



More effective social services

Community & Voluntary Sector Research Forum
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 New Zealand Productivity Commission
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What were we asked to do?



The Government asked the Productivity Commission in June 2014 to look at ways to **improve the effectiveness of the social services it funds**. With a focus on:

- commissioning and purchasing
- institutional arrangements and contracting mechanisms

We did not evaluate individual programmes and services, or income support payments

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We didn't do this by ourselves...



We relied on the generous support of hundreds of inquiry participants, reflected in:

- 246 submissions
- 200+ face-to-face meetings

Our evidence base included:

- academic literature from many disciplines
- previous government and NGO reports
- the experience of those in government agencies, in particular the Ministry of Social Development

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Clients require different things



The social services system functions reasonably well for most New Zealanders

But the system is struggling to help those with more complex needs

- Most people in A & B
- Fewer people in C & D, but have high human and economic costs

It's hard to be good at everything



- Standardised services
- Consistent quality
- Needs fall within silos
- Clients know best
- They need meaningful choices and good information
- Professionals know best
- Their collaboration helps get clients to the best service
- Tailored services
- Quality is matching to the situation
- Needs cross silos

Government agencies experience



- Not knowing what works
- Pressure to control costs and minimise political risk
- Strong vertical lines of accountability
- An adversarial environment ... decisions under scrutiny
- Strong incentives to use contracting approaches that minimise political risk
- Political pressures to continue underperforming programmes
- Being told to "join up" with other agencies ... while still controlling costs and minimising risks for their agency
- Resistance to change

These things shape the system

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Clients experience



Clients' experience varies. But those in quadrant D often face:

- supplying information over and over again
- time consuming and disempowering processes
- uncoordinated services
- services for individuals rather than families/whanau
- dropping out ... only to reappear with even greater needs

Leading all too often to "system" failure:

- missed opportunities for early intervention
- treating symptoms rather than underlying causes
- nobody sees the whole picture

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Providers experience



Providers often face:

- Highly prescriptive contracts
- Government that does not pay full cost of some services ... but wants full control
- Multiple contracts of short duration
- Expensive tender processes
- Expensive reporting requirements
- "Government doesn't trust us!"

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Inquiry recommendations



- Empower clients in quadrant C
- A new model for clients in quadrant D
- System-wide improvements

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Client control for quadrant C



Trial client-directed budgets for

- home-based support of older people
- respite services,
- family services
- drug and alcohol rehabilitation services

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Service integration for Quadrant D



Relatively few people, but high social and economic costs

- A strong case for "investing" in these people

Projections for the system's 10 000 "highest-cost clients" using data from Work and Income, MoH, Corrections, Housing New Zealand and CYF:

- government will spend \$6.5 billion in total over their lifetimes
- at least \$500 000 on each client
- over 900 clients will cost the system \$1 million or more
- highest costs for Health, Corrections, and Work and Income
- mental illness, addiction and disability are over-represented

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Trying to integrate for years...



Numerous integration initiatives, but...

- often top down (with little scope to tailor to the client)
- difficult to expand
- reluctance to pool budgets across silos & release control
 - understandable but ultimately self-defeating
 - agencies have conflicting priorities
- unclear boundaries
 - everyone - and no-one - is responsible for a family in need

The existing architecture works against integration

- design challenge – an architecture that supports integration

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Integration at the provider?

Provider	Programs	Number of providers
Ministry of Health	... (various programs)	...
Ministry of Education	... (various programs)	...
Ministry of Social Development	... (various programs)	...
Ministry of Justice	... (various programs)	...

Quadrant D improvements

Making the system work better is not enough. We recommend:

- An adaptive client-centred approach
- Navigators to work with, and tailor services for, people and their family/whānau
- A dedicated budget
 - without tight prescription
 - decision rights close to client
 - purchase services from “mainstream” agencies
 - accountability for client outcomes
- Single point of responsibility (no gaps or overlap)

One possible model – Better Lives agency

System-wide improvements

- Commissioning – a more sophisticated approach to designing services
- 7 services models - Not just a “make or buy” decision
- Improve contracting out (where it is the best model)
- Better programme evaluation
- Refine and extend the investment approach
- The acid test – can we shut down poorly performing programmes?

7 service models

New Zealand mostly uses these service models

A system that learns

Evaluation: the hard questions



- Did the service benefit one or more recipients?
- Did the service do more good for clients than harm?
- Did the service get to the people who would benefit most?
- Is the service targeted at the right people?
- Is the service more cost effective than reasonable alternatives?
- Is the service designed to collect the information required to better answer these questions in future?

Most programme evaluation doesn't address the latter questions

Government-provider relations



- Build skills & capability to undertake commissioning
- Government should fully fund those services that deliver on the Government's goals and commitments
 - payments should be set at a level that allows an efficient provider to make a sustainable return on resources deployed
 - payment at this level would encourage investment and adequate staff training by existing providers and entry by new providers
- Treat in-house provision on a neutral basis with external provision

Achieving reform



- A Ministerial Committee responsible for reform
 - supported by a Transition Office and external Advisory Committee
- An enhanced role for Superu – monitoring *system performance*
- A wider system stewardship responsibility for the Social Sector Board
- But will need pressure and buy-in from outside government – providers, clients and the wider populace



Download the report from www.productivity.govt.nz

Online appendices

- B** Case study: Employment services
- C** Case study: Whānau Ora
- D** Case study: Services for people with disabilities
- E** Case study: Home-based support of older people
- F** The economics of social services
- G** Machinery of government and cross-agency coordination groups

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