

Social Sector Commissioning

Progress, Principles
and Next Steps



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Foreword from the Minister

Fa'atalofa atu, Mālō e lelei, kia ora koutou,

Our social services in New Zealand play a vital role in supporting and furthering the wellbeing of our people and our communities. Responding to COVID-19 has highlighted just how important strong social services are in New Zealand and how important iwi, Māori service providers, Non-Government Organisations and community providers, that deliver these services, are to us all.

The social sector is a diverse collection of organisations delivering and funding social services across the country, with a shared goal of improving wellbeing and equity of outcomes for New Zealanders. This goal has become more important than ever in recent months.

I would like to thank all of these organisations for the role they have played during these unprecedented times, as well as their ongoing support for New Zealanders.

I have heard from my visits and meetings with social services as well as through forums over the past few years about the social sector's need for change and desire to reset the relationship between government, providers and service users.

We know that together in partnership we can make the biggest difference to New Zealand's communities. I firmly believe that local solutions are found within local communities. Our role as government is to support communities to do this. We want to enable our social services to support people and whānau to live the lives to which they aspire, and create resilient and thriving communities.

In 2018, I asked the Social Wellbeing Board, a group of social sector government Chief Executives, to look into how we can improve the way we work with social service providers to ensure they are supported to be effective and responsive to need in our communities. Following this request, a cross-government work programme on social sector commissioning was established.

And we have made some good progress: by increasing the length of contracts, trialling new ways of commissioning services, and putting additional funding from consecutive Budgets towards addressing cost pressures faced by providers.

But we know there is much more to do. This is why, I am pleased to release this update which reflects our work to date and what the next steps are.

Change is possible if we work together and I thank those who have been involved with this work already for their ongoing dedication and contributions.

Hon Carmel Sepuloni, Minister for Social Development

Foreword from Brenda Pilott and Ang Jury – NGO and project board representatives

Kia ora koutou,

For a very long time now Non-Government Organisations and the community sector have been calling for genuine discussion with government about the need for change and improvement in commissioning processes.

We accepted the invitation to be a part of the project board for this work with open minds and a sense of some optimism because we believed there was genuine intent on the part of government to explore ways to improve social sector commissioning. We felt that some progress in recent years showed a genuine effort on the part of government; a feeling further solidified by government and social sector collaboration over lockdown. We saw good work during the initial COVID-19 response, proving that government and the social sector as a whole can work differently, and demonstrating what is possible if we do.

We know that challenges facing the social sector remain. We do not gloss over the significant issues facing non-government and community organisations, especially around capability, capacity, pay equity and reporting. But we also know that we cannot begin to address the entrenched issues without first addressing the commissioning arrangements that underpin them.

The extent to which we successfully address these challenges is in no small part down to how we as a community of organisations across the sector engage with each other. The release of this report provides us with the opportunity over the next few months for the robust discussions we as a sector need to have about how best to engage with government over this work.

We encourage everyone across the community sector to engage closely with this project and to bring your knowledge, experience, ideas and innovation to the table.

Ang Jury, Chief Executive – Women’s Refuge

Brenda Pilott, National Manager – Social Service Providers Aotearoa (SSPA)

Executive Summary

An effective and sustainable social sector is central to improving wellbeing across New Zealand communities. Government agencies, Non-Government Organisations (NGOs), philanthropic funders and communities all share the common goal of improving wellbeing and equity of outcomes for individuals, families, whānau and communities. Government has committed to the ongoing development of strong partnerships; this includes funding services in a way that recognises the ability for communities to successfully design local solutions to local issues.

Government has heard the sector's perspectives on how to make the system work better to achieve wellbeing and equitable outcomes. This has included feedback around funding, reporting and transparency.

Progress towards a better system has begun. This includes more sustainable funding models, client and whānau-centred design and innovation, supporting community-led initiatives, longer term contracts, simplified contracting and procurement processes and partnering with iwi and Māori communities. However, we know that there is still much more to do.

COVID-19 has illustrated that the sector is already working together and innovating in ways that meet community need. Examples include family violence prevention, help to manage income shocks, food security and hygiene packs. Communities were and continue to be well supported. Similarly, the government response over the COVID-19 period demonstrated there are other and more effective models of purchasing services, including those that make funding available at pace and provide certainty in uncertain times.

This document outlines the response to conversations with the social sector so far and the next steps that will be taken towards a better system that supports better outcomes. To establish a strong foundation for the future, this document proposes a set of principles.

The principles are:

1. Individuals, families, whānau and communities exercise choice
2. Māori-Crown partnerships are at the heart of effective commissioning
3. The sector works together locally, regionally and nationally
4. The sector is sustainable
5. Decisions and actions are taken transparently
6. The sector is always learning and improving

Change will be incremental, but we need to build on the successful work through COVID-19 and progress work now. This includes work to improve the sustainability and transparency of funding, and work to support choice, partnerships and learning.

Definitions

Commissioning: for the purposes of this document, commissioning refers to the interrelated activities, including but not limited to planning, engagement, funding, procurement, monitoring and evaluation that need to be undertaken through third-party providers to ensure people whānau and communities who need support get the support they need. In the context of this document, commissioning is an activity carried out by both government and other organisations.

Social sector: For the purposes of this work, the social sector includes both State and non-State organisations, and is defined as:

Government agencies (national, regional and local) and organisations working with individuals and whānau in particular areas of welfare, housing, health, education, child wellbeing, justice and disability support services. This includes government agencies who fund social sector services in this regard, philanthropic and other funders, and NGOs and other providers who deliver those services within communities.

In referring to ‘the social sector’ we use the definition used by the Social Wellbeing Agency’s (SWA) Data Protection and Use Policy, noting that the specific areas of services need further refinement.

Government agencies within scope here include the Ministry of Social Development (MSD), Te Puni Kōkiri, Ministry of Education, Ministry of Health, Ministry of Housing and Urban Development, Housing New Zealand, New Zealand Police, Ministry of Justice, Accident Compensation Corporation, Oranga Tamariki — Ministry for Children, Department of Corrections, Ministry of Business, Innovation and Employment, Inland Revenue Department, Department of Internal Affairs, Tertiary Education Commission, New Zealand Qualifications Authority and the Social Wellbeing Agency.

Non-Government Organisations (NGOs): the diversity of NGOs defies any simple definition. NGOs typically range from traditional not-for-profit organisations through to social enterprises and can include corporations practicing social responsibility and for-profit organisations. NGOs are entirely or 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.¹

Communities can be groups representing distinct populations and characteristics (such as Māori, Pacific, LGBTIQ+, disabled people, refugees and migrants), as well as communities representing geographical regions.

¹ A range of sources have been used in combination to shape this definition/ See: GDRC. 2020. *Definitions of an NGO*. <http://www.gdrc.org/ngo/wb-define.html> (accessed 24 February 2020); Alter, Kim. 2006. *Social Enterprise Typology*. <https://canvas.brown.edu/courses/1073328/files/61028038> (accessed 24 February 2020); Oxford Dictionary. 2020. *NGO*. <https://www.oxfordlearnersdictionaries.com/definition/english/ngo> accessed 24 February 2020); NGO Global Network. 2020. *Definition of NGOs*. <http://www.ngo.org/ngoinfo/define.html> (accessed 24 February 2020).

Introduction

Now more than ever we need an effective social sector

Work to improve social sector commissioning is part of the Government's continuing focus on and commitment to improving wellbeing for New Zealanders. Government agencies, NGOs, philanthropic funders and communities all share common goals of improving wellbeing and equity of outcomes for New Zealanders. To achieve outcomes for people, collective efforts now need to be focused on delivering an effective and sustainable social sector.

This is particularly true given the extraordinary times we are now living in. The social and economic impacts of COVID-19 will likely be felt most acutely by people and whānau already experiencing social and economic disadvantage and lead to a number of people experiencing financial insecurity for the first time. The result is a likely increase in demand for social services, which will require adaptation and expansion of service provision.

Some progress has been made but we know there is still a lot more work to do

In 2018, Minister for Social Development, Carmel Sepuloni, commissioned the Social Wellbeing Board, a group of social sector government agency Chief Executives, to consider how we can improve the way we work with social services and ensure they are supported to be effective and responsive to needs in our communities.

This move recognised that approaches to the commissioning process – including planning, funding and delivering – of social services, often do not meet the needs of people, whānau and communities. The 2015 Productivity Commission report *More Effective Social Services* outlined several longstanding concerns with the social sector. In the same year a report commissioned by the Council for Christian Social Services *Beyond Outcomes: the added value from community social services* highlighted the significant value of community-based organisations beyond providing services, and in 2019 a report by MartinJenkins addressed the funding gap facing the social sector.² Government also heard the sector's feedback and experiences through consultations, such as the 2018 *Your Voice, Your Data, Your Say* engagement.³

2 New Zealand Productivity Commission (2015); *More effective social services*; MartinJenkins (2019). *Social Services System: The funding gap and how to bridge it*; Neilson, Brent. (2015). *Outcomes Plus: The added value provided by community social services*; SIA (2018).

3 What you told us: Findings of the 'Your voice, your data, your say' engagement on social wellbeing and the protection and use of data. Social Wellbeing Agency, 2018.

These reports and consultations found key themes where improvements would be needed if service provision is going to meet the needs of individuals, families, whānau and communities in the future:

- coordination between social services and across government agencies
- solutions for supporting multiple and interdependent needs
- flexible funding models that include solutions to address cost pressures
- contracting to achieve equity for Māori
- simplified administrative processes for funding and accountability
- data sharing and transparency around how data is used
- using lessons learned to inform continuous improvement
- policy to disrupt structural and institutional bias and discrimination.

Over recent years, progress has been made across many areas

A cross-government work programme on social sector commissioning has been operating to get this work to this point. This work aligns with key Government initiatives and reforms including responding to recommendations in the Welfare Expert Advisory Group report and the Health and Disability System Review. The work is strongly underpinned by the vision of wellbeing and equity of outcomes for New Zealanders.

The key areas of focus that will move closer to realising this vision include:

Moving towards sustainable funding models

- The Ministries of Social Development, Health, Justice and Oranga Tamariki, have received significant investment in the last three Budgets to address NGO cost pressures from historical underfunding, including funding for providers to hire, train and retain the skilled workforce needed. This investment has been focused in the areas of disability support, family violence and specialist sexual violence support, Well Child Tamariki Ora services, and recruiting and training social workers and qualified lawyers for Community Law Centres.
- MSD and Oranga Tamariki have developed new funding frameworks to determine the cost and agree funding levels for social services. These include detailed consideration of the overheads required to sustain capable and robust service provision. These are being used to cost new services and to progressively review the pricing of existing services.

- Recent new initiatives have been fully funded under the new funding frameworks, including Oranga Tamariki transitions and intensive intervention services, and MSD's Whānau Resilience initiative.
- Investment has been announced through Budget 2020 to address the immediate demand pressures on services as a result of COVID-19. This includes support for foodbanks, food rescue and community food services, and funding to scale up existing food programmes in schools.

Client and whānau centred co-design and innovation

- The continued development of the Whānau Ora commissioning model, which actively encourages co-design and innovation by moving away from over-specified services and canvassing ideas from partners, whānau and communities.
- MSD's Whānau Resilience initiative is using a procurement and co-design process intended to address the challenges of traditional procurement processes.
- Oranga Tamariki has worked closely with iwi, Māori organisations and local communities to collaboratively develop intensive support for families who are at risk of having children enter State care.
- The Ministry of Health has worked in partnership with iwi, hapū and Māori communities to develop kaupapa Māori mental health services.
- Co-design has been a feature of the MidCentral Mana Whaikaha prototype and disabled people play a key governance role in ongoing development and monitoring of outcomes.
- Work by the Ministry for Business, Innovation and Employment on building Crown capability, which has engaged with providers in co-design.
- There have also been moves towards greater use of outcomes-based models to give providers more flexibility to be innovative, encourage them to work together and turn the focus to the needs of the person. Examples include Accident Compensation Corporation work on the Health Sector Strategy and MSD contracting for sexual violence crisis services, Whānau Resilience, and the Building Financial Capability Plus service.

Devolved decision making and supporting community-led initiatives

- Over the past ten years there has been more devolved decision-making to kaupapa Māori and Pacific providers through the Whānau Ora commissioning agencies. Further investment (\$136 million) in Whānau Ora over the next two years has been confirmed through Budget 2020.
- Over the past decade there have also been more community-led initiatives such as Kāinga Ora (housing) and E Tū Whānau (community development).
- Local place-based initiatives such as Manaaki Tairāwhiti and the South Auckland Social Wellbeing Board launched in 2016 are also examples of decision-making devolved to local leaders.

Longer-term contracts to provide greater certainty and stability

- Oranga Tamariki has increased its use of longer-term contracts: around 90 per cent of funding for social services is now in multi-year contracts, up from 30 per cent in 2017.
- MSD is also making increased use of multi-year contracts. For example, 97 per cent of 2020–2021 contracts in disability services are for three years or longer (up from 73 per cent in 2018–2019) and 66 per cent of contracts for Out of School Care and Recreational services are for three years or longer (up from 42 per cent). Many contracts for sexual violence crisis response, disability vocational and participation, and family violence services have been moved to flexible five-year terms.
- Most ACC contracts were already multi-year, but the lengths of many have extended from three to five years and in some cases to ten years.
- The Ministry of Health has progressively moved to longer term contracts for disability support, with the majority being three to five-year contract terms.
- The Community Organisation Grants Scheme for small community-based social services, administered by the Department of Internal Affairs, now includes multi-year funding.

Simplification of the contracting and procurement

- The Ministry of Justice and Department of Corrections have undertaken joint procurement and contract management for non-violence programmes. They have worked to align contracts to simplify requirements for providers and ensure clients received the same service irrespective of their referral pathway.
- The Oranga Marae Programme – a Te Puni Kōkiri and DIA partnership, combined Crown and Lottery funding to provide marae with streamlined access to funding for cultural and capital development.
- The Whānau Ora Commissioning mechanism means multiple agencies can commission outcomes from the Whānau Ora Commissioning Agencies without driving additional compliance on the provider networks through multiple single-issue contracts and multiple compliance regimes.
- Work has commenced on an integrated approach to social services for Pacific peoples across the Ministries of Health, Education and Social Development.

Partnering with iwi and Māori communities

- Many parts of the sector have increasingly sought to respond to Treaty of Waitangi and equity obligations by building closer relationships with iwi and Māori, and ensuring commissioning approaches engage kaupapa Māori services. For example the Ministry of Health has been working in partnership with iwi/Māori to develop kaupapa Māori mental health services.
- MSD's Te Pae Tata – Māori Strategy and Action Plan, sets out the strategy and key organisational shifts required to achieve better outcomes for Māori. One of these key shifts is Kotahitanga – partnering for greater impact. MSD will form genuine partnerships with Māori and support Māori to lead the way in service design and delivery models that are commissioned for Māori. MSD's development of a joint work programme with Te Hiku and the refinement of the Service Management Plan with Tūhoe is also underway.
- New legislative obligations on Oranga Tamariki set out responsibilities to improve outcomes for tamariki Māori working alongside whānau, hapū, iwi and Māori. Partnerships are key to supporting this and to date include strategic partnerships with Ngāi Tahu, Ngāpuhi, Waikato-Tainui and Tūhoe and memorandum of understandings with Ngāti Porou, Ngāti Kahungunu, Ngāti Tūwharetoa, the Taupo Collective Impact governance group and the New Zealand Māori Council. Signed relationship redress agreements are also held with several other iwi, as part of their Treaty Settlements. These relationships are expected to drive changes to core services.
- The Whānau Ora commissioning approach has enabled greater partnering directly with communities.

Building our knowledge infrastructure

- The Social Wellbeing Agency worked with over 1,000 individuals, social service providers and government agencies to develop the Data Protection and Use Policy that articulates the values and behaviours underpinning the respectful, trustworthy and transparent use of people's data and information.
- The establishment of the Data Exchange by the Social Wellbeing Agency supports social sector organisations and government to have secure and efficient data sharing.
- Oranga Tamariki contracts and cost models increasingly include overheads intended to support organisational capacity for continuous improvement and service evaluation.

Meanwhile, there is also other work relevant to the social sector that remains ongoing, including the resolution of outstanding pay equity claims for social workers in NGOs.

Seizing the opportunities from responding to COVID-19 to accelerate the changes needed

The early stages of COVID-19 response and recovery have demonstrated that the sector is already able to adapt when needed to innovate and provide more and different services. Government agencies showed that collaboration could both increase innovation and reduce time, to support providers to be able to operate at their best on the ground. Providers and communities quickly joined together to meet the needs of the most vulnerable, including new joined up referrals and delivery of services.

The work of many NGOs was essential and vital during the national COVID-19 response. That's why a \$27 million community funding package was provided to support social services, disability providers and local communities, to ensure they could continue to provide essential services while New Zealand was under COVID-19 Alert Level 4. Those on the frontline in social services adapted their practice to support whānau and in doing so discovered valuable insights into people's preferred ways of receiving support, and new ways of working, including through the use of digital services.

The availability of MSD's Community Awareness and Preparedness Grant Fund, with a simplified application model, meant that eligible community groups were able to start providing essential community-led and whānau-focused solutions. This supported local resilience and wellbeing shortly after COVID-19 restrictions were put in place. Māori also drove and delivered support across New Zealand in the COVID-19 response. Te Puni Kōkiri was able to use its well-established relationships with the Whānau Ora commissioning agencies to put in new investment quickly to meet immediate need in the community. Specific funding was available for iwi and Māori service providers to come up with innovative approaches to flu vaccinations.

The COVID-19 response and recovery provides opportunities to reset and reform.

There is still a long road ahead and many underlying issues facing the sector remain, but we must not lose the opportunities and learning gained through this crisis. Let's build on and sustain the positive changes.⁴

⁴ 'Please Press Pause', a paper authored by the Chief Executives of the Wise Group, has called for a 'Change for Good Project' to commit to advancing the ways the sector plans, funds, collaborates and delivers services, in reflection of the improvements gained through the COVID-19 crisis: <https://www.wisegroup.co.nz/creating-change/change-for-good/>

We have begun working with the sector to develop a shared commitment to helping communities achieve their visions for social services provision

There is a shared commitment between government agencies, NGOs, and philanthropic agencies to helping communities achieve their visions that is based on achieving outcomes, grounded in strong relationships, and underpinned by principles that will drive change and guide decision-making.

The principles can also provide a mechanism for ensuring consistency in considerations within all commissioning decisions, and a set of behaviours that different parts of the sector can hold each other to account. The principles are based on what is relevant for the social sector and able to be actioned. These are discussed in more detail in the following section.

Six principles for improved commissioning



Individuals, families, whānau and communities exercise choice



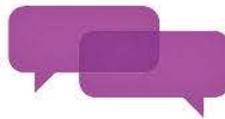
Māori-Crown partnerships are at the heart of effective commissioning



The sector works together locally, regionally, and nationally



The sector is sustainable



Decisions and actions are taken transparently



The sector is always learning and improving



Individuals, families, whānau and communities exercise choice

Individuals, families, whānau, and communities can exercise choice. We have seen through the COVID-19 response that communities are ready and willing to work collaboratively and flexibly to understand and meet their own needs. One size does not fit all; different needs and wants require different solutions. Communities should continue to design and deliver tailored responses and government needs to learn how to best to support that. Change led by communities is recognised and valued.

Choice means including those whose voices are least often heard, including disabled people, children and young people and all marginalised or vulnerable groups. All have a right to have a say in how the sector can best meet their needs.

Where co-design is used, it must be done so authentically.⁵ The resource implications of genuine co-design must be factored into the planning stage of the commissioning process.

⁵ There is no one definition of 'co-design' but all parties involved must be clear and agree on expected levels of engagement and involvement of individuals, whānau and communities and ultimate responsibility for decision-making. Co-design practices should follow clear expectations of ethical standards of participation and engagement. Co-design should also include an accessibility lens, including involvement of disabled people in the commissioning process.



What this will look like for providers and communities

- Greater tailoring of support to people and whānau and their situations and contexts.
- More meaningful choices in the availability of support, including more kaupapa Māori and Pacific services.
- Opportunities to co-determine and co-design services, such as the MidCentral Mana Whaikaha prototype for disability support services.
- Community owned and led approaches.
- More holistic, whānau-centred support, and acknowledging and supporting those already providing it.



What this will look like for government

- Support for decision-making by individuals, families, whānau and communities in the design of programmes and initiatives.
- Seek and respond to community suggestions and priorities for addressing need by co-determining and co-designing services and outcomes.
- Contracts that allow services flexibility to tailor support.
- Greater devolution of commissioning to various joint community or external commissioning agencies when appropriate to context.
- Pro-active in working with community leaders and organisations to identify to whom we can devolve.
- Continuing to listen to what providers and communities tell us about what is needed and what will work.
- Ensuring there is an accessibility lens across commissioning and design; including disabled people in the commissioning process.



Māori-Crown partnerships are at the heart of effective commissioning

Recognising and giving practical effect to Te Tiriti o Waitangi is essential to achieving wellbeing for Māori.

In responding to COVID-19, iwi, hapū and Māori collectives played a significant role in supporting Māori within their respective rohe, showing agility to mobilise and organise effectively, as well as being better connected than government agencies to reach individuals, households, and communities. The COVID-19 recovery should be based on principles of mana motuhake: supporting Māori to make and enact decisions within their own whānau, hapū and iwi. During this process the Crown must continue learning and increase its understanding of Māori.

Iwi, hapū and Māori communities have been clear that they want to partner and lead in planning and local decision-making on social services. This element of rangatiratanga needs to be given expression as partnerships, not just being named as a partner but about real power sharing to effect positive change in communities.

For the Crown, the Treaty partnership is guided by the Te Arawhiti framework⁶ which emphasises a need to actively engage to understand Māori interests to guide the approach.

Social sector commissioning should enable Māori to choose how they wish to respond to their social needs. This means more “by Māori for Māori” kaupapa services as well as improving universal services to better support Māori. It also means ensuring Māori providers have the same opportunity to be considered as non-Māori providers. We need to learn from the Māori providers who are already leading the way in delivery, and support a general growth in capability, capacity and training of all providers to deliver effective services for Māori.

⁶ The concept of Treaty partnership is broader than active engagement but good practice should be followed in Treaty partnership engagement: <https://tearawhiti.govt.nz/te-kahui-hikina-maori-crown-relations/engagement/>.



What this will look like for providers and communities

- More kaupapa Māori providers as identified as needed by Māori.
- Universal services and non-kaupapa Māori providers continuing to strengthen Māori cultural competency and institutional cultural proficiency. More instances of partnered and devolved commissioning.
- Mana motuhake: Māori are enabled to make and enact decisions within whānau, hapū and iwi.
- Communities developing their own indicators of mana motuhake or their own indicators of success.
- Mana Māori (enabling mātauranga Māori service designs); and Mana Tangata (prioritising equity in service planning and delivery nationally).
- Building strong governance and leadership capacity.



What this will look like for government

- Applying Te Arawhiti principles for new and existing commissioning processes.
- Learning from and potentially extending existing approaches, for example the Whānau Ora commissioning model.
- Recognition of Māori diversity.
- Greater understanding what partnership means and how to better give expression to Article 2 and 3 of Te Tiriti o Waitangi.
- Enacting mana whakahaere (responses that contribute to the Crown's obligations under Te Tiriti o Waitangi).
- Actively involving or devolving to iwi and Māori partners in each phase of commissioning, consistent and commensurate with their interests and mandate.
- Supporting mana whenua to build capacity to deliver services within their rohe.



The sector works together locally, regionally, and nationally

All levels of government, philanthropic funders, NGOs and communities have an important role in improving multiple aspects of social sector commissioning. Working together should be anchored to a common purpose and centred around the people we are working to help.

Working together means understanding, respecting and valuing each other's different roles, strengths and contributions. It means recognising when government is best placed to commission and deliver services (and at which level of government), and when other organisations are better placed. It also means seeking agreement to shared outcomes regardless of who is commissioning and delivering. When outcomes may not be shared or may be specific to one party, a process for negotiating should be pursued.

Relationships containing high levels of trust are critical to improving commissioning. Building strong relationships takes time, energy and resources, but creates lasting benefits. Building and maintaining relationships should be a priority at all levels of an organisation, be modelled by senior leaders and feature at all stages of the commissioning process. Interagency relationships that promote collaboration and coordination across government will be critical for the integration and connection of investments and services.





What this will look like for providers and communities

- Strengthened cross-sector networks.
- More joined up, holistic support for people and whānau.
- Less fragmentation of funding streams.
- More equitable relationships with funders and more joined-up investment.
- Earlier engagement from government.
- More iterative practices that allow continual learning and flexibility to change.



What this will look like for government

- Government agencies continue working together closely to present a clear and consistent COVID-19 response.
- Closer agency relationships which drive joint investment and knowledge-sharing.
- Increased use of co-design and co-decision making.
- Greater join-up with relevant partners, including the philanthropic sector and business, on innovation and funding.
- More delegation to local and regional decision-making forums.
- Government agencies seek mechanisms that will facilitate more meaningful local relationships.
- An intentional focus on ensuring good channels of communication throughout the stages of commissioning.



The sector is sustainable

The four-year investment through Budget 2020 is intended to continue improving the long-term effectiveness, sustainability and quality across a number of services by:

- addressing both increased demand and cost pressures such as staff wages
- investing in service and organisational capability and capacity for medium and longer-term community COVID-19 recovery needs.

Government has invested additional funding through the last three Budgets to address historical underfunding across a number of services. These funding issues will take time to resolve but in the longer-term providers will be in a better position to drive quality improvement and innovation as they will be able to hire, train and retain a skilled workforce on good wages.

There are services where government should consider funding at full cost. However, there will always be services, programmes and initiatives that will be best funded through co-investment from a range of funders. And sometimes government has to make difficult decisions about what can be funded at all.

For government, helping to build a sustainable sector means being guided by a set of funding principles and costing methodologies centred on the needs and aspirations of individuals, families, whānau and communities, and that recognise the true cost of service provision and the value of the work that social sector staff are undertaking.

Commissioning approaches should support both new and existing providers to deliver high quality services that continue to develop and improve. Sometimes this may mean difficult conversations about which services would best benefit communities.

Building capability also means funders having the capability to invest in service provider leadership, governance, data collection and reporting, evaluation, and building cultural capability.



What this will look like for providers and communities

- Clarity and certainty around funding intentions during the COVID-19 response and recovery.
- Organisations are able to attract and retain skilled staff and they can pay them a good wage.
- Uplift in quality of services, through stronger organisations.
- Providers have sufficient resources for training and development of staff.
- More capability building in Māori and Pasifika organisations.
- More organisations helping each other with capacity and capability.



What this will look like for government

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- Government agencies seek mechanisms that will facilitate more meaningful local relationships.
- An intentional focus on ensuring good channels of communication throughout the stages of commissioning.



Decisions and actions are taken transparently

Government agencies commissioning social services need to engage early, comprehensively, and in good faith with all relevant parties during the commissioning process. All those who are part of the social sector understand the opportunities for their participation, what decisions need to be made, and are kept informed.

Clear and informed decision-making is critical to good social sector commissioning. This should include transparency and clarity about how funding decisions, funding levels and funding models are arrived at. For government funding, this should be done in accordance with the Government Procurement Rules, which state that policies and processes need to be flexible and simple.

Sometimes funders (e.g. government agencies or philanthropic organisations) will need to face difficult decisions, but there should be clarity and acknowledgement about the trade-offs being made and the funder's strategic priorities.



What this will look like for providers and communities

- Clarity on rationale for how, when and why funding decisions are made, and the costing methodologies used.
- Engaged earlier in the commissioning process and more frequently.
- More contract award notices will be available on the Government Electronic Tender Service (GETS).



What this will look like for government

- Clarity on when government should consider funding the full cost of services. Once this is determined, more services are funded at full cost over time.
- Expectation of quality uplift through increased funding.
- Cost methodologies are robust and include the full range of costs, including overheads.
- Recognising and funding indirect costs such as IT capability, reporting, training, and research and evaluation.
- Leading the development and implementation of sector-wide funding principles.
- More deliberate and strategic investment.
- More joined-up approaches to funding across government agencies and more joined up approaches to funding between government and philanthropic funders
- Approaches that encourage collaboration rather than competition.



The sector is always learning and improving

Insights should be used to determine need before new services are designed. Agreement on the level and type of insights that are needed and possible should be undertaken early in the commissioning process. These early conversations should also canvas what constitutes 'a good outcome' and how to measure it. Metrics used to measure 'good' should be focused on quality and results rather than quantity.

Good commissioning should also include transparency and rationale around what is evaluated and why. High trust, low compliance contracts should be in exchange for willingness and commitment to share learning and address the challenge of how to capture insights and conduct evaluation.

Government is committed to refining the social sector accreditation process to one that better supports provider improvement and is coupled with support to build provider capability and resilience. Learning what works and recognising that there are different systems of knowledge gathering and learning are critical to any attempts to improve social sector commissioning in New Zealand.

Consistent with the Data Protection and Use Policy, collection and sharing of information should be done in ethical and responsible ways. Data sharing is a two-way street. This includes growing opportunities to develop a shared platform between government departments and iwi and Māori communities to explore issues related to data access and the use, relevance and quality of data about Māori, and Māori Data Sovereignty.

Contracts and funding approaches should allow flexibility for a test-learn-adapt approach. Data is a mechanism through which to hear the communities' voices, leading to innovation. There is also the opportunity to explore adopting platforms for information-sharing between government and philanthropic funders, to work towards more joined up funding of new and innovative approaches.



What this will look like for providers and communities

- Proportionate and relevant monitoring and reporting requirements.
- Co-decision making over what is measured and how.
- Contracts that allow some flexibility and a test-learn-adapt approach.
- Support for building capability and capacity in learning, research and evaluation, including in kaupapa Māori and Pacific approaches.
- Clarity around when, why and how data is required and used, as per the Data Protection and Use Policy.
- Feedback loops with funders on data submitted and learnings.
- Articulating what government data and insights are relevant and should be shared with communities as per the Data Protection and Use Policy.
- Supported in the purchase and use of IT systems that enable better collection of data and training for provider staff.



What this will look like for government

- Greater clarity about government objectives, priorities and rationale for trade-offs.
- Consistent use of justifiable funding principles and cost methodologies.
- Direct and indirect costs are identified clearly and early.
- Government agencies aim to increase the transparency and accessibility of content published on GETS, including by publishing more details of contracts.
- Provision of data and insights to inform commissioning and services that are needed in communities.

Establishing good practice through commissioning

There is no one size fits all approach to commissioning in the social sector. Approaches are often shaped by the timing and resources available, for example responding to a crisis or national emergency or seed funding made available to explore a new service. Approaches are also shaped by the decision makers and stewards of the work commissioned, for example the approach for Waikato Wellbeing (community-led) is likely to look different to that for Whānau Ora (a commissioning agency, funded by government), and again different to disability employment services, managed by government agencies.

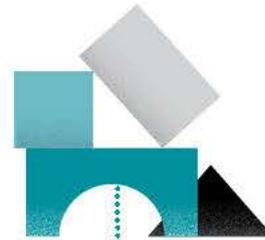
Regardless of the approach taken, there are a set of common stages in social sector commissioning that can influence good practice throughout the process. Good practice should allow for feedback loops between all stages as needed and the opportunity to stop (especially if value cannot be well-established or if there is risk of harm).

Different actors will perform different roles at different commissioning stages and may not need be present for all stages (though this should be discussed early on). Good practice should include role clarity and transparency at each stage of commissioning, particularly if collaboration is not possible or tough decisions are required.

The table overleaf describes the common stages included in many commissioning approaches and examples of activities in those stages that represent good practice. It then explores the considerations that guide the relationships that may be required across the sector across each stage to realise the working principles outlined above. A key shift is to explore opportunities to work better together across all of the stages, not just at the sourcing and delivery points.



Establishing good practice through commissioning



Description of the stage of the commissioning cycle

PURPOSE

Defining objectives and desired outcomes. Identifying the need or opportunity to be addressed and for whom. Deciding priorities and what success would look like.

Some examples of activities that might be included

Policy analysis, analysis of evidence of need, advocacy, strategy setting, political commitments, consultation and collaboration (relationship building towards a common outcome).

Some examples of considerations

- The existing clarity of purpose and willingness to jointly define objectives.
- The interest, aspiration and capability of communities, organisations and Treaty partners to work on objective setting.
- Complexity of the problem and needs of clients involved.
- The time and resources available to build a shared purpose.

UNDERSTANDING

Understanding the issue and what could be done to address it. Exploring what is known about the size and nature of the problem. Identifying what is known about the best way to achieve the desired outcomes.

Analysis of research and evaluation on effectiveness of current services available, user and community voice exercises, cost-benefit analysis, service mapping, gap analysis.

- The existing level of understanding and certainty on the nature of the problem, the people involved and what works.
- The interest, aspiration and capability of communities, organisations and Treaty partners to shape the understanding.
- The time and resources available to build a shared understanding.

PLANNING AND DESIGNING

Defining what needs to happen, in what order and how. Undertaking any design that is needed. Identifying the resources that are available from all parties. Deciding the level of consistency needed. Planning the roll out and any testing.

Service model design/ service specifications (could include co-design), business planning, user experience, eligibility, costing and pricing methodology, identifying funding, performance measures, quality assurance, capability building.

- The existing level of certainty around appropriate service design and delivery models.
- The complexity of change required and whether success is easily measurable.
- The interest and aspiration of communities, organisations and Treaty partners to plan and design the service response.
- What capability might be needed, by whom and where.

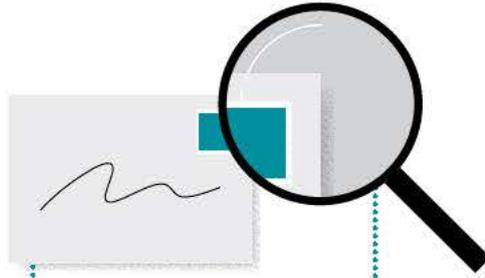


SOURCING AND INVESTMENT

Undertaking appropriate sourcing for delivery of services. Deciding the right sourcing approach to deliver the purpose and design.

Procurement processes in line with Government Procurement Rules (tendering, contracting, grant rounds), Memorandum of Understanding, organisational assurance, compliance and accreditation.

- The alignment with the approach to setting the purpose and the design.
- The number of providers available across the areas needed and whether there are options for collaborative delivery.
- The interest, aspiration and capability of communities, organisations and Treaty partners to deliver.



DELIVERY

Implementing the design. Building the staffing and capabilities needed to deliver. Engaging the people the service is for. Managing risks and issues.

Staffing (recruitment, supervision, training and development), attracting clients (promotion, referrals) delivery of the service design, delivery adaptation within service model/ specifications.

- Alignment of delivery relationships with work on the purpose and design.
- Relative roles in successful delivery and the critical success factors.
- The maturity of the delivery system.



MONITORING

Ensuring delivery is true to the intent and design. Monitoring performance and delivery of contract and service specifications.

Monitoring inputs, outputs, client satisfaction and progress towards outcomes, capability support, service adaption to learning.

- Alignment of monitoring relationships with work on the purpose and design.
- Relative roles in successful delivery and the critical success factors.
- The maturity of the delivery system.
- New voices that might be required to finesse delivery.

EVALUATION

Assessing the effect on desired outcomes. Understanding user experiences. Exploring what works, for whom and under what conditions.

Process and impact evaluation, user and community experience research, service adaption to learning.

- Alignment of evaluation relationships with work on the purpose and design.
- New voices that might be required to finesse delivery.

10 key actions that will be progressed in the short term

Work to improve the sustainability and transparency of funding

1. Develop a coherent government and other funders response to social sector organisations facing **financial difficulties** (e.g. lost income) as a result of COVID-19. This means recognising that many organisations are reliant on multiple income streams, including philanthropic funding, and aiming for responses that are strategic rather than narrow and reactive.
2. Begin work with the sector to develop a joint understanding of current and **future demand** for social services. While Budget commitments have made progress in many areas on funding for currently contracted levels of demand, work is needed to clarify demand levels and government objectives, and to prepare to respond to anticipated increases in demand as a result of COVID-19.
3. Develop and publish **joint funding principles** and consistent methodologies for costing services across agencies, and consistent criteria for cost sharing between government and other funders.
4. **Review pricing** for services where funding or quality gaps may continue to exist and seek additional or reprioritised investment to address these.
5. Increase **transparency** on contracted funding and how funding decisions are made, in the short-term by **publishing** consistent annual contract data for all Social Sector Agencies – the Ministries of Social Development, Justice, Health and Education, Oranga Tamariki and the Department of Corrections, with information about how funding levels were determined.

Working to support choice, partnerships and learning

6. Strengthen local, regional and **Māori-Crown partnerships** to ensure social services are better joined up and responsive to community priorities.
7. Ensuring the **service design** for the implementation of Budget 2020 and COVID-19 Response and Recovery investments provides clients and communities with a voice in the design, planning and delivery of services. Learning from and potentially extending existing approaches, for example the holistic whānau-led support of Whānau Ora.
8. Begin work to maximise **contractual flexibility** for partners to meet local needs where this is appropriate and to develop the right level of **continuous learning**, communities of learning, two-way data sharing and quality assurance needed to support this.
9. Identify opportunities to join up and **rationalise monitoring**, assurance, evaluation and data collection efforts across the Ministries of Social Development and Justice, Oranga Tamariki and the Department of Corrections Corrections contracts.
10. Enhance Social Service **Accreditation** operating model to support capability building in the sector, especially to increase the number of Māori organisations, Pacific and other community-specific providers.

