



# Report

**Date:** 4 March 2016

**Security Level:** IN CONFIDENCE

**To:** Hon Jo Goodhew, Associate Minister for Social Development

**Cc:** Hon Anne Tolley, Minister for Social Development

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## Community Investment Strategy: Implementation to June 2016

### Purpose

- 1 This paper provides you with an update on the Community Investment Strategy priorities and timeframes to June 2016. It sets out the recommendations of the line by line review of programmes and services to date, and their proposed treatment.

### Recommended actions

It is recommended that you:

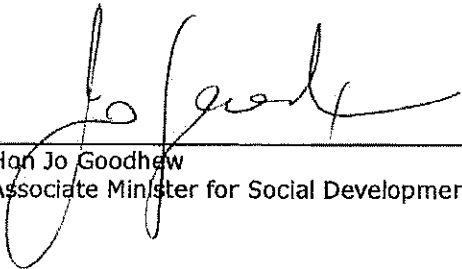
1. **Note** that our priorities over the next three to six months reflect our main focus on the smooth communication and implementation of changes to provider contracts starting from 1 July 2016.  Yes / No
2. **Note** the summary of completed line by line reviews to date, and our recommended treatment as detailed in Appendix One. Yes / No
3. **Note** that where we are proposing exits from programmes and services we will provide you with detailed information for your decision by 11 March 2016, including how we will manage the exits to minimise impact.  Yes / No
4. **Note** that, pending the decision referred to in recommendation 3 above, we will provide a paper about exits from programmes and services for your consideration by 15 March, to present at the Cabinet Social Policy Committee (SOC) on 30 March.  Yes / No
5. **Note** that we are rolling over provider contracts from 1 July 2016 as detailed in Appendix One. Yes / No

6. ~~Note that we will provide a separate paper to Minister Tolley (copied to you)~~  Yes /  No  
about rollover of provider contracts associated with services to support Child Youth and Family, and the Children's Action Plan.

7. **Note** that, while there are other priority work programmes that will have an impact on some programmes and contracts from 1 July 2016 and we will keep you briefed on these impacts, our focus in this paper is on priorities you are responsible for.  Yes /  No

  
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Murray Edridge  
Deputy CE, Community Investment

4/03/2016.  
Date

  
\_\_\_\_\_  
Hon Jo Goodhew  
Associate Minister for Social Development

5/3/16  
Date

## **We are making good progress in implementing our three-year change programme**

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- 2 We have made good progress on the first stages of the three year implementation of the Community Investment Strategy (the Strategy). The next three to six months will see the work to date impacting on contracts. The main focus for this period is on ensuring the smooth implementation and communication of changes to provider contracts starting on 1 July 2016.
- 3 We have revised and updated Strategy priorities for the period to the end of June 2016. Our priorities are:
  - Line by Line Review and Service Redesign
  - Results Measures and Client Data Collection
  - Redesign of Contracts
  - Contract Management
  - Communications
  - Community / Stakeholder Engagement
  - Provider Capability
  - ICT.
- 4 The focus of this paper is on priorities that you are responsible for. There are other work programmes that will impact on implementation of the Strategy over time<sup>1</sup>. We will keep you briefed on these impacts.

### **Line by Line Review and Service Redesign**

- 5 We have completed line by line reviews for over 50% of the Strategy funding. Over the period to the end of June 2016 we will complete the last tranche of line by line reviews. We are also acting on decisions already made to date about services with completed reviews.
- 6 Appendix One outlines:
  - our summary of line by line reviews of programmes and services completed to date (October 2015 and December 2015 tranches), as well as the line by line reviews of programmes and services still pending
  - how we recommend treating these programme and services
  - what change is expected by 1 July 2016
  - what decisions are required from you.
- 7 We have grouped recommendations into four categories, listed below.
  - A. **Exit:** We recommend exiting the contracts for programmes and services currently delivered by 16 providers, valued at \$388,810. We will provide you with detailed information about these exits for your decision by 11 March 2016. Subject to your approval, we will provide you with a draft paper for your

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<sup>1</sup> Children's Action Plan (Minister Tolley); Whānau Ora transfers (Ministers Tolley and Flavell); Ministerial Group on Family Violence and Sexual Violence (including the line by line reviews of these services) (Ministers Tolley and Adams); Review of Ministry of Youth Development programmes (Minister Kaya); The line by line review of services to support Child, Youth and Family (Minister Tolley).

consideration by 15 March to present at the Cabinet Social Policy Committee (SOC) on 30 March. If approved, exit would be from 1 July 2016.

- B. **Continue:** Of the line by line reviews completed that are under your mandate, \$51,050,107 in programmes and services have been assessed as being aligned to the Strategy priority results, are effective, and are targeted at vulnerable people or require modification to enable this.

Where appropriate and feasible, we are looking to implement result based measures and client data collection for these services in provider contracts from 1 July 2016.

- C. **Subject to other work programmes:** Line by line reviews have been completed for \$108,849,453 in programmes and services under the delegation of other Ministers and are subject to the Children's Action Plan, transfer to Whānau Ora, Ministry of Youth Development, and some of the services under the Ministerial Group on Family Violence and Sexual Violence (with some still pending).

Where appropriate and feasible, we are looking to implement result based measures and client data collection for these services in provider contracts from 1 July 2016.

- D. **Other:** Programmes and services valued at \$133,666,768 still require line by line review, or further policy review, evaluation results, and/or decisions from other Ministers. The focus for you for the remaining line by line reviews will be contributory and regional funding<sup>2</sup>. We will report to you by the end of May on the outcomes and next steps.

- 8 For those programmes and services where -
- decisions have yet to be made
  - they are subject to other work programmes that are still underway
  - modifications to services have yet to be completed
- we are rolling over provider contracts from 1 July 2016. These are individually detailed in Appendix One.
- 9 We will provide a separate paper this month to Minister Tolley (copied to you) about the rollover of provider contracts for services to support Child, Youth and Family, and any rollover of provider contracts for services associated with the Children's Action Plan.

### Results Measures and Client Data Collection

- 10 We are currently developing results based performance measures aligned to the Results Measurement Framework for the programmes and services listed below (this will be largely complete by the end April).
- 11 We will implement these together with client data collection in targeted provider contracts starting from 1 July 2016. These contracts comprise 23.5% of Strategy funding.

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<sup>2</sup> We will also be completing line by line reviews of family violence and sexual violence services, as well as services to support Child, Youth and Family.

Programme or Service <sup>3</sup>	F16 Appropriation \$m	No. of F16 Provider Contracts
Family Start	\$30.65m	34
Early Start <sup>4</sup>	\$1.21m	2
Social Workers in Schools	\$21.45m	43
Youth Workers in Secondary Schools	\$2.31m	8
Multi Agency Support Services in Secondary Schools	\$2.01m	8
Harmful Sexual Behaviour <sup>5</sup> community based treatment programmes.	\$2.83	3
Children's Health Camps (STAND)	\$14.44	1
SKIP <sup>6</sup>	\$2.01m	34 grants
<b>Total</b>	<b>\$76.91m<sup>7</sup></b>	<b>133 contracts</b>

### Redesign of Contracts

- 12 The significant contractual changes we are introducing reflect the things we are focused on improving – collecting client level data, which will mean we can understand results, and using measures that align to the priority areas for vulnerable children, young people and adults.
- 13 We also intend using different procurement mechanisms across these services to reflect the realities of the 'market' – for example, longer-term contracts for more specialised services, and more competition and shorter terms for less-specialised ones. We will progressively introduce this sophistication into other clusters of services as we work through them.
- 14 From April to June, our contract redesign tool will be tested using a mix and match approach. This will include the way the service is purchased, priced and procured, and what the agreement arrangements are, such as reporting, contractual mechanism, length and contractual clauses.
- 15 It is intended that the contract design tool will be used in on-going continuous improvement of contracts. Contractual components will be applied or tested against the tool to determine if the contract design can be improved to achieve a specified result. As we move towards contracting for better results the tool will be continuously refined and adapted to remain fit for purpose.
- 16 We are also considering potential new or amended clauses to support best management of contracts and protect service provision and client data, such as:
  - Step In Rights, which could provide the Ministry with the ability to assume control of the provision of some or all of a providers services, as an alternative to termination of the contract.

<sup>3</sup> PAFT and Strengthening Families were originally included in this table, but are now subject to Cabinet decisions under the Children's Action Plan.

<sup>4</sup> Early Start is very similar to Family Start, and has a strong evidence base. Family Start's line by line review outcomes and results measures will form the basis for work on Early Start.

<sup>5</sup> Harmful Sexual Behaviour services has not yet had a line by line review. However, these services are a high priority, and the sector has done considerable work already on moving to result based measures.

<sup>6</sup> There will be no client level data collection for SKIP, since it is not implemented with individuals.

<sup>7</sup> 23.5% of F2016 Strategy funding.

- Inclusion of provisions which provide the Ministry with legal rights to require co-operation or disengagement – specifically around the transition of services and the transfer of any data, including client records relating to the service.
- Tightening clauses around reporting, including options for the Ministry to request additional reporting or changes to reporting requirements.
- Audit rights.
- Enhancing rights to require remedial action through a formal remedial plan.
- Tightening of clauses around financial consequence in circumstances where the Ministry has concerns about the solvency of the provider or its ability to deliver services.

## Contract Management

- 17 There are over 700 provider contracts expiring on 30 June 2016. Additionally, significantly more<sup>6</sup> will need to be varied to account for changes made as a result of the Strategy. This will require careful management, communication and an understanding of the risks for providers.
- 18 Changes requiring a contract variation include any changes to funding amounts, volumes, scope of funding, inclusion of new results based performance measures, and changes to contractual clauses including the capture of client level data and amended escalation clauses or Step in Rights.
- 19 Because of the large number of changes to provider contracts this year we will adopt a flexible provider by provider approach to contract renewal. We have identified contracts that contain services that we can roll over and will communicate with these providers as early as possible.
- 20 While rolling over contracts we are continuously modifying / targeting and seeking to improve provider performance to better meet our Strategy focus and the needs of the most vulnerable.

## Communications

- 21 Our communications will be targeted to ensure that providers receive clear and relevant information on a regular basis, and as early as possible where they are impacted by decisions. The main focus now is to effectively communicate with providers about the changes they will see in their contracts starting from 1 July 2016.
- 22 Our communications approach and high level key messages are attached as Appendix Two.
- 23 Where possible and in line with best practice we intend to communicate with providers before the end of March 2016, in order to give 90 days' notice of changes. We may in some cases be required to reduce this notification period, due to timing of decisions. In these instances, we will still be in a position to give more than 60 days' notice to providers (over twice our legal requirement of 30 days).
- 24 We will take a tailored approach to communications at a service and provider level, taking into account the impact on the provider and the associated risk of reputational and/or relationship damage.

*Priority Not*

<sup>6</sup> Actual numbers will be dependent on decisions made between now and March.

- 25 For example, if the impact and risk level are high (such as where we are exiting contracts) messaging will be delivered by a senior staff member e.g. the Deputy Chief Executive, a General Manager or a Regional Manager. Where the impact and risk level are lower, messaging will be delivered by regionally-based Community Investment Advisors using business as usual processes.
- 26 We are also mindful of the fact that many providers deliver more than one programme, and are factoring this into our communications planning and risk assessment.
- 27 Alongside, we are making sure that conversations with providers are set within the wider Community Investment Strategy context, with an update of our online content and resources.
- 28 Key milestones over this period include:
- By mid-March our online content and resources will be updated to reflect our progress in implementing the Strategy.
  - Where possible, by 31 March providers will be notified or updated about changes to their 2016/17 contracts.
  - Further notifications will be given to providers in April 2016, pending Cabinet decisions around exits from providers' contracts.
- X In May any additional announcements will be made as necessary, following budget decisions.

29 9(2)(g)(i)

### Community and Stakeholder Engagement

- 30 Our approach to stakeholder engagement is to *inform* stakeholders about the Strategy; *involve* them through sharing data and receiving information about priority populations; and *collaborate* using the Strategy as a framework to develop shared plans for investment to support vulnerable people.
- 31 Specifically this has included revitalising the Regional Community Response Forums (the Forums) to work alongside the Ministry with the implementation of the Strategy. We are working with the Forums and other relevant groups and organisations to inform our funding planning and to communicate with our stakeholders. Where possible we will be communicating significant decisions to the Forums in advance of our wider communications.
- 32 Our ability to achieve broader engagement with all NGOs and communities is, unfortunately, limited for this funding planning round and we have warned NGO representative groups and the Forums that this is the case. We will be able to have much more effective funding planning engagement for subsequent funding rounds.
- 33 As you know, we need to renew membership of the Forums. We will provide you with nominations for Forum membership for the next three years in mid-March, and seek your approval of these.

### Supporting provider capability to be able to achieve and report on results

- 34 Our work on provider capability aims to support providers to be sustainable, and to achieve and report on results.

- 35 Over March and April 2016 we will begin roll out of the remaining Capability Investment Resource (CIR) funding. This will focus on the provision of training and support for targeted providers assisting them to achieve and report on results, through strengthening organisational strategic governance, including knowledge and awareness of what it takes to identify, understand and report on outcomes.
- 36 We are also developing a comprehensive longer term provider capability strategy to support providers to focus on 'what works'. For example improved design of services for clients, evaluation of those services and reporting on client results. This is in partnership with Superu, and we will be reporting back to you in June on our intended approach.

### **ICT Infrastructure**

- 37 Between now and 1 July 2016 we are working with our current service provider (IBM NZ Ltd) to trial and implement a data capture portal. This will allow us to collect and analyse client data and results from providers across a selection of the services<sup>9</sup> that will have results based measures and client data in place from July.
- 38 The work will include ensuring that any potential data security and privacy issues are identified and mitigated. We want a system that is efficient for the Ministry, and minimises compliance for providers.
- 39 What we learn from the trial over the next several months will help to inform a business case that confirms requirements and options. We will provide you with a briefing on this in June 2016.

### **Your focus until June 2016**

- 40 A timeline summarising the Strategy priorities and key deliverables over this period, including where your focus is required, is attached as Appendix Three.

### **Appendices**

Appendix One (separate document) *Line by Line Review – Summary of recommended funding programme treatment*

Appendix Two (follows) *Communications Approach and High Level Key Messages*

Appendix Three (separate document) *Community Investment Strategy – Work programme milestone requirements*

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<sup>9</sup> Namely SWIS, YWISS and MASSISS.



## Appendix Two: Communications Approach and High Level Key Messages

Communications approach	High-level key messages
<p><b>Exit from provider contracts:</b></p> <p>Where possible, in order to give 90 days' notice, we will communicate our decision to providers before 31 March 2016.</p> <p>Specific messaging and channels will be tailored to fit each provider and will depend on the particular impact and provider/community risk assessment.</p> <p>Where appropriate, our decision to exit will be communicated by senior staff members (for example at Deputy Chief Executive, General Manager or Regional Manager level).</p> <p>We will be mindful that many providers deliver more than one programme, and will factor this into our communications planning.</p>	<p>We are conducting a line by line review of all our programmes and services.</p> <p>As a result, we have made the decision to exit your programme or service.</p> <p>This is the clear rationale for that decision (specific to each programme and service).</p> <p>The Community Investment Strategy is focused on getting the best outcome for the most vulnerable people.</p>
<p><b>Continue providers contracts (with modifications as required):</b></p> <p>Where possible, in order to give 90 days' notice, we will communicate our decision to providers before 31 March 2016.</p> <p>We will follow business as usual processes, and will be mindful that many providers deliver more than one programme and will factor this into our communications planning.</p>	<p>We are conducting a line by line review of all of our programmes and services.</p> <p>As a result, we have made the decision to continue your programme/ continue your programme with minor modifications.</p> <p>Where necessary:</p> <ul style="list-style-type: none"> <li>• These are the minor modifications we have made.</li> <li>• These are your new results measures.</li> </ul> <p>We need you to collect individual client level data.</p>
<p><b>Subject to other work programmes:</b></p> <p>Separate but aligned communications planning is taking place.</p> <p>We are working collaboratively across the Ministry and with other agencies to carry out this work.</p>	<p>Separate but aligned messaging will be developed.</p>
<p><b>Other:</b></p> <p>Where possible, in order to give 90 days' notice, we will communicate our decision to providers before 31 March 2016.</p> <p>We will follow business as usual processes, and will be mindful that many providers deliver more than one programme and will factor this into our communications planning.</p>	<p>We are conducting a line by line review of all of our programmes and services.</p> <p>We are yet to complete the review of your programme or service.</p> <p>OR</p> <p>In order to make a decision about your programme or service, we need more information.</p> <p>The following on-going or upcoming review, evaluation or decision will provide us with the information we need.</p> <p>In the meantime, we will roll over your contract for a period of xx months.</p>