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Dear Geoff and team

**Re: Presbyterian Support New Zealand Submission – More Effective Social Services Draft Report
April 2015**

This submission is made by the seven Presbyterian Support regional organisations, through the office of the national Federation. Presbyterian Support organisations provide a range of community-based services to vulnerable people of all ethnicities across the age range. Our organisations have developed over time from charitable societies, to not-for-profit professionally delivered and managed, place-based services that are available and accessible to people in their communities.

We acknowledge and congratulate the Productivity Commission's work to bring to the fore the issues for many vulnerable people accessing support services, and to examine among other things, the impacts of a disjointed state sector, piecemeal and under-funding for services, and poor mechanisms for measuring the results of interventions to improve the outcomes for vulnerable children, whānau and communities.

We recognise that the Report has taken a whole-of-social-sector view, and that this incorporates a large range of services, state sector and community.

Some of the findings and recommendations made about what is currently working and what is not, appear to be based on incomplete data, which the Report identifies as one of the issues facing us all in this work.

Our recommendation

We recommend that any wide-ranging changes to the models of funding for service delivery which will inevitably result in loss of community not-for-profit capacity, are not implemented until there is more evidence that structural changes in play currently, and other necessary changes, have had time to take effect. Specifically:

- information-sharing, and prioritising of services and collaborations required of public sector health, education and social services brought about by the Vulnerable Children's Act
- necessary improvements that are required to enable public sector funders to capture and report community social service outcomes
- joined-up public sector funding to reduce fragmentation and increase whole of person results-based contracting, in a way that allows community organisations to tailor service responses to meet individual client need

- wider analysis of MSD's Community Investment strategy, which includes evaluation of existing programmes funded by MSD, and reprioritising funding to meet priority groups – vulnerable children, young people and adults/families
- the implementation and impact of Children's Teams and funding changes to reprioritise spending to service this infrastructure, and delivery of services

We are very concerned about the potential economic and social costs of some of the draft report's proposed changes, and urge you to consider the possible unintended consequences of these. This submission will outline some of the areas of concern for us and our suggestions for further analysis and alternative approaches.

Social Services in New Zealand (Chapter 2)

One of the major constraints to providing a range of information to MSD by our PS regions, is the inability of service lines within MSD to capture any demographic or other meaningful data within Community Investment's contract management system. Of great concern is an apparent criticism of the NFP sector's ability to provide results information, when often the problem lies with government departments' inability to request the appropriate information, or make use of it/report it to government, when MSD receives it.

A good example of tailoring data collection to reporting results is the system used by Work and Income for Youth Services (Youth payment, young parent payment). Providers log into and use the W&I system. The only drawback is providers cannot access reports themselves or manipulate the data to inform their own service development.

Our recommendation

We would recommend a long term approach to understanding what works and establishing ways government and NFP social services can work together, before making any radical changes to the way government contracts. Several of Presbyterian Support services have been working with government in various ways to establish better results-based reporting measures. This work is important to undertake, especially where there are several organisations jointly providing services – and the result are by way of collective impact.

Presbyterian Support organisations are motivated to work with government to do this work and are not afraid of change to ensure clients receive effective services. We believe many other NFP providers are similarly motivated. This work requires a systematic approach that values time to review, understand and respond to evaluation information gained, and trial new approaches where indicated.

New Ideas in New Zealand and elsewhere (Chapter 3)

We support improved commissioning for services, however caution that commissioning agencies will need to be trusted providers with systems in place to ensure client needs are prioritised, commissioning is fair, and cognizant of the strengths of trusted providers within their communities, and an assurance that reporting mechanisms are an improvement on the current system.

Current funding models often allow flexibility in applying a mix of funding and service delivery solutions to meet the complex needs of clients within a NFP organisation. Much of the work

Presbyterian Support, Family Works is engaged in, provides a holistic assessment of needs and referrals both in-house and externally, to meet the needs of a client.

Alongside government funding, Presbyterian Support utilises a mix of philanthropic and internal funding (PSO is currently funded for social services @ 30% govt contract, 35% philanthropic and 35% internal which gives significant scope for wraparound support and community development approach) There are a number of new ideas that have developed and adapted over time to meet changing government focus eg Youthgrow which came about following research of the issues for youth within the community, and an assessment of what might work for young men in particular, with barriers to employment. The model as originally developed, no longer fits the current education/training model supported by Work and Income, however it achieves the desired outcomes for a high need group of young people. Instead of parachuting specific programmes into communities, parachuting funding with an expectation of particular outcomes may mean the organic development of things that work in a particular setting are able to flourish.

One of the reasons results of interventions are not easily measurable is that each funding stream – and there are often multiple funding streams contracted within MSD, has an individual set of service outcomes. A holistic view of overall outcomes for a client is not possible as this may be measured in different ways where wrap-around services are provided by way of accessing multiple contracts.

Our recommendation

As a first step, we recommend development of a standardised base set of results measures which can then add-on any specific requirements - across all Ministries. We would also recommend accessible cloud-based dashboard reporting tools which enable NFP providers to utilise their own databases rather than expending valuable resources in complex recording and reporting mechanisms. I understand the current situation of providers being required to utilise different databases for different contracts has been brought to your attention.

The Social Services System (Chapter 4)

Most early intervention services are only partially funded and not coordinated. Family Works and other NFP services currently pool funding sources internally to provide wrap-around support for clients to meet needs wherever possible.

Of great concern is government's social investment framework which has flagged that funding will be reprioritised to meet the needs of the most vulnerable. The risk is that early intervention funding will reduce significantly and people will not get support until their needs reach crisis point – putting children and families at risk, and reducing their opportunities for choice of service due to the likelihood of statutory intervention being increased. The old adage that prevention is better than cure means that investing in services to prevent and intervene early – often with clients self-referring, is as important as prioritising the most vulnerable. There is often a fine line between vulnerable, and most vulnerable. Comprehensive assessment is vital to directing the service response.

We agree that restrictive contracting requirements, an inability for government to report any additional results or evaluative information that it receives, and lack of adequate funding are disincentives for widespread and coordinated innovation.

That said, a great deal of service review, reflection, evaluation and innovation is taking place in the NFP sector despite the constraints noted. To quote another old adage, necessity is the mother of invention, and the financial pressure of under-funding experienced by NFPs means that many of us are constantly reviewing the results of our work and innovating to ensure the best use of funding, and positive results for clients are always our goal.

Social Capital

Our social services are motivated by mission not profit, and committed to values of social inclusion and increasing social capital as part of the results picture with clients. The benefits of community social capital alongside family social capital, to the outcomes for vulnerable children are discussed in the White Paper for Vulnerable Children (vol 11, p25). The White Paper also references community cohesion as a protective mechanism which some studies say can reduce the risk of violence, even when other family risk factors are present (p30).

Our recommendation

We recommend that government invest in coordinated cross government research and evaluation to develop a joint learning partnership with NFP providers, including integrated ICT. This would ensure all stakeholders working and reporting results in the sector are able to report consistently and innovate in collaboration with each other and government.

Examples of programme/service evaluations and research undertaken by Presbyterian Support organisations can be provided. Recent examples are: Presbyterian Support East Coast's evaluation of their Whakamana Whānau service to clients where family violence is taking place or at serious risk, and their Young Parent Social Work Programme. One of the primary purposes of conducting these evaluations is to learn more about what works and improve results.

In two Presbyterian Support regions, where lack of adequate funding for wrap-around services had resulted in lengthy waiting lists, a dedicated intake service has been established to provide assessment and some short term support to ensure immediate needs are met, and clients are supported while they wait for more intensive services. This initiative was introduced in one region following an evaluation of services, and recently adopted by a second region facing similar problems. Other Presbyterian Support regions have adopted and adapted their own models of response over time to ensure they remain accessible, relevant and responsive within their communities.

Institutional Architecture and Commissioning (Chapters 5 and 6)

Employing an open tendering approach suitable for the commercial sector encourages competition rather than collaboration, and purchasing decisions may be based on the best presented application rather than the service best placed to achieve positive outcomes within a community. There is good evidence that the GETS tendering system is not an effective system for social service contracting, and too often there seems to be inadequate experience in procurement requirements and measures to support evaluation of tenders. Lack of recognition of current service performance within the process is a clear failure. A recent example can be provided on request.

Client-directed services

Currently NFP providers receive funding to provide professional services which include a holistic assessment of need and often a mix of service responses. Many vulnerable clients do not know what services are available to them, or what they need to help their situation – they may only know they need things to be different. Client assessment of needs by a practitioner supports both establishment of a trusting relationship with an organisation, and helps clients to learn about what services exist to respond to their needs.

Every day, the accessibility of place-based community services, means that clients make contact by choice, by phone or by walking through the door. In addition to this, community development initiatives work within communities to mobilise and motivate for change, by allowing communities to identify their own needs for information and services.

There are many examples of successful client directed responses, and services designed to meet client needs. Informal community networks are powerful mechanisms for identifying successful services. Clients who are not mandated to receive services from specific organisations will not engage with, or remain engaged with services that are not meeting their needs.

Of the commissioning model options proposed, we would be interested in learning more about how government would see trust and shared-goals models working in the sector. Client-directed-budget and voucher models may work for clients with low needs or to access services or for functional needs – single/simple-service responses.

Client directed budgeting models are utilised currently mainly in the health system, however to support highly vulnerable people to access appropriate social work, skills/therapeutic programmes or counselling services, a high degree of preparation work would need to be undertaken prior to allocation of budget/vouchers. This would add significantly to the costs of delivery, and cause additional stress for highly vulnerable people.

One of the more significant stressors for vulnerable people who have to engage with multiple health and welfare systems is the sheer number of professionals in their lives – every additional layer of beauracracy results in more stress and confusion. All options being considered should be focused on minimising the steps and people involved. Brokerage roles should not be the norm, as this increases the number of people in clients' lives.

Critical to the success of a voucher or client driven model is assessment of level of service need first. The more complex the situation, the more important this becomes. This system is more suitable for simple responses eg Mobility vouchers. Some consideration could be given to a case mix model as has been developed for home support that defines services required to meet a particular client need based on a standard assessment tool.

Commissioning

Q5.1 Which communities of interest would like to be part of greater devolution of service commissioning?

NFP organisations which are embedded within their communities have the best understanding of the needs and gaps in services within those communities.

Our recommendation

Mechanisms already exist that could be further developed for devolved service commissioning. Probably the most effective of these communities of interest that are already in the social services funding/purchasing segment, are the regional Community Trusts such as the Community Trust of Canterbury, Trust Waikato etc. They have efficient distribution mechanisms, sound knowledge of local issues and needs, and are well regarded in their communities.

Community response forums were established by the Minister of Social Development with the aspiration that they could become part of devolved funding decisions but they have not established any real community engagement in a consistent way across the country.

Some parts of the country have agency networks such as Right Services Right Time in Christchurch, or Strengthening Families local Governance groups that act as fund holders and distribute case by case funding.

Nationally, we would be responsive to becoming a 'commissioning agency' to support our seven regional organisations to contract for realistic client outcomes.

The main differences between this model and what we provide already, is we would have the ability to sub-contract to external service providers for aspects of service delivery, be fully funded for service outcomes from one funding source and one set of reporting measures, and have greater flexibility to work with clients to meet their needs.

This model would save money by: government contracting directly with a national NFP with strong local presence and connectedness to communities, and saving the cost of intermediary commissioning agencies, and navigators to assess needs and sub-contract out for most service delivery, provider compliance costs would be reduced, as would government procurement costs.

There would need to be a range of commissioning agencies in place to ensure adequate and unbiased local contracting which is also able to upscale to support national coverage for specific client groups.

The recommendation that training is provided for Commissioning is applauded and the need for a checklist/ flowchart assessment tool of what purchasing model best fits the product. Contracting guidelines are not currently given sufficient weight by government departments and we would welcome a renewed emphasis on this.

Subcontracting is not well understood by some funders. Presbyterian Support Otago's home support tender included a sub contract with the dominant and respected Southland provider, however the Southern DHB was not able to understand this model, were ill prepared for alternative models in their tendering process, and failed to take existing service history into account. The result was a very formal process with a Probity Auditor, and inappropriate measures utilised to assess tender submissions.

Q6.1 What mechanisms are appropriate to determine whether prices for “fully funded” services are set at a level that allows an efficient provider to make sustainable returns on the resources they deploy? Should there be an independent body to resolve disputes? If so, should it take the form of an arbitrator or a regulator?

There is much known in the NFP sector about the cost of services delivered, the likely mix services required to deliver outcomes to clients who present with a range of needs – also the results for clients who have received services. Large NFPs are often good managers resources – they have been working with underfunded services for years and have to make hard choices about what core services to continue funding each year.

What is needed, is a trusting and collaborative approach between funders and NFPs to develop consistent ways of costing services, and flexibility to test this out and revise as necessary. An independent group could be formed to establish a pricing mechanism. This could draw on existing formulae used by purchasers and agencies.

A system that learns and innovates (Chapter 7)

Q7.1 How can government agencies manage contracting processes in a way that best leads to the development and dissemination of innovative approaches to service design and delivery?

A realistic focus on achievable outcomes and opportunities for flexibility in contracting by government agencies would support innovation.

ICT development and sharing across the government and NFP sector, and standardised client results to support this work would enable progress to be made.

An alliance of providers could be formed once a contract is let, which sees organisations sharing results and approaches to how best to achieve results. Some examples are evident in the Auckland DHB Home Support contract, and the Out of Gate contract with department of Corrections

A contestable fund that allows for innovative solutions to be piloted with the evaluation model imbedded at the outset could be one way of generating innovation

Leveraging data and analytics (Chapter 8)

Q8.1 What difficult-to-solve social problems would be amenable to new solutions developed by data-sharing partnerships between the Government, non-government organisations and academics?

Clients who have complex needs, and are interfacing with multiple systems. Government is interested in improving the BPS target areas, and broadly, these results areas are aligned with the mission and values-driven outcomes for community members who are clients of NFP social services. With results-based contracts that are funded for cross-sector outcomes, NGOs could offer support for multiple BPS target areas ie immunisations, when working with clients.

Data-sharing needs to be undertaken with careful consideration of the rights of people to have control over information shared, and the purpose of this.

NFP learning organisations are already looking to link the results of services provided to the population data provided by the published BPS statistics, alongside their work within communities to work in collaboration with government and non-government organisations to improve outcomes for community members.

Investment and insurance approaches (Chapter 9)

Q9.1 What non-government organisations have the potential to become social insurers for enrolled populations? What are the potential advantages and problems of a multiple-insurer approach?

We would not recommend this approach for complex social/emotional issues but it could be worth exploring for particular population segments or users of particular services eg care of older people, disability sector..

Service integration (Chapter 10)

Q10.1 Should the government seek to align the geographical boundaries used by its social delivery agencies for defining service responsibilities? What are the advantages and disadvantages of aligning boundaries?

There are existing boundary alignments and many services have developed to fit within these.

Benefits to aligning services with DHB, and MSD Work and Income boundaries allow good partnership relationships to be built to facilitate better access to services.

It is disappointing that this chapter didn't focus more on the need to work holistically across the sectors of Health, Education, Social Services, Justice etc.

Client choice and empowerment (Chapter 11)

Q11.1

The Commission is interested in hearing from people with first-hand experience working under Individualised Funding and Enabling Good Lives. Have any specific studies been undertaken into the impact of these two programmes on workers?

Experience of Individualised Funding at PS Otago is that it has lower staff turnover than the traditional Home support service. Of the \$1.7M client funded service since 2012 \$238k has been paid back @ 14%.

Overheads @5.8% in co-ordination/support versus 4% traditional home support but relies of significant other/family member to undertake the hands on role.

The workforce is completely different to home support , modelled around the client rather than around the worker . Growing to scale would require a rethink of the current model but this is a service that responds to unique situations where standard services are unworkable.

Better purchasing and contracting (Chapter 12)

We support the recommendations in respect of revising and implementing guidelines for contracting with NGOs with attention given to training government agencies, and proactive measures employed to see they are followed.

We welcome the development of more relationship oriented contracting approaches that provide more opportunity for a non-prescriptive solution for a particular outcome sought. The standard three week response to a GETS tender is inadequate for innovative responses, especially where partnering with other organisations to achieve wraparound support is our preferred model.

Office of the Social Services

We support the development of whole of system data, analysis, evaluation, contracting model development and monitoring, however we are concerned that providing commissioning functions would replicate existing public sector functions, and increase costs.

The immediate need is for ensuring the social service sector becomes coherent, and develops a strong structural base.

Other comments

It would be helpful for government to understand more fully, the complex community-connectedness and mission-driven work that is taking place in the sector. Much of the work carried out by the NFP sector, has grown out of the desire to work effectively to support local community members, by local community providers. The added value to this work by providing services that are not profit-driven is multifaceted and needs to be understood before radical changes are made to contracting. Staff will provide services based on client need rather than strict adherence to limited funding constraints, to ensure clients are provided the services required for sustainable change. NFP providers are mostly providing services at a loss in the current system. This is ultimately unsustainable.

The Commission has acknowledged the important contribution volunteers make to all areas of community service. This should be valued, and understood that many of the social service users of today, will be the volunteers of tomorrow. An important part of receiving community-based support when needed is that this fosters social capital by way of people feeling empowered to value the contribution they can make to their community.

Providing opportunities for clients to explore ways of contributing voluntary labour within a supportive environment, is one of the value-added and difficult to measure, benefits of NFP delivery of services. Many a former client has gone on to paid employment following this cheap and supportive model of mentoring and development, providing both experience of work, and a work reference.

This work relies on staff and volunteers who exhibit goodwill, commitment and values-fit with the organisation. Community connectedness and interdependence is an important outcome of our work. People who feel supported and connected within their community will want to give back to it, increasing social value, and reducing fear, isolation and transience.

For-profit social service providers may be motivated to evidence 'quick wins', rather than be committed to the long-haul work with clients with complex needs.

An example of this is when PS Otago lost the Home Support contract the new providers refused to provide insulin dependent clients with their injections under the contract when it had been managed perfectly well within the service provided by PS Otago.

PS Otago also has had the experience of purchasing an existing residential aged care service from a for-profit provider. This rest home was the only service in Wanaka at the time, and had absolutely no community connectedness. PS Otago has developed the service now, and has huge community support and involvement from numerous volunteers.

Historically, the inability of limited or targeted funding to meet the holistic needs of many service users has resulted in many presenting to accessible, but unfunded NFP services. Increased targeting of services outcomes will likely put more pressure on the NFP sector.

In 2012, Britain introduced the Social Value Act, which requires all government procurement for services are with providers which can demonstrate how the services they provide will improve the economic, social and environmental well-being for clients. Government's consideration of an approach to social service provision to our most vulnerable and isolated citizens, that is agnostic about whether services delivered are for-profit, or not-for-profit, may mean losing the social value-added benefits that contribute to sustainable results.

The Out of Gate service delivery experience has led to good outcomes with the 5 providers meeting quarterly and sharing ideas for success. Contracts are outcome focused with sophisticated modelling on risk of failure for each offender. However meeting the target of no reoffending, sometimes means the funding payment is less, due to clients needing a longer period of support, and further changes to their social conditions, to enable lasting change. Our organisations however, continue to work with the clients where able, regardless of the funding, as long as the need continues.

We thank you for your consideration of our submission and welcome any opportunity to provide further clarification of any points we have made.

Yours sincerely

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