sexual Violence (via the Joint Venture) could be positioned as an early adopter, in line with the National Strategy. Further:
- in its report to the Child and Youth Wellbeing Ministerial Group, SWB identified the commissioning of services as a key opportunity for government agencies to advance their contribution to the wellbeing outcomes of the Strategy in the

² This speaks to the 2015 Productivity Commission report *More Effective Social Services* which outlined the different responses required for people in Quadrant C (high complexity of need and high capacity to coordinate services) and Quadrant D (high complexity of need and low capacity to coordinate services). This recognises that "Meeting the widely varying circumstances and needs of clients requires a system made up of several different architectures. A one-size fits-all approach has been ineffective in improving the lives of New Zealanders who suffer serious disadvantage from having multiple and complex problems." (page 10)

coming 6–12 months. This includes opportunities to reframe existing contracts and ensure new service contracts for children and young people are whānau-centred, specify how services will contribute to the Strategy’s wellbeing outcomes and use child and youth wellbeing measures

- implementation of a collaborative approach to commissioning will support, and is in line with, the direction for the Oranga Tamariki system being driven by the Minister for Children and his Ministerial Advisory Board. This direction will include empowering communities and Māori to decide what is right for their particular area, so they can help children and their whānau in a way that best suit them. We expect Māori and community partners to be interested in co-designing systems of support that prevent the need for state intervention and empower whānau, which will require flexible and collaborative commissioning practice.

- 40 Officials consider that the shift in approach may require additional funding and resources to support the change. Officials would like to discuss with you how you might like to approach this from a cross-government perspective leading into Budget 2022.

A range of system changes would also improve current practice and enable a relational way of working

- 41 The current system has been created to manage contracts and fund outputs rather than deliver outcomes. As a result, funders generally set the rules in a very transactional way with low levels of transparency about how decisions are made and a lack of alignment in approaches. This can impose administrative burden on NGOs with reporting requirements often not generating useful insights for improving service quality.

- 42 In working with the sector, officials acknowledge that there are components in the system that need to be dismantled because they are rigid, unnecessarily complex or burdensome for the sector. Instead, there is a need to design systems, processes and practices that help NGOs focus on their core business of supporting whānau and communities.

- 43 There are five key system enablers that are critical to effective commissioning. Three of the enablers need considerable and immediate enhancement to set us up for foundational shifts in practice. They are:

• s 9(2)(f)(iv)

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- 44 Across these three enablers, officials have proposed a set of commitments or statements that set out expectations for agencies. The MBIE procurement website has a specialised procurement section – this includes “Social Sector Procurement” which is a space for guidelines and tools to assist agencies when buying or procuring social services. Officials consider there is scope to refine and update this material given developments through the COVID-19 response and with the work with the sector over 2021, so that it is clear about the expectations and opportunities for agencies in applying the procurement rules.

- 45 The other two enablers, s 9(2)(f)(iv) will help us sustain changes to the commissioning process over time. These are explained further at paragraphs 59–66.

- 46 While officials have some understanding of the impacts of the proposed changes on agencies and the sector, more work will be required as implementation planning continues.

are critical system

enablers for ensuring that services support individuals, families and whānau to exercise choice

47 We have heard from the sector that changes to how we design and use these key system enablers would assist with realising change in commissioning through:

- **developing shared goals, expectations and accountabilities** through high trust and meaningful relationships between government funding agencies and NGOs
- **jointly developing flexible agreements** in plain language that recognise and record the negotiated ways of working and integrate expectations, accountabilities and activities
- **agreeing and accepting proportionate responsibility for quality and effectiveness** in which everyone has a vested interest in outcomes for whānau and communities
- **jointly developing and using streamlined and fit-for-purpose reporting**
- **using a mix of approaches for sourcing** that respond to high trust relationships, enable the development of intellectual property, encourage NGOs to collaborate rather than compete, and respond to whānau and community voice.

48 Officials have worked with members of the sector to develop a set of four commitments that will assist with realising the shifts in practice and processes

s 9(2)(f)(iv) Those commitments are described in the following table.

| Draft commitments s 9(2)(f)(iv) | |
|---------------------------------|---------------|
| 1. | s 9(2)(f)(iv) |
| 2. | |
| 3. | |
| 4. | |

49 There are also a range of tangible system changes that could be progressed to support the shifts above. Some of the options (as outlined in Appendix One) include:

- **Least change options:**
 - update good practice guidelines for agencies to use (eg on the MBIE procurement website) on contract specification, monitoring, reporting, auditing and accreditation (eg adoption of Data Use and Protection policy and schedules)
 - reduce reporting requirements for small investments (eg accept providers' internal governance reporting)
- **Most change options:**
 - establish a technical commissioning hub to provide strategic leadership and practical help across social sector commissioning
 - establish independent arbiter and reviewer of contracting arrangements (eg appeal authority).

There are opportunities to be more consistent and transparent ^{s 9(2)(f)(iv)}

- 53 During COVID-19 there was an agreed approach ^{s 9(2)(f)(iv)} – this meant that agencies were aligned in the approach, and it was transparent. With the sector we have used the best elements of this approach to inform the development of a set of six draft ^{s 9(2)(f)(iv)} commitments. ^{s 9(2)(f)(iv)}

Draft commitments – ^{s 9(2)(f)(iv)}

1. ^{s 9(2)(f)(iv)}
- 2.
- 3.
- 4.
- 5.
- 6.

- 54 Along with the commitments outlined ^{s 9(2)(f)(iv)} these commitments and associated guidance would form the updated ^{s 9(2)(f)(iv)}

³ Agreed approach to working with contracted social service providers: <https://msd.govt.nz/about-msd-and-our-work/newsroom/2020/covid-19/funding-from-government-agencies.html>

"specialised procurement" requirements for social sector commissioning, which would be made publicly available on a government webpage.

s 9(2)(f)(iv)

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Continuous learning and workforce capability will help to keep the system evolving

59 The sector wants to learn and evolve, and to have a workforce with sufficient capacity and capability to adjust to government priorities, community needs, and emerging opportunities (for example to innovate or collaborate).

60 **The system is transactional, risk avoidant, and has an accountability focus on inputs/outputs, when it could be focused on learning.** Providers report feeling hesitant or fearful in attempting new ways of supporting individuals, families and whānau to increase their wellbeing in case an intervention fails and there are repercussions from funders.

61 By comparison, a modern approach to commissioning for wellbeing shifts the focus to achieving outcomes and learning through experience. This provides the opportunity and recognition for providers to have greater flexibility and adaptability to try new ways of supporting individuals, families and whānau. In turn, government funders look to wellbeing outcomes rather than being tied specifically to narrow, established ways of providing support.

62 **The social sector faces workforce capacity and capability challenges.** There are known challenges in recruiting and retaining staff, due to labour market and wage related pressures. There is a need to take a system wide approach to develop effective strategies for workforce development and capability-building for NGOs and in agencies.

63 Enabling NGO sustainability in the longer term may also require different types of capabilities to bolster organisational strength, including governance, learning from data and insights, and to engage more collaboratively with others locally, regionally, and nationally. Success in the longer term from implementing a better approach to social sector commissioning will be enabled by embedding workforce capability.

- 64 **Both NGOs and government agencies lack maturity in relational commissioning.** A relational way of commissioning will require many existing people involved in the delivery of social services, both in the community and in government agencies, to increase their skills, knowledge and experience in new ways of working. There will be a greater emphasis for some positions to develop, maintain and be engaged in trusting and meaningful relationships across the commissioning process, whether they are part of an NGO, government funder, or members of a community.
- 65 Government agencies will need to upskill so that those involved in the commissioning process are sufficiently resourced and dedicated to working in a relational way. For example:
- enabling and empowering relationship managers to have early conversations with NGOs, to identify delivery or other risks and to act early to provide additional support or resourcing to resolve the issue. It will also require greater accountability by agencies for understanding when to invest in the capability of NGOs to support them/work with them, or when to exit an arrangement
 - improving capability across agencies and NGOs in collecting, analysing and using data and insights to inform learning through the commissioning process and across multiple parties.
- 66 **Appendix One** describes some of the tangible system changes for continuous learning and workforce capability which include:
- **Least change options:**
 - expand good practice and process training for agencies and partners (noting that MBIE training is only currently for agencies)
 - set consistent and transparent data standards across the sector
 - **Most change options:**
 - appoint a lead agency to collect a minimum anonymised data set aligned with a centralised outcomes framework
 - empower local relationship managers to work with community partners to continuously refine services in line with agreed intent.

Delivering the change will require a clear implementation plan...

- 67 Officials consider that there are high expectations in the sector for this work to deliver in a way that previous attempts have not. This scale of proposed change is large as it involves changes across systems, institutions, and human behaviour that will take time to embed. There will also be significant implications for the phasing and quantum of funding implications with considerations required on how full funding is applied, eg from what date and to which funding agreements (including both new spending and baseline spending and any legacy agreements), and which parts of the sector. However, the change is feasible subject to the following components.
- **A clear mandate.** Officials consider that a clear mandate from Ministers will demonstrate to the sector and agencies that there is an expectation of change in line with the Government's wellbeing priorities and other goals.
 - **Buy-in across the sector, and at all levels of government.** Buy-in from Ministers, chief executives of social sector agencies, practitioners (procurement, finance, policy and operational), and the sector will be integral to realising and sustaining the change. While some members of the sector have already bought into the change, there will need to be a plan for how to communicate and engage people in the change involved and in planning and progressing implementation.
 - **An operating model to deliver the change.** Previous work in this area has faltered at the implementation stage. The ideas were sound but did not amount to the change that the sector wanted. To ensure that the change programme remains credible and given the cross-government nature of the change, officials are considering what institutional mechanisms to resource and support the

change programme are required. For example, leveraging tools under the Public Service Act 2020 including system leadership, or the Regional Public Service Leadership Model.

- 68 Officials propose that the Cabinet paper would include a high-level implementation plan, including:
- pathway for the relational approach
 - sequencing of the system changes
 - the components of the operating model for delivering the change, including any resources and investment that may be required
 - measures to monitor and understand the impact of change overtime.

...while bringing the sector with us...

- 69 The sector remains eager for change, and those who have been engaging with us this year want to hear about how things have progressed.
- 70 Officials recognise the need for further engagement with iwi, NGOs and communities as the work continues, particularly in planning for implementation. As one way to help get buy-in for implementation and to socialise the changes, officials propose that the Cabinet paper also include an update to the sector which would have a similar look and feel to the August 2020 update. Officials will discuss this sector update with your office.
- 71 There are also other opportunities to communicate any changes with the sector, including at the Social Sector Providers Aotearoa Conference on 5 November 2021.

Next steps

- 72 Officials are available to discuss this report with you, and how you would like to proceed to Cabinet.
- 73 You may want to share some or all of this material with your colleagues, including those on the SWC, the Minister for Economic and Regional Development, the Minister for the Community and Voluntary Sector, the Minister for Youth, and the Minister for the Prevention of Family and Sexual Violence.
- 74 The cross-agency project team will continue to develop material for the high-level implementation plan and a draft sector update to enable you to receive a draft Cabinet paper in early September.

Appendix

- 75 Appendix 1: Social Sector Commissioning Proposed changes August 2021

- 76 Appendix 2: s 9(2)(f)(iv)
s 9(2)(f)(iv)

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Appendix 1: Social Sector Commissioning proposed changes

August 2021

6 August 2021
NOT GOVERNMENT POLICY

THE DESIRED END STATE – Where we are going

Members of the sector, government agencies and communities share a vision of social services that improve intergenerational wellbeing. Trying to address social issues in isolation is expensive and resource intensive. Iwi, hapū, whānau, communities, funders and providers cannot solve these issues alone – but together, we can drive towards a common goal in a more effective way.

The change requires both:

1 A relational approach

A foundational shift in the way that government agencies, providers and communities do business ie getting the who, why, and how before piling into the 'what'. This is a model of collective system stewardship, that places relationships at the fore to ensure activity delivers meaningful outcomes for whānau and communities.

2 System changes

Changes to government systems, processes and practices. These are things that will improve current practice and enable a relational way of working. For example:



Moving from rigid input/output contracting to agreements that focus on shared outcomes and that allow flexibility.



Moving from short-term, competitive funding approaches to longer-term, collaborative and flexible resourcing.



Moving from risk averse audit and oversight driven by funders to mutually agreed responsibility for outcomes in supporting whānau.



Moving from static service design and under-used reporting to generating meaningful insights and adapting or flexing delivery in response.



Moving from people in government and the sector who transact contracts and compliance to people who have strong collaborative working relationships.

A RELATIONAL APPROACH – Working better together over the longer term

We want to take a more purposeful, informed and co-ordinated approach to the different stages of commissioning so we can deliver better value, and more impactful services. Working like this was a big feature of how the sector worked during the early stage of the COVID-19 response.

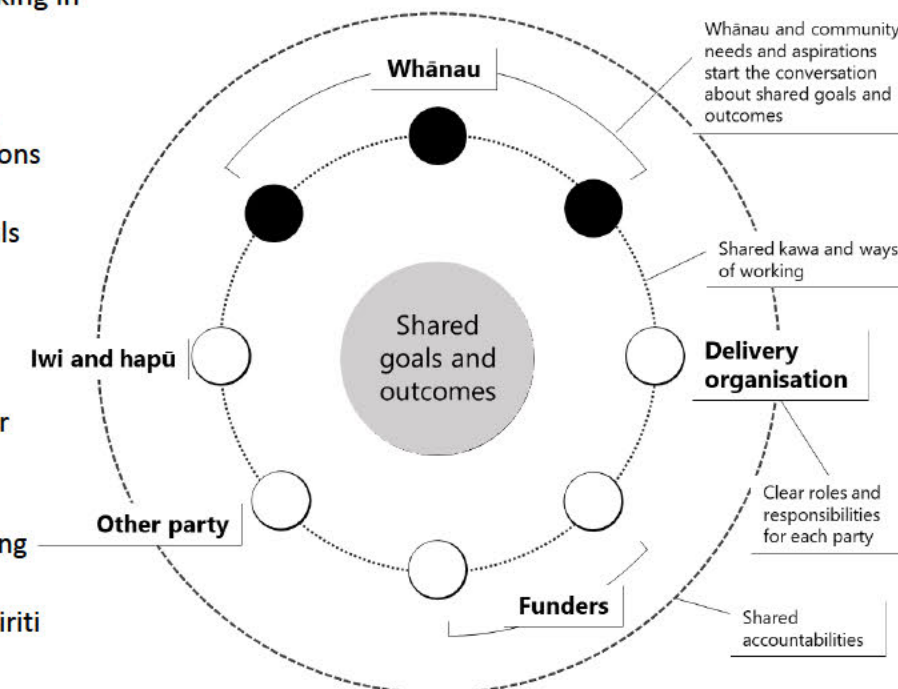
The onus is on all government agencies to pursue this approach, following those who are already working in this way (for example Whānau Ora).

Taking a relational approach has six features...

1. Grounding our work in the needs and aspirations of the people we serve.
2. Entering into relationships around shared goals and outcomes (including funders, iwi, hapū, whānau, delivery organisations, others in the community with resources and expertise to contribute).
3. Agreeing how we will work together to deliver these common outcomes.
4. Committing to shared accountabilities.
5. Agreeing clear roles through the commissioning process.
6. Recognising and giving practical effect to Te Tiriti o Waitangi/Treaty of Waitangi.

Pursuing a relational approach to commissioning for wellbeing is about resetting relationships, expectations and behaviours so that the right people can work together on solutions that support the aspirations of whānau and communities.

RELATIONAL APPROACH – A model of collective system stewardship for the social sector



What it might look like...

Building relationships and trust to identify shared goals and outcomes

Working together to share resources and take action on agreed priorities

Accessing data and insights from the lived experience of whānau and communities to understand support, complexity, and aspirations

Commissioning as a process that starts with agreeing to shared goals and outcomes, and then later resourcing

Developing support and services involving communities, mana whenua, and providers

Committing to learn, try and adapt over the longer term

Learning through trying new approaches and adapting from experience





Sharing resources, capability and knowledge so that parties can act in good faith

Staying connected through trust-based relationships and being clear about who is responsible for what

SYSTEM ENABLERS – Changes to support more effective social services

This table describes a range of practical options for change. These are options that make sense in their own right, and they will also help with the pathway for change described for the relational approach. Some of these are cumulative in nature, while others are more discrete.

The grey boxes indicate the minimum expectation for collective action. The [teal text](#) describes areas where there may be opportunities to be more ambitious either as individual agencies or collectively (for example in particular locations).

| Least change | | | Most change | |
|---|--|---|--|--|
|  Funding / resourcing | Agencies take individual responsibility <ul style="list-style-type: none">Publish good practice guidelines (on specialised social services section on government procurement page) for agencies to support consistency and transparency in costing and funding services eg considering the cost of delivering a service at specified demand.Agencies publish contract data annually.Agencies develop processes for reviewing the level of demand associated with their programmes or services. | s 9(2)(f)(iv) | | |
| | | | | |
|  Agreements, Mutual accountability and quality assurance | Agencies take individual responsibility <ul style="list-style-type: none">Update good practice guidelines for agencies to use, on contract specification, monitoring, reporting, auditing and accreditation.Review reporting across agencies to align with the Data Protection and Use Policy (DPUP).Expand the use of framework agreements to align contract settings across agencies.Expand the use of overarching agreements and MOU which describe shared aspirations.Streamline standards to support kaupapa Māori/Pacific and culturally and ethnically diverse groups who seek accreditation status. | Reduce reporting and audit requirements <ul style="list-style-type: none">Reduce reporting requirements for small investments (eg accept providers’ internal governance reporting).Reduce narrative reporting requirements.Rationalise auditing requirements to reduce the burden (e.g. by reducing audit frequency).Publish DPUP schedules across the sector to transparently describe all data collection. New accountability and quality assurance settings <ul style="list-style-type: none">Overhaul of accountability and quality assurance arrangements to support relational approach. | Technical expertise <ul style="list-style-type: none">Establish a technical commissioning hub (for example an interdepartmental agency group) to provide strategic leadership and practical help across social sector procurement. Shared responsibility <ul style="list-style-type: none">Move balance of responsibility for effectiveness and assurance closer to new community assurance mechanisms (eg regional or local).Remove audit requirements for low-risk situations. | Government mandated agency <ul style="list-style-type: none">Establish independent arbiter and reviewer of contracting arrangements (eg appeal authority).Establish/appoint a lead agency to manage service design and specification, reporting requirements, and auditing across the social sector (‘one Government’ approach to commissioning). |
| | | | | |
|  Continuous learning | Agencies take individual responsibility <ul style="list-style-type: none">Publish examples of good practice on a regular basis.Add value to the data government collects by consistently sharing insights eg from trends in reporting through newsletters etc. | Quality data/insights are informed and shared <ul style="list-style-type: none">Support providers to gather insights from their own collection including through the provision of funding and training to enable this.Expand good practice and process training for agencies and partners (noting that MBIE training is only currently for agencies). Scale up secure data sharing and reporting <ul style="list-style-type: none">Scale up the shared platform which has been established between government and the sector for data sharing and reporting. | Quality insights/data inform change <ul style="list-style-type: none">Develop a pathway for how insights and data will inform and lead to innovation.Set consistent and transparent data standards across the sector , and better support communities of practice.Dedicated “what works” function for the sector including evaluation, research and insights.Support consistent methods for collecting and using client / whānau perspectives on how support is meeting their goals. | Lead agency for monitoring insights and outcomes over time <ul style="list-style-type: none">Appoint a lead agency to collect a minimum anonymised data set aligned with a centralised outcomes framework. Share responsibility for service design <ul style="list-style-type: none">Empower local relationship managers to work with community partners to continuously refine services in line with agreed intent. |
| | | | | |
|  Workforce / capability | Agencies take individual responsibility <ul style="list-style-type: none">Agencies continue to decide the extent, if any, of funding for organisational and workforce capability as part of costing a serviceAgencies continue to grow relational management capabilitiesContinue with current cultural competency training across the sector | Increase opportunity for joining up <ul style="list-style-type: none">Develop and roll out training for sector and government to support the relational approach.Set standards for providing financial recognition to sector experts on working groups. Leadership role <ul style="list-style-type: none">Enable relationship managers to make more decisions (eg delegation in line with intent).Develop a workforce strategy and implementation plan for social services sector. | Financial investment <ul style="list-style-type: none">Establish and fund a social sector workforce capability scheme that provides funding. (Centralise the capability funds that sit across agencies).Require a specified level of funding in every funding arrangement for organisational and workforce capability. | |
| | | | | |

RELATIONAL APPROACH – Pathway for change

Change will take time. The table below starts to describe the pathway for change over time for implementing a new partnership model between government agencies and community partners, iwi, hapū and whānau across the social sector. At present this approach is occurring in pockets, with some agencies or teams leading the way.

As agencies will have different experiences and capabilities to pursue this approach, we need to ensure that all agencies are supported to work in this way. The proposed focus over the next 1 – 3 years is to shift the collective culture, mindset, and behaviours by growing, deepening, sharing and extending practice.

| Status quo now until end 2021 | Growing and extending beginning 2022 – mid 2024 | Sector wide scale up 2024 – 2028 | Normalising 2028 onwards |
|---|---|---|--|
| <p>Aim: Ongoing support for the pockets across sector where a relational approach is already being used.</p> <p>Key activities</p> <ul style="list-style-type: none"> A small number of agencies continue to lead the way in this partnership/relational way, working with their non-government partners in the design and delivery of social services. Taking lessons from what is currently working to help describe what we mean by a “relational approach”, and identify the examples. <p>Enabled through...</p> <ul style="list-style-type: none"> Publish and seek sector feedback on a vision/strategic direction for partnering with non-Government partners in the delivery of health and social services and supports. Taking decisions to advance change across a set of system enablers (previous page). | <p>Aim: All government agencies pursue and test a relational approach, where progress and impact is monitored in priority areas with learnings shared and embedded.</p> <p>Key activities</p> <ul style="list-style-type: none"> Focus on embedding a new culture, mindset, and behaviours around this new way of working. Cross-agency process to “sign up” a range of initiatives/programmes where the relational approach will be used and report on progress/impact over time. This may include Budget 2022 initiatives and existing services with different characteristics, for example: <ul style="list-style-type: none"> aligned with reform (eg Health) in a selected geographic area, or with a particular iwi (eg in line with Regional Priorities, or through Place Based Initiatives) an identified issue or service type (eg FVSV) proposals from communities or providers (eg to pool funding across agencies). Developing tools/processes including for evaluation and continuous learning and improvement. Identifying barriers to change and the solutions to help, particularly as they relate to funding, decision making, and capability. <p>Enabled through...</p> <ul style="list-style-type: none"> Governance for the priority areas where the relational approach (eg SWB) or bespoke approach will be used. Dedicated funding / resources from agencies to support the change (for example through Budget). Resources provided to support community partners, iwi, hapū and whānau to participate. Dedicated team for the next phase of work. | <p>Aim: A significant shift in practice across all government agencies where the relational approach becomes more common.</p> <p>Key activities</p> <ul style="list-style-type: none"> Setting clear priorities for scaling up across agencies. Using the lessons from the ‘growing and extending’ process to help roll out new ways of working, for example: <ul style="list-style-type: none"> in areas where communities come to government seeking to progress work in a particular area in line with agency priorities (eg sector strategies or Budget funding) for all new programmes/initiatives/funding. Ongoing monitoring of the impacts on individuals and whānau using services, of a relational approach to commissioning. <p>Enabled through...</p> <ul style="list-style-type: none"> Undertaking a change management process across government to incentivise the right behaviours to maintain a relational approach/way of working. Embedding continuous learning approach and facilitate the sharing and embedding of learnings across the sector (eg via learning forums). Agreeing ways of working that are consistent across government agencies. Reconsidering who makes what decisions within the approach (eg devolution of funding). | <p>Aim: To see a relational approach being used as default, and this is the expected way of working that is standardised across government agencies.</p> <p>Key activities</p> <ul style="list-style-type: none"> Widespread use of the relational approach – ie this is the expected way for working. Work to standardise the use of the approach across government, recognising that some will continue to be at the leading edge of good practice and others may need additional support or resourcing to reach a tipping point in culture and practice. Continuous learning and improvement of ways of working, with the expectation that a relational approach is introduced for all new programmes/initiatives/funding. Consideration of the supports that may need to continue from previous stages of the pathway. |

GROWING AND EXTENDING – Opportunities across the sector from 2022 to 2024

There are opportunities to introduce the relational approach to support government priorities including to support relevant strategies (eg the Child & Youth Wellbeing Strategy), implement new initiatives, grow particular approaches (eg Place Based Initiatives), sector wide approaches (eg in Family and Sexual Violence) or in line with reform activities (eg Health). Budget 2022 is also a potential point to consider cross-Government alignment.

The Social Wellbeing Board have suggested that Family Violence and Sexual Violence (via the Joint Venture) could be positioned as an early adopter of the relational approach, in line with the National Strategy. There are also a range of other examples described below – noting that this is not an exhaustive list.

Family Violence and Sexual Violence

The Family Violence and Sexual Violence Joint Venture involves at least 10 agencies, tasked with developing new ways of working across government, and with iwi and communities, to reduce family violence and sexual violence through an integrated response. They have heard many of the same themes about the need for government agencies to be more joined up, taking a relational approach to commissioning, involving local leadership, and taking a holistic and whānau-centred approach. There are opportunities within the JV to pursue and test a relational approach, for example:

- trying new ways of working focused on groups of services eg navigators. This could be confined to a particular area where many agencies commission navigator services but do so with different funding rates, position descriptions and roles.
- leveraging the work underway in the 5 Integrated Community Response (ICR) test sites. They have infrastructure, governance etc on the ground which means there is an opportunity to embed the relational approach.
- leveraging the JV as a forum to seek mandate, and the relational approach to commissioning for outcomes as an agreed direction of travel, to bring together procurement and contracting teams from different agencies to land on some consistency in terms and conditions, funding, or joint outcome measures eg for a particular group of services.

Disability Transformation

Enabling Good Lives (EGL) is a partnership between the disability sector and government agencies and is focused on enabling greater choice and control for disabled people and their families over their lives and the supports which they use. Evaluations from the Mana Whaikaha prototype in the MidCentral DHB region and demonstration sites in Christchurch, Waikato, and Bay of Plenty found that disabled people reported positive experiences and improved outcomes, such as increased independence and personal development.

Cabinet decisions will be sought in September/October 2021 on a national implementation plan for the EGL approach and new machinery of government (MOG) arrangements. The Cabinet paper is also expected to articulate how the voices of disabled people and families will be embedded into any new MOG structure. Commissioning arrangements, such as disability supports being commissioned through a community-led and disabled-centred NGO commissioning framework (similar to the way in which services are provided through the Whānau Ora commissioning agencies), are currently under consideration as part of the implementation plan.

Child and Youth

Child wellbeing remains a key priority for the Government. There are opportunities to deliver on both the Child and Youth Wellbeing Strategy and Social Sector Commissioning through:

- agencies working together to pool investment for child and youth related social services
- using child and youth wellbeing outcomes to grow and test the relational approach in a particular geographic area, owing to the role of agencies, organisations, iwi, hapū and whānau in supporting and influencing outcomes. This could include leveraging the Place Based Initiatives.

There is also an opportunity under the Government's Youth Plan 2020-2022. MYD is working in partnership with several agencies to engage and involve rangatahi voices in decision making across policy, system design and operations. There are opportunities for agencies to collaborate more widely to reduce consultation fatigue and to target combined funding to solutions developed by rangatahi within their communities. An area to test would be in the wellbeing space where rangatahi need is high but more holistic, strength-based responses driven by rangatahi are crucial.

Health System Reform

The New Zealand health system is undergoing reform, with changes to the system structures and delivery of health services. This includes:

- the Ministry of Health focusing on policy, strategy and regulation
- a new body, Health New Zealand, taking over the planning and commissioning of services and the functions of the existing 20 District Health Boards and the Ministry of Health
- a Māori Health Authority working alongside Health New Zealand to improve services and achieve equitable health outcomes for Māori.

There are opportunities in the establishment of both Health New Zealand and the Māori Health Authority to consider how commissioning for health services looks different given the reduction in the number of commissioning agencies through the reform from over 20 to 2.

There are also opportunities to take a relational approach to the commissioning of services, for example:

- testing a locality approach
- commissioning for equity and outcomes for whānau
- the review of national services like Well Child Tamariki Ora and Maternity services.

Whānau Ora

The intent of Whānau Ora is to facilitate whānau wellbeing through devolved and flexible funding to meet the needs of whānau and communities. Through engagement on social sector commissioning the team heard the Whānau Ora approach works well and is an expression of a relational approach.

The 2018 review of Whānau Ora, Tipu Mātoro ki te Ao, endorsed Whānau Ora. In line with the findings of the review, and developments since then, there may be opportunities to deepen and extend the relational approach by growing Whānau Ora by:

- expanding Whānau Ora to be funded through multiple agencies
- pursuing greater localised commissioning
- pursuing greater cross-agency collaboration and investment as seen through *Paiheretia Te Muka Tangata* (with Corrections and MSD), and *Ngā Tini Whetū* (with Oranga Tamariki and ACC). For example, opportunities in housing, education and other areas.

Pacific Providers

Four agencies (MSD, Health, MPP, and Education) have been working together with Pacific providers (who have contracts with multiple agencies) on new ways of funding, procuring and contracting for services. This approach is already leveraging a new way of working with a focus on the holistic needs of Pacific families.

Housing

Agencies that are involved in public housing, transitional and emergency housing, and services to tackle homelessness (eg HUD, Kāinga Ora, MSD) also partner with iwi, community housing providers, developers, social services, councils and other agencies. HUD uses a strategic partnering model to guide how it partners with other agencies and housing providers to meet demand. There are opportunities for other agencies to learn from this approach, and to strengthen this model consistent with a relational approach.

Justice Sector

There are opportunities to introduce the relational approach through the justice sector transformational work under Hāpaitia te Oranga Tangata. ^{s 9(2)(f)(iv)}

Appendix 2:

s 9(2)(f)(iv)

s 9(2)(f)(iv)

