

Office of the Minister for Social Development and Employment
Cabinet Social Wellbeing Committee

Social Sector Commissioning: Direction for change

Proposal

1 That government agencies adopt a relationship-based approach to commissioning¹ for social services provided by Non-Government Organisations (NGOs²) and align policy and practice with new commissioning principles. Agreement is sought to a framework to oversee implementation, a May 2022 report back with an implementation plan and set of government commitments, and to release an update to the social sector.³

Relation to government priorities

2 The proposals in this paper progress our Manifesto commitment to: “work toward a more effective social service sector by improving how government commissions and works with social service providers.”

Executive Summary

3 Work to improve the way government agencies commission social services from NGO providers began in 2018. While there have been positive changes, working with government agencies is still too complex. Fragmented and risk averse practices are often left for NGOs and community organisations to stitch together. The burden of this ultimately falls on people and communities, who may not be able to access the services they need.

4 Left unaddressed, it will not be possible to make the step-change government needs to take with NGOs and community organisations to improve intergenerational wellbeing for communities. We risk not understanding the overall impact of the social services we commission, and missing opportunities to enable innovation, make service improvements and support the sector to retain the right workforce.

5 Our COVID-19 response has shown that we can work differently for the wellbeing of our communities. A major feature of the community response effort has been government, iwi, NGOs, and community organisations working more co-operatively through meaningful relationships defined by transparency and flexibility, with the parties working towards and holding each other accountable to shared outcomes.

¹ ‘Commissioning’ refers to interrelated activities, including but not limited to planning, engagement, funding, procurement, monitoring, and evaluation that need to be undertaken through third-party providers (NGOs) to ensure individuals, families, whānau, and communities who need support get what they need for their wellbeing.

² NGOs range from traditional not-for-profit organisations through to social enterprises and can also include corporations practising social responsibility and for-profit organisations. NGOs are largely independent of government and can operate at a local, regional, national, or international level. The goals of NGOs are often focused on creating social and/or economic value for wider communities. NGOs can also be affiliated to iwi, hapū and Māori groups or adopt kaupapa Māori approaches.

³ For the purposes of this work, the ‘social sector’ includes government and non-government organisations, and is defined as: government departments and Crown entities and organisations working with individuals and whānau (whether national, regional, or local), in particular areas of welfare, housing, health, education, child wellbeing, justice and disability support services. This includes government departments and Crown entities that fund social sector services in this regard, philanthropic and other funders, and NGOs and other providers (both for-profit and not-for-profit) that deliver those services within communities. This definition expands on the one used by the Social Wellbeing Agency’s Data Protection and Use Policy.

- 6 Drawing on what we learned from the COVID-19 response, I am proposing that Cabinet agree to a relational approach to social sector commissioning. This approach is based on a set of principles that place relationships at the centre of activities like setting outcomes, planning, designing, procuring, delivering, monitoring and evaluating social services to ensure services better contribute to wellbeing outcomes for individuals, families, whānau and communities.
- 7 I am seeking Cabinet's agreement to direct social sector government departments⁴ to align commissioning policies, processes and practices with these new principles, and explore opportunities to adopt a relational approach to commissioning. Responsible Ministers would invite relevant Crown entities to do the same.
- 8 The shift in practice to a relational approach will take time. I envisage change on a six-year pathway, initially through current reform programmes such as the health and disability sector reforms, the elimination of family violence and sexual violence, and the Child Youth Wellbeing Strategy. Change would then be scaled up across the social sector, before being embedded as normal practice across government.
- 9 However, each government agency will determine how far and fast it can progress change. In consultation with the social sector, agencies have developed 10 draft government commitments to strengthen the broad adoption of a relational approach. I am proposing that Cabinet direct agencies, and Ministers invite Crown entities, to assess the practical implications of the draft commitments for them, and report to the Social Wellbeing Board Chief Executives by March 2022.
- 10 I will then report back to the Cabinet Social Wellbeing Committee by May 2022 with a final set of commitments, a detailed plan for their implementation and measures to monitor and evaluate progress. I will also seek decisions on social sector commissioning governance arrangements. The Social Wellbeing Board will be at the centre of these arrangements, led by me as Minister for Social Development and Employment, in consultation with relevant Ministers.
- 11 Social Wellbeing Board Chief Executives will be responsible for coordinating the work programme across government and monitoring implementation, including through six-monthly reporting from agencies and Crown entities. I will report on progress with implementation to the Cabinet Social Wellbeing Committee at least annually, and overall progress will be reviewed after three years (in 2024/25).

Positive changes since 2018 have improved the commissioning of social services

- 12 In 2018, I directed the Social Wellbeing Board Chief Executives to improve the funding relationship between government agencies and NGO providers, and build on the work of previous initiatives.⁵

⁴ Social sector government departments and Crown entities include: Ministry of Social Development (MSD); Ministry of Health; Ministry of Education; Oranga Tamariki — Ministry for Children; Ministry of Justice; Ara Poutama Aotearoa – Department of Corrections; Te Tūāpapa Kura Kāinga – Ministry of Housing and Urban Development; Ministry of Business, Innovation and Employment; Department of Internal Affairs; Te Puni Kōkiri; Ministry for Pacific Peoples; Ministry for Ethnic Communities; Ministry for Youth Development; district health boards (which will be replaced by Health New Zealand and the Māori Health Authority); Kāinga Ora; New Zealand Police; Accident Compensation Corporation; and the Tertiary Education Commission.

⁵ For example, in 2008, Pathways to Partnership had a narrower focus on child and family services and was primarily concerned with finding a pathway to "full" funding to promote sustainability of what were seen as the most critically important services. In 2015, the Productivity Commission's report *More Effective Social Services* provided a range of recommendations to reform funding and contracting by government agencies with NGO providers and get increased value from the investment (including the commissioning process).

- 13 There have been notable positive changes across government to improve commissioning of social services.
 - 13.1 Contract periods are longer, and where they remain short, it appears to be in the main for relevant reasons. The average length of contracts is currently 2.5 years. When this average is weighted by contract value it increases to 3.6 years and 60 percent of spend in 2020/21 was on contracts over 3 years in length.
 - 13.2 Procurement is not dominated by overly competitive tendering. For contracts in 2020/21, 44 percent of procurement occurred through a closed tender or direct sourcing approach, while 31 percent remained in open tender.
 - 13.3 Increasingly there is diversity of providers, and there is funding available to continue growing the capability and diversity of providers. This diversity is especially present in Māori-led providers, which currently make up 20 percent of providers contracting with government agencies and 21 percent of total contract spend.
 - 13.4 Legislative, policy and functional changes have allowed for more dynamic and productive relationships across the sector. For example: Pay Equity and Public Sector Reform legislation; policies such as Te Arawhiti - Crown/Māori Engagement, Data Protection and Use Policy, and Progressive Procurement policy; and new functions such as Regional Public Service Commissioners.
- 14 There have been a number of forums and engagement that have provided opportunities for social services and service users to provide feedback and insights. Following targeted engagement with the sector in 2020 on social sector commissioning, a subsequent series of engagements were conducted between March to May 2021. Sector leaders were asked to consider what a new commissioning process might look like with those engaged in social services, as funders or providers.
- 15 A wānanga with kaupapa Māori providers and a fono with Pacific service providers contributed valuable insight on what is working and the challenges that remain to delivering more effective social services to Māori and Pacific peoples.

Significant challenges remain in the complexity of working with government agencies

- 16 These changes outlined above are likely to have some positive impacts on outcomes in the sector, but representatives from across the sector have continued to note that they do not directly address the complexity of working with government agencies to deliver wellbeing outcomes. This burden is ultimately borne by individuals, families, whānau and communities and minimises the impact of funding delivered by government.
- 17 The complexity in working with government agencies can be grouped into three areas:
 - 17.1 **Compliance burden.** There is little consistency or standardisation across government agencies in how data is collected for monitoring and reporting and shared back to NGOs and communities. Significant time is spent repeating the same or similar compliance activities for multiple agencies. The same information is not always used by agencies or shared back to the sector.
 - 17.2 **Rigid and risk averse practice and behaviours.** Agencies' practices and interpretation of the rules and legislation around commissioning social services are still seen as overly rigid and risk averse by the social sector. This

misses opportunities for innovation and quality improvements and limits the sector's ability to be flexible, adapt to changing circumstances, and tailor responses to community needs.

- 17.3 **A lack of incentives for government agencies to work together.** While there are pockets of good practice, government agencies do not work together regularly and reliably with individuals, families and whānau, community partners or tangata whenua when designing, planning, delivering, monitoring, and evaluating services at either a local or national level. This leads to an overly fragmented system with government agencies and Crown entities investing into communities in an uncoordinated manner, through varied contracting practices and terms, and little joint sourcing or shared vision.⁶

18 The complexity the social sector faces working with government agencies will continue to make it difficult to understand the overall impact of services, enable innovation and large-scale service improvements and retain the right workforces to provide the increasingly diverse range of support needed by people and communities. Resolution of these issues is required for us to achieve the step-change we need to take with the sector to deliver intergenerational wellbeing for communities.

A relational approach to commissioning and underpinning principles are proposed

Our COVID-19 response showed us that we could do things differently

- 19 Our COVID-19 response has shown that we can work differently for the wellbeing of our communities. A major feature of the community response effort has been government, iwi, NGOs, and community organisations working more co-operatively through meaningful relationships with high trust and flexibility. Our response worked best and fastest where these relationships were at the centre of our work.
- 20 During the 2020 COVID-19 lockdown, there was an agreed approach to the funding of NGOs between main social sector government agencies, which was transparent.⁷ This meant that NGOs and providers were able to pivot to supporting people rather than separately seeking permission from their government funders to operate outside of their contract specifications.
- 21 As we transition to the new COVID-19 Protection Framework, government agencies are working together to integrate the health, housing and welfare system approaches, particularly for people who need to self-isolate. The welfare approach builds upon relationships with NGO providers to ensure locally-led delivery.
- 22 These responses to COVID-19 demonstrate that there are more effective models of purchasing services, including those that make funding available at pace and provide certainty in uncertain times. Rather than sacrificing accountability for speed, our ability to monitor the effectiveness of services and adapt them to community need can be strengthened by a relationship-based approach that facilitates greater participation and buy in from NGOs and communities through the commissioning process.

⁶ The impact of inconsistencies in commissioning and funding of NGO providers has also been raised by the Office of the Auditor-General in relation to family violence and sexual violence services. It suggested that a system-wide approach is required. See *Our Summary – Experiences of the family violence system in Aotearoa* released July 2021 at <https://oag.parliament.nz/2021/literature-review/our-summary.htm>

⁷ The agreed approach was published online at: <https://msd.govt.nz/about-msd-and-our-work/newsroom/2020/covid-19/funding-from-government-agencies.html>

A relational approach to commissioning...

- 23 A relational approach to commissioning tackles the problems with complexity head on and signals a transformational shift in the way government agencies, NGO providers, and communities work together. It seeks to achieve enduring change, building on what has worked in our COVID-19 response.
- 24 The approach emphasises collective system stewardship. It places trusted, meaningful relationships at the centre of traditional commissioning activities (like setting outcomes, planning, designing, procuring, delivering, monitoring and evaluating social services) to ensure wellbeing outcomes for individuals, families, whānau and communities. The six key features of the relational approach are set out in Appendix One.
- 25 Practically, a relational approach means that:
 - 25.1 the right parties are brought together from the start – locally, regionally and nationally, rather than siloed government agencies procuring similar services separately into communities, minimising duplication of effort for providers, creating a shared understanding of the problem upfront and a commitment to working together
 - 25.2 time is spent upfront in building relationships and trust by agreeing shared goals, accountabilities and responsibilities – delivering work programmes efficiently and effectively and incentivising agencies to work together
 - 25.3 peoples’ lived experience directly shapes the design and delivery of support, rather than pre-determined solutions with limited consultation that feel inflexible and burdensome to the providers who supply them
 - 25.4 government workforces spend the majority of their time working together on service quality with individuals, families and whānau, providers and other parties, like local iwi and community leaders, changing the sector’s perception that they are risk-averse and focused on contract compliance
 - 25.5 consistent with the Data Protection and Use Policy, only information that helps understand the impact of services is collected, and as much as possible is standardised, once by government agencies and shared (with agreement from all parties) to avoid duplication
 - 25.6 accountability mechanisms are proportional to contract spend and focus on what matters most to government and the sector, such as outcomes and whether government investment is making a difference for communities
 - 25.7 all parties involved learn through trying new approaches and adapting from experience, updating key activities and agreements as they go along, rather than setting rigid and prescriptive terms that may not suit all communities
 - 25.8 there is knowledge sharing and transparency, enabling better understanding of the overall impact of services delivered on behalf of government.
- 26 Taken together, the successful adoption of the relational approach will look like government agencies working together and with the social sector to procure fit for purpose social services that better achieve shared outcomes, consistent and useful data about those outcomes being efficiently collected and shared, and agencies and the sector able to clearly identify and take shared accountability for outcomes that are not being achieved and adapt services to address this.

- 27 Applying the relational approach through the commissioning process should build on and complement existing accountability. It does not reduce or remove accountability of NGO providers to government agencies for spending public money, being fair and transparent, or being lawful. Also, it does not exclude other external accountabilities that a party in the commissioning process may have, for example an NGO provider to its governance board or a community.
- 28 Agencies may enter commissioning 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 agencies are able to offer. While government agencies need to act within the scope of their mandate, and many decisions will sit with Ministers, the relational approach to commissioning should create more opportunities for government agencies to work together, as well as participating as partners with NGO providers or community representatives.
- 29 A relational approach also supports the application of Te Tiriti o Waitangi/Treaty of Waitangi, empowering Māori to self-determine how they wish to engage with services that support their aspirations and proactively making space for them to do so. It supports the ongoing development of the Māori-Crown relationship, providing for different and multiple ways to include Māori interests at the table and during commissioning activities.

... is already being adopted in pockets of leading practice across government

- 30 Adopting a relational approach learns from experiences arising from pockets of leading practice and our COVID-19 response with the sector. Trying to address social issues in isolation is expensive and resource intensive. Iwi, hapū, whānau, communities, funders and providers cannot solve these issues alone.
- 31 The success of community-led solutions during the COVID-19 lockdowns showed the value of government agencies working together and in partnership with NGOs on shared priorities. It also showed that the environment is right for a clear, overarching mandate to ensure the whole social sector moves forward consistently and can better work together. The onus is initially on government agencies to change their behaviours, practices, and systems to enable the whole sector to make the shift, and create more opportunities for working together on shared priorities.
- 32 Some examples of leading practice where government agencies are working together differently in commissioning, and with the community, include:
 - 32.1 Enabling Good Lives sites in Christchurch, Waikato and MidCentral,⁸ which take a new approach to supporting disabled people that offers greater choice and control over the supports they receive, enabled by pooled funding from the Ministry of Education, Ministry of Health and MSD
 - 32.2 Pacific Integrated Services Approach, where the Ministries of Health, Education, Pacific Peoples and Social Development are working together to support and develop new ways of funding, procuring, and contracting for some Pacific providers that have contracts with multiple agencies

⁸ The MidCentral demonstration does not include funding from the Ministry of Education.

- 32.3 Whānau ora approaches, including the Whānau Ora commissioning model for three commissioning agencies⁹, which each support whānau to achieve their aspirations through local partners and providers to deliver coordinated services to whānau
- 32.4 Joint procurement and contract alignment between the Ministry of Justice and Ara Poutama, where a consistent hourly rate has been agreed for non-violence programmes, so that providers are paid the same rate for the same service
- 32.5 Manaaki Tairāwhiti, an Iwi-led partnership changing the way that social services work together across Tairāwhiti.
- 33 These pockets of innovation can be used to leverage greater change. Adopting a relational approach through major reforms and actions under cross-strategies (for example health and disability sector reforms, disability support transformation, the strategy and action plans for the elimination of family violence and sexual violence, and Child and Youth Wellbeing Strategy) will enable their successful delivery as much of their work programmes require working alongside providers and community organisations.
- 34 An illustration of how the relational approach can be adopted, with reference to the localities approach for health sector reforms, is included in Appendix One.

Commissioning principles

- 35 I propose that the relational approach to commissioning is supported by seven principles that lay the foundation for a shift in commissioning practice.
- 36 Six of these principles have been previously agreed in principle by Cabinet in 2020 [CAB-20-MIN-0359 refers] and have received broad support from targeted engagement and government agencies:
 - 36.1 Individuals, families, whānau and communities exercise choice.
 - 36.2 Māori-Crown partnerships are at the heart of effective commissioning.
 - 36.3 The sector works together locally, regionally, and nationally.
 - 36.4 The sector is sustainable.
 - 36.5 Decisions and actions are taken transparently.
 - 36.6 The sector is always learning and improving.
- 37 The commissioning principles are interdependent, equally valuable, and indivisible. They complement and enable Te Tiriti o Waitangi/Treaty of Waitangi-led commissioning through the emphasis on building trusted, meaningful relationships centred on the preferences and lived experiences of individuals, families, whānau, and communities.
- 38 Following targeted engagement with representatives from the sector in 2021, a seventh principle is proposed that more explicitly focuses on equity of populations: “Commissioning is responsive to the equity of unique and diverse populations”.
- 39 Some populations may need the commissioning process to be responsive to what is specifically important and unique to them. Without this flexibility and adaptability,

⁹ Te Pou Matakana (trading as the Whānau Ora Commissioning Agency), Te Pūtahitanga o te Waipounamu and Pasifika Futures.

support will not be fully accessible, or as efficient or effective in achieving wellbeing that is sustainable over time.

- 40 Focusing on equity gaps in people's experience of wellbeing can be used to identify populations in need of specific attention. For example, ethnic communities, LGBTQIA+ people, disabled people, or people living in rural areas. Not only is our population becoming more diverse, but it is also aging. The impact of equity gaps for older people is becoming more relevant as the structure of our society is changing.
- 41 Pacific providers have strongly expressed that they and the Pacific people they serve are often invisible in mainstream approaches. Embracing the uniqueness of Pacific people and diversity in cultural practices builds trust in and enhances the effectiveness of services.

Pathway for change

- 42 It is proposed that the relational approach and principles be adopted across government funded social sector services and that government departments (and relevant Crown entities invited to) align commissioning policies, processes and practice and begin to explore opportunities to adopt the relational approach.
- 43 It is proposed that the pathway to change is phased in over the next six years:
- 43.1 Phase 1: Growing and extending from 2022 to mid-2024
 - 43.2 Phase 2: Sector-wide scale-up 2024 to 2028
 - 43.3 Phase 3: Normalised practice from 2028
- 44 An outline of the phases of change and detailed activities are at Appendix Two.

s 9(2)(f)(iv)

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

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... but the degree and speed of adoption will vary across social sector agencies

- 48 The degree and speed of the adoption of the relational approach will vary across government agencies depending on the current practice, existing capabilities, legislative restrictions, and the state of relationships with NGO providers, communities, and those receiving support.
- 49 Capability and capacity investment may also be required at different points to enable my proposed timeframe to be met as there are varying degrees to which government

agencies and parts of the sector are able to adopt the approach, s 9(2)(f)(iv)

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s 9(2)(f)(iv)

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There may need to be more active market shaping of the social sector to support entrance of new NGO providers and innovation for existing providers, as well as increasing diversity such as with increasing the proportion of Māori and Pacific providers. The strength of a relational approach will see how it can enable discussion of decommissioning and exiting from funding agreements and allowing funding for new NGO providers.

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s 9(2)(f)(iv)

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s 9(2)(f)(iv)

a strong mandate for change and detailed implementation plan will support the pathway for change

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I will report back to Cabinet in May 2022 to seek agreement on s 9(2)(f)(iv)

new governance arrangements, in particular through the Social Wellbeing Board Chief Executives Group, and the preparation of a detailed implementation plan.

Governance arrangements

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I propose that preliminary governance arrangements be put in place that support the consistent adoption of the relational approach to commissioning across government, consisting of:

55.1 The Minister for Social Development and Employment, as the Lead Minister, in consultation with other relevant Ministers, and

55.2 The Social Wellbeing Board Chief Executives providing:

55.2.1 Coordination across social sector government departments and Crown entities

55.2.2 Ensuring engagement with the non-government social sector, and with iwi and Māori occurs

55.2.3 Providing advice, guidance and tools to support implementation

- 55.2.4 Coordinating six monthly reporting by social sector government agencies and Crown entities on progress with implementation
- 55.2.5 Through the Lead Minister, reporting on implementation and providing advice to the Cabinet Social Wellbeing Committee at least annually.

56 The following issues can be prioritised for the Social Wellbeing Board in 2022:

- 56.1 a consistent approach to matching the level of reporting and compliance with the level of funding provided and risk involved
- 56.2 a consistent basis to regularly collect information on the size of investment and key metrics consistent with the Social Wellbeing Agency's Data Protection and Use Policy
- 56.3 application of commissioning principles in new initiatives funded through Budget 22
- 56.4 tracking immediate opportunities through major reforms and actions under major cross-government strategies, discussed above.

Implementation planning

57 Implementation planning will be critical to delivering on this next phase of work. As part of my report back in May 2022, I propose to provide a detailed implementation plan across the following areas:

- 57.1 **Governance arrangements:** additional governance arrangements to those listed above, including involving NGO providers and communities (including representation of those accessing support) in overseeing consistency in implementation and priorities for support and development, and for an operational level Deputy Chief Executives group
- 57.2 establishment of a focal point within government to host a technical unit to provide:
 - 57.2.1 advice on and support for implementing changes to achieve consistency in commissioning
 - 57.2.2 a project management function to support the Social Wellbeing Board's role, and monitoring and reporting on implementation
 - 57.2.3 with options for which agency will host the technical unit to be considered over the coming months, including the Social Wellbeing Agency.
- 57.3 **Levers and resourcing:** existing levers in government systems, such as opportunities with the procurement rules and processes, instructions from the head of Public Service under the Public Service Act 2020, directions under the Crown Entities Act 2004, estimates reporting requirements through Treasury and the Public Finance Act 1989, and the Regional Public Service Commissioners
- 57.4 budgeting and funding processes, such as requirements through the budget template to demonstrate alignment and consistency

- 57.5 resourcing, particularly looking at what is needed to meet the commitments and the shift to a relational approach for government and NGO providers
- 57.6 **Reporting, monitoring and evaluation:** reporting, including a process for working with the sector to develop consistent measures of progress and impact, and identifying areas for attention
- 57.7 monitoring and evaluation of the impact of the commissioning process, including quantitative and qualitative information, insight from those accessing support, and independent monitoring
- 57.8 reviewing implementation after three years (2024/25) to determine how well the change process has progressed and how well the shift to a relational approach to commissioning has embedded and its impact, and any priorities for intervention or change to continue to support the shifts needed.
- 57.9 **Engagement and communications:** engagement with the social sector, particularly with Iwi and Māori providers, to ensure the implementation process is inclusive and continues to have buy-in, opportunities for regional hui, and continuing to utilise existing reference groups across government agencies and the community
- 57.10 capability building within government agencies, NGO providers, and communities to ensure meaningful engagement in the change process and active participation with implementation, workforce development, and market shaping (including diversity of providers)
- 57.11 communications, such as the merits of an online presence with information, tools, training opportunities, and leveraging existing communication channels
- 57.12 tools and training, including ‘champions of peers in leading practice’ to provide support and advice through the change process.
- 58 A key priority to inform implementation is to better understand how a relational approach to commissioning, as an enabling platform, acts to positively involve and support leadership of Māori and Iwi, and practically recognise Crown-Māori partnerships, including the benefits of devolution and acting locally and regionally in commissioning. Involvement of specialist advice will be critical, including from Te Arawhiti, Iwi and Māori organisations, as well as communities.
- 59 Another important consideration will be ensuring the commissioning process and related information is accessible to disabled people, if they are to effectively participate in the relational approach. Accessibility for disabled people will also benefit other populations and communities, who may not find traditional government communications easy to understand, engage with, or trust.

Financial Implications

- 60 There are likely to be funding implications from adopting a relational approach to commissioning – some of which may be fiscally neutral, s 9(2)(f)(iv) [REDACTED]
[REDACTED]
[REDACTED] inisters can then take decisions on the scale and pace of change to adopting a relational approach, as fiscal conditions allow.

Legislative Implications

- 61 There are no legislative implications.

Impact Analysis

- 62 The proposals in this paper do not have any regulatory impacts.
- 63 **Te Tiriti o Waitangi/Treaty of Waitangi:** Relational approaches to commissioning, as an enabling platform, should create understanding and more opportunities for specific responses to Te Tiriti o Waitangi/Treaty of Waitangi obligations. This is because it is intentionally centred on relationships, including Māori-Crown relationships, between parties involved in the commissioning process, and focused on supporting the aspirations and wellbeing outcomes of individuals, families, whānau, and communities.
- 64 Individuals, whānau, hapū and iwi should be able to lead or engage with the commissioning process, as they choose to and at various stages, making space to uphold rangatiratanga, mana motuhake and ōritetanga. This may involve understanding different approaches to address equity gaps or changing funder behaviour and processes so that the Crown consistently works in a more open, respectful and trusted way with Iwi and Māori providers. At the community level, it is about changing how services are designed and provided so that Māori communities and whānau have more control over their own wellbeing aspirations.

Population Implications

- 65 **Māori:** In part due to socio-economic factors, Māori tend to be overrepresented in people accessing support provided by government agencies or NGO, Iwi and Māori providers. A relational approach to commissioning should ensure a more streamlined and less complicated arrangements to accessing support, over time, by reducing the transactions and navigation across government systems and providers. More flexibility and adaptability should ensure increase cultural competence in services provided. The focus on workforce capability should also see an increase in Kaupapa Māori providers.
- 66 **Pacific people:** A relational approach to commissioning aligns with the Pacific Aotearoa Lalanga Fou report (2018) which highlighted that Pacific communities are more than capable of being the drivers of their own solutions. However, this requires a different approach to thinking, decision-making and the ways in which government supports Pacific initiatives, and may include capability building. Persistent inequities in wellbeing experienced by Pacific people suggest that the status quo approach to provide support does not work as well as it could.
- 67 **Disabled people:** Many disabled people rely on supports from different government agencies and corresponding funding siloes. The fragmented nature of disability supports means disabled people and their families have to navigate and interpret what support is available. The shift to a relational approach to commissioning should support government agencies to reduce complexity for disabled people and their families, but will depend on the accessibility of the process and information. There is alignment with the goals of disability system transformation.
- 68 **Ethnic communities:** A relational approach to commissioning will mean service providers can be more responsive to the uniqueness of different ethnic groups and the diversity of cultural practices, so support is accessible. Improving workforce capability means upskilling cultural competency in the social sector and in

government so relationships with whānau and the community can be effectively managed, and services effectively delivered.

- 69 **Older people:** A relational approach to commissioning should see improved effectiveness and providers working better collaboratively with each other, government agencies, and wider community representatives. Consistent application of the relational approach is expected to positively contribute to achieving the vision in the government's strategy Better Later Life – He Oranga Kaumatua 2019 to 2034 of older New Zealanders leading valued, connected and fulfilling lives.
- 70 **Children and youth:** A relational approach to commissioning will ensure services are grounded in the needs and aspirations of the young people and their whānau. This includes using data and insights from the lived experience of children and young people. Consistent application of the relational approach is expected to positively contribute towards all six outcomes of the Child and Youth Wellbeing Strategy.
- 71 **Women:** A relational approach to commissioning will ensure services are grounded in the needs and aspirations of women and their whānau. This includes using data and insights from the lived experience of women, empowering them to make informed choices about the support they receive. The Joint Venture for Family Violence and Sexual Violence is also likely to be an early adopter of relational approaches to commissioning, seeing women involved early on in the continual development of this work.

Human Rights

- 72 This paper is not inconsistent with the New Zealand Bill of Rights Act 1990 and the Human Rights Act 1993. A relational approach to commissioning is intended to remove equity gaps in experiencing wellbeing and contribute to individuals, families and whānau exercising more choices in how they live their life.

Consultation

- 73 The following government agencies were consulted on proposals in this paper: the Ministries of Business Innovation and Employment, Education, Ethnic Communities, Health, Housing and Urban Development, Justice, Pacific Peoples, Youth Development; ACC, Ara Poutama Aotearoa, 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 Arawhiti, Te Puni Kōkiri, Kāinga Ora, Social Wellbeing Agency, Tertiary Education Commission, and the Treasury. Also consulted were the Family Violence and Sexual Violence Joint Venture.
- 74 Social sector leaders from NGO providers (who had participated in targeted engagement earlier in 2021) have been involved in the development of the relational approach s 9(2)(f)(iv) have been consulted on the attached update report back.

Communications

- 75 Subject to Cabinet agreement, communicating the changes required for a relational approach to commissioning to the wider social sector will be a priority.

- 76 Consistent messaging across government agencies will be important to ensure the right information is provided to those who need it. Publication of an update report back (see Appendix four) is proposed, subject to minor editorial and formatting changes. It will continue on from the initial update report published in late 2020, and be available in formats accessible for disabled people.
- 77 I will lead government communications for Cabinet decisions on reform to social sector commissioning, including release of the update report back.

Proactive Release

- 78 I intend to release this Cabinet paper and appendices proactively within 30 business days and with redactions as appropriate, as well as advice previously provided to support updates to the Cabinet Social Wellbeing Committee in June 2021.

Recommendations

- 79 The Minister for Social Development and Employment recommends that the Committee:
- 1 **note** that in the context of these recommendations the “social sector” includes both government and non-government organisations (NGOs), and is defined as: government departments, Crown entities and organisations working with individuals and whānau (whether national, regional, or local), in particular areas of welfare, housing, health, education, child wellbeing, justice and disability support services; includes those who fund social sector services in this regard, philanthropic and other funders, and NGOs and other providers (both not-for-profit and for-profit) that deliver those services within communities.
 - 2 **note** that the “social sector” includes the following government departments and Crown entities: Ara Poutama Aotearoa — Department of Corrections; Department of Internal Affairs; Ministry of Business, Innovation and Employment; Ministry of Education; Ministry for Ethnic Communities; Ministry of Health; Te Tūāpapa Kura Kāinga – Ministry of Housing and Urban Development; Ministry of Justice; Ministry for Pacific People; Ministry of Social Development; Ministry of Youth Development; Oranga Tamariki — Ministry for Children; Te Puni Kōkiri; New Zealand Police; District health boards (which will be replaced by Health New Zealand and the Māori Health Authority); Kāinga Ora; Accident Compensation Corporation; and Tertiary Education Commission.
 - 3 **note** that targeted engagement with the social sector through 2021 identified that a fundamental shift in behaviour, practice, and systems is needed so that commissioning better contributes to intergenerational wellbeing, through a “relational approach to commissioning” that:
 - 3.1 enables trusting, meaningful relationships between government agencies, funders, NGO providers, community representatives
 - 3.2 ensures the preferences and lived experience of individuals, families, whānau and communities influence the design, delivery, and monitoring of support for their wellbeing, and
 - 3.3 lifts the burden of navigating the complexity of government silos and inconsistent funding practices from individuals, families, whānau and communities

- 4 **agree** to adopt a relational approach to commissioning across government funded social sector services that:
- 4.1 places trusted, meaningful relationships at the centre of traditional commissioning activities like setting outcomes, planning, designing, procuring, delivering, monitoring and evaluating social services
 - 4.2 better contributes to wellbeing outcomes for individuals, families, whānau and communities.
- 5 **agree** that the following principles set the foundation for a relational approach to commissioning, which are interdependent, equally valued, and indivisible:
- 5.1 individuals, families, whānau and communities exercise choice
 - 5.2 Māori-Crown partnerships are at the heart of effective commissioning
 - 5.3 commissioning is responsive to the equity of unique and diverse populations
 - 5.4 the sector works together locally, regionally, and nationally
 - 5.5 the sector is sustainable
 - 5.6 decisions and actions are taken transparently
 - 5.7 the sector is always learning and improving
- 6 **direct** social sector government departments in recommendation 2 above to align commissioning policies, processes, and practice with the principles in recommendation 5 above and to begin to explore opportunities to adopt a relational approach to commissioning as outlined in recommendation 4
- 7 **invite** responsible Ministers to encourage their social sector Crown entities in recommendation 2 above to align commissioning policies, processes, and practice with the principles in recommendation 5 above and to begin to explore opportunities to adopt a relational approach to commissioning as outlined in recommendation 4
- 8 **note** that the intended pathway to change will be phased over the next six years:
- 8.1 phase one: growing and extending from 2022 to mid-2024
 - 8.2 phase two: sector-wide scale up 2024 to 2028
 - 8.3 phase three: normalising practice 2028 onwards

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s 9(2)(f)(iv)

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15 **agree** to the following governance arrangements to embed a relational approach to commissioning:

- 15.1 the Minister for Social Development and Employment, as the Lead Minister, in consultation with other relevant Ministers
- 15.2 the Social Wellbeing Board Chief Executives:
 - 15.2.1 providing system stewardship, coordination across social sector government departments and Crown entities, and monitoring
 - 15.2.2 ensuring engagement with the non-government social sector, particularly with Iwi and Māori
 - 15.2.3 providing advice, guidance and tools to support implementation
 - 15.2.4 coordinating six monthly reporting by social sector government agencies and Crown entities on progress with implementation
 - 15.2.5 through the Lead Minister, reporting on implementation and providing advice to the Cabinet Social Wellbeing Committee at least annually

16 **agree** that the Social Wellbeing Board Chief Executives to consider the following issues as priorities for action in early 2022:

- 16.1 a consistent approach to matching the level of reporting and compliance with the level of funding provided and risk involved
- 16.2 a consistent basis to regularly collect information on the size of investment and key metrics
- 16.3 application of the commissioning principles in new initiatives funded through Budget 2022
- 16.4 immediate opportunities through major reforms and actions under cross-government strategies, including the health and disability sector reforms, disability system transformation, the national strategy for the elimination of family violence and sexual violence and Child and Youth Wellbeing Strategy

17 **invite** the Minister for Social Development and Employment to report back to the Cabinet Social Wellbeing Committee by May 2022 with a detailed implementation plan, including consideration of:

- 17.1 governance arrangements, including involvement of representatives of NGO providers and communities, and those receiving support
- 17.2 engagement with the non-government social sector, including communications

- 17.3 engagement with Māori and practical responsiveness to Te Tiriti o Waitangi/
Treaty of Waitangi
- 17.4 ensuring individuals, families, and whānau are engaged with, heard, and have
influence in the commissioning process, including through ensuring
accessibility of the process and information
- 17.5 leveraging existing levers in government systems, such as the Procurement
Rules, and budget and funding processes
- 17.6 monitoring, reporting, and evaluation, including working together with the social
sector to develop consistent measures of progress and impact
- 17.7 resourcing, including to support the change process over time, funding for
services and support, and capability building within government departments
and Crown entities, NGO providers, and communities
- 17.8 establishment of a focal point within government to host a technical unit to provide:
 - 17.8.1 advice on and support for implementing changes to achieve consistency
in commissioning
 - 17.8.2 a project management function to support the Social Wellbeing Board's
role, and monitoring and reporting on implementation
 - 17.8.3 with options for which agency will host the technical unit to be
considered over the coming months, including the Social Wellbeing
Agency
- 17.9 tools and training, including 'champions of peers in leading practice' and
resources to promote understanding and consistency implementing commitments
- 17.10 reviewing implementation after three years (that is in 2024/25)
- 18 **agree** to publish the report back to the sector (in Appendix four) subject to minor
editorial and formatting changes
- 19 **note** that the Minister for Social Development and Employment will lead sector
communications on the release of the report back to the sector and decisions made
by Cabinet arising from this paper.

Authorised for lodgement

Hon Carmel Sepuloni
Minister for Social Development and Employment

Appendix 1 – Key features of a relational approach

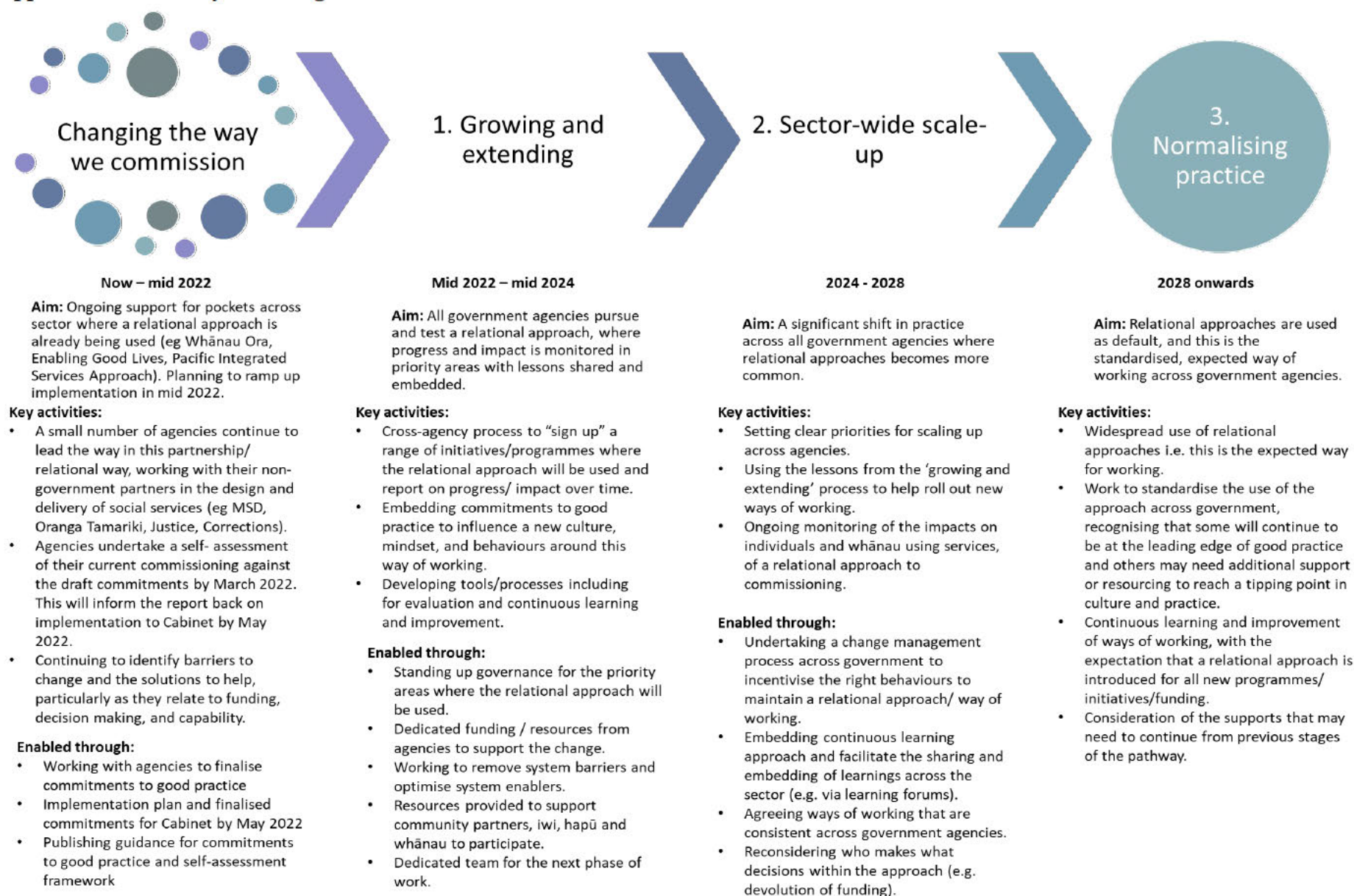
The table below presents six key features that describe the relational approach to commissioning, which should be understood as overlapping, intertwined and iterative rather than linear or fixed. An example shows how the health and disability sector reforms' locality approach aligns with these key features.

Relational approach feature	What this might look like in practice	Example: health sector locality approach
Grounding work in the needs and aspirations of individuals, families, whānau, and communities	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 communities 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.	Health NZ will be responsible for engaging with communities on the health priorities and outcomes for their locality. This includes facilitating community forums to share data on the health of the local population, agreeing health priorities for the community, and involving people with lived experience in the design of services to achieve agreed outcomes.
Entering into relationships 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.	Locality plans will set the medium-term aspirations and health priorities for a locality, based on community engagement and partnership with iwi-Māori partnership boards. Health NZ and the Māori Health Authority will then commission provider networks to deliver on the outcomes articulated in a locality plan.
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/Treaty of 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; supporting them to execute their own solutions, driving for equitable access, experiences, and outcomes for Māori; and developing cultural competency and safety to engage and apply tikanga in a	The locality approach is strongly grounded in authentic Māori-Crown partnerships which are operationalised through strengthened iwi-Māori partnership boards (IMPBs) working with locality commissioners (Health NZ and the Māori Health Authority). IMPBs represent, and are accountable to, mana whenua and hapori Māori in their respective rohe. Their core function will likely include: <ul style="list-style-type: none"> assessing the current state of hauora Māori in their rohe, and engaging with whānau

IN CONFIDENCE

Relational approach feature	What this might look like in practice	Example: health sector locality approach
	way that benefits people accessing those services.	<p>and hapu to “tell their story”</p> <ul style="list-style-type: none"> • setting hauora Māori wellness priorities • reviewing locality and regional health plans developed by Health NZ and the Māori Health Authority for alignment with their hauora Māori wellness priorities • monitoring the performance of services in localities.
Agreeing how parties 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.	Health NZ will be responsible for establishing primary and community care provider networks that serve localities. This includes developing a specific ‘network integration’ function to foster trusted relationships between providers and ensure they are able to deliver on the outcomes agreed through the locality plan.
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.	Providers within a network will agree to common ways of working and will be commissioned collectively to achieve the health outcomes outlined in the locality plan. Further work is anticipated to explore funding and contracting mechanisms that could support shared accountability for outcomes.
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.	The Transition Unit is developing a co-commissioning framework for Health NZ and the Māori Health Authority that will clearly articulate the role and responsibilities of each actor in the locality commissioning process, including how the health sector will work with other agencies to co-commission for better health and wellbeing outcomes.

Appendix 2 – Pathway for change



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