

Report



**MINISTRY OF SOCIAL
DEVELOPMENT**
TE MANATŪ WHAKAHIATO ORA

Date: 11 January 2024 **Security Level:** ~~IN CONFIDENCE~~

To: Hon Louise Upston, Minister for Social Development and
Employment

File reference: REP/24/1/007

Community Connectors and Food Secure Communities early exit and scale back options

Purpose of the report

- 1 On your request, this paper provides you with options to exit early or scale back the Community Connectors and Food Secure Communities programmes.

Executive summary

- 2 The Community Connectors and Food Secure Communities (FSC) programmes currently support the response and recovery from the North Island Weather Events (NIWE) and other community interventions, such as hardship caused by the increased cost of living and youth disengagement. These programmes were originally established in June 2020 to support the response to COVID-19.
- 3 Demand for these programmes remains high in the context of growing food insecurity and increased cost of living for lower income families.

- 4 s9(2)(g)(i) [Redacted text block]

- 5 Available evidence indicates that the Community Connectors and FSC programmes are highly valued by the individuals, families and whānau they support, and the wider community sector, regional leaders, and government agencies.
- 6 The Community Connectors and FSC programmes are due to scale back from 1 July 2024 as NIWE funding comes to an end. Funding for both programmes is time-limited, ending 30 June 2025.
- 7 Options to scale back or exit from these programmes range from exiting early to reducing investment from June 2024. Each option poses varying degrees of risk based on the potential impact. However, moderate savings are possible while maintaining a baseline of community support by reducing funding for targeted components of the programmes. An analysis of scale back options, including risks, is provided in **Appendix 1**.
- 8 Upcoming reports scheduled for later in the year will provide you with advice on the efficiency of the programmes and their connection to Government priorities, such as a social investment approach and the New Zealand food system. A report on the devolution of social services to communities may also connect with these programmes.
- 9 Following a discussion with you on your preferred options we will provide you with a more detailed implementation plan.

Recommended actions

It is recommended that you:

- 1 **note** that the Community Connectors and Food Secure Communities programmes were set up in 2020 and have been critical to the pandemic response and to the response and recovery from the North Island Weather Events (NIWE)
- 2 **note** that both programmes are time limited to June 2025 and will scale back in June 2024 as funding for NIWE comes to an end
- 3 **note** that an options analysis of early exit and scale back options is provided in **Appendix 1**
- 4 **note** that early exit from these programmes will have an impact on the government's ability to deliver on current government commitments and respond to future emergencies, however moderate savings are possible while maintaining a baseline of community support
- 5 **s9(2)(g)(i)**
[Redacted text]

6 **agree** to discuss your preferred options with officials.

AGREE / DISAGREE

Mārama Edwards
Deputy Chief Executive, Māori
Communities and Partnerships

Date

Hon Louise Upston
Minister for Social Development and
Employment

Date

Background

- 10 The Ministry of Social Development's (MSD's) Community Connection programme and the Food Secure Communities programme (FSC) have been critical to the COVID-19 and NIWE response and recovery. These programmes were originally set up in June 2020 to support the community sector response to COVID-19 and then leveraged to deliver the Care in the Community welfare response (CiC).
- 11 These two programmes have built a strong and flexible community infrastructure able to address emerging issues by increasing resilience in the community and the efficacy of existing government programmes.
- 12 Investment in the Community Connection programme and FSC continues to track down from the initial investment at the height of the COVID-19 pandemic. From 2021 to 2023 CiC provided funding of \$178.6 million for Community Connectors and \$159.40 million for FSC. This enabled 500 Connectors to support over 214,855 households and the delivery of 701,863 food parcels to people affected by the impacts of COVID-19.
- 13 Budget 2023, including through NIWE investment, provided time-limited funding for scaled down versions of both programmes until 30 June 2025 (this is detailed in paragraphs 26 and 31 below). For the FY23/24 this investment is \$24.7 million for Community Connectors and \$17.8 million for FSC. Funding is set to reduce further in FY24/25 to \$14.8 million for Community Connectors and \$11 million for FSC.

Some savings are possible while maintaining a baseline of community support

- 14 We have identified options for an early exit and scale back of both programmes. Options are outlined below, with further detail on the risks and implications of these options in **Appendix 1**.
- 15 A reduction in the footprint of both programmes is already planned in June 2024 due to the NIWE funding coming to an end.
- 16 Exiting the programmes completely in 2024 would impact the government's ability to deliver on current government priorities and respond to further emergencies, and is likely to be subject to scrutiny by advocacy groups.
- 17 s9(2)(g)(i) [REDACTED]
- 18 Note that decisions would be required by late February to deliver any changes to the programmes by June 2024.

Community Connectors provide early intervention by addressing short-term and immediate needs

- 19 Community Connectors create a trusted interface for individuals, families and whānau to access community and government supports and services. They provide short term support to prevent and minimise the impacts of hardship.
- 20 While Community Connectors originated with the specific scope of supporting people facing the challenges of COVID-19, their role has evolved through the years to address emerging needs and priorities. This has included:
 - facilitating direct food support through the FSC programme
 - helping people access physical and mental healthcare
 - assisting with urgent financial needs such as rent arrears
 - connecting households to longer-term community-led supports
 - supporting young people to re-engage in learning and education
 - supporting people to navigate cyclone recovery services and the Future of Severely Affected Locations (FOSAL) process.
- 21 The Community Connector model can support an early intervention and social investment approach, through shifting from a system guided by the delivery of pre-determined services, to one that is guided by the needs of individuals, families and whānau.
- 22 Community Connectors have supported community responses by having access to discretionary funding that allows them to meet immediate need where all other options have been exhausted, or the immediacy of the need prevents other options from being fully explored. This early intervention supports people to address underlying issues, such as youth disengagement from education and youth crime risk.
- 23 They work alongside government agencies and other service providers including Housing Navigators, Enabling Good Lives Kaitūhono, and Whānau Ora Navigators to ensure people are connected with supports and services that work for them to address their needs.
- 24 Community Connectors have also been able to pivot to address emerging issues in the justice and immigration sectors, such as supporting deportees and exploited migrants. This has supported a coordinated approach between Police, Corrections, Immigration New Zealand and the Ministry for Business, Innovation and Employment.

Funding for Community Connectors and options to scale

- 25 Currently, 165 Community Connectors are funded by government and employed by non-government organisations to work alongside individuals, families and whānau. Of those:
- 100 are contracted until June 2025, have \$28,000 discretionary funding per annum each, and are spread across the country.
 - 65 are contracted until June 2024, have \$32,400 discretionary funding per annum each, and are specifically allocated to NIWE affected regions to support the response and recovery efforts.
- 26 The higher discretionary funding for Community Connectors in NIWE regions reflects modelling for a higher need per household in the aftermath of the events.
- 27 The programme is measured by the number of households supported. The measure for 2023/24 financial year is 82,500 households supported which equates to an average of 500 households supported by each Connector.
- 28 Current funding arrangements for Community Connectors are as follows:

Category	FY23/24	FY24/25
100 Community Connectors (\$12m FTEs cost + \$2.8m discretionary funding)	\$14.8m	\$14.8m
65 NIWE Community Connectors (\$7.8m FTEs cost + \$2.106m discretionary funding)	\$9.906m	-

- 29 Options for scaling back funding for Community Connectors are outlined below, with further detail on the risks and implications of these options in **Appendix 1**.

Option 1– Exit the Community Connectors programme in June 2024 (savings \$14.8 million in FY24/25)

- 30 Ending current contracts with the 100 Community Connectors on 30 June 2024 instead of 30 June 2025, would save \$14.8 million in FY24/25. Two-year contracts are currently in place to 30 June 2025, with six-monthly payments and 90 days' notice periods.
- 31 Due to these timeframes June 2024 is the earliest feasible date to terminate these contracts and decisions would need to be made by late February 2024 to meet the required notice period.
- 32 Ending these contracts early poses a reputational risk to the government and MSD, and could impact the delivery of emergency responses.

Option 2 – Reduce discretionary funding (possible savings in FY23/24; savings \$1.4 million in FY24/25)

- 33 Discretionary funding for the 100 Community Connectors could be reduced from \$28,000 to \$14,000 per Community Connector per annum, for an overall cost reduction of \$1.4 million in FY24/25.
- 34 This would reduce the flexibility of Community Connectors to support individuals, families and whānau in need, which may increase demand for other MSD products such as Hardship Grants. However, it would continue to allow \$14,000 discretionary funding for each Community Connector in FY24/25.
- 35 Discretionary funding allocation for the 65 NIWE Community Connectors could also be scaled down. We will include this analysis in further advice we provide on your preferred options.

Option 3 – Reassess need at the end of FY23/24 to inform a gradual reduction to FTEs (savings not yet quantifiable)

- 36 Reassessing need for Community Connectors at the end of FY23/24 may identify areas where need has reduced, and contracts with Community Connectors in those areas could be ended. Aligning with the contractual timeframes noted in option one, we could end any identified contracts by 31 December 2024, to provide savings in the second half FY24/25.

MSD's investment in the community food sector has created efficiencies and empowered communities to respond to need

- 37 The FSC programme has supported community providers to meet increased demand for food and invested in community distribution infrastructure which created efficiencies in the procurement and distribution of community food.
- 38 Between 2022 and 2023 the FSC infrastructure has contributed to the distribution of 10 million kilograms of food. Research from the University of Otago shows that food rescue in New Zealand has a social return on investment of \$4.50 for every \$1 invested in food rescue.¹

¹ Grace Clare et al. (2023). *Measuring the impact of food rescue: A social return on investment analysis*.

- 39 The food security initiatives component of the FSC programme also aligns with the social investment approach that has been signalled by the Government. These initiatives seek to support social enterprise models that increase food security and resilience and decrease reliance on food parcels, creating medium to long-term pathways to reduce dependency on state programmes.
- 40 More information on the programme, including how it has supported people through the pandemic, is available in **Appendix 2**.

Funding for Food Secure Communities and options to scale

- 41 Time-limited funding is available for three categories of the programme, with a fourth for NIWE-specific regions:

Category	FY23/24	FY24/25
Community food distribution infrastructure (national partners and hubs) - This funding increases capability and capacity of the community food sector and allows large quantities of food to be distributed to community providers at low cost and short notice in case of emergencies.	\$7.5m (fully committed)	\$7.5m (fully committed)
Food security initiatives - This continues to provide support for communities to scale up projects to improve food security such as social enterprises and food co-ops that increase community food resilience and self-sufficiency.	\$4m (procurement not yet started)	\$3.5m (procurement not yet started)
Transitional funding for Community Food Providers - This funding supported community food providers such as foodbanks to meet increased demand.	\$2.3m (fully committed)	-
NIWE - This funding provides additional support for food distribution infrastructure and community providers in NIWE affected areas.	\$4m (\$1m committed, \$3m under procurement)	-
Total \$28.8m	\$17.8m	\$11m

- 42 An additional \$6 million from CiC underspend was reallocated in June 2023 to support community food providers in FY23/24. This funding has been fully committed.
- 43 Of the overall \$28.8 million budget over two years, the food secure communities component (\$7.5 million) is the only funding that has not yet been procured or advertised.

- 44 Of the committed funding, \$7.5 million for the community food distribution infrastructure will be paid after June 2024 and could therefore be recouped if contracts were rescinded.
- 45 Options for scaling back funding for food secure communities are outlined below, with further detail on the risks and implications of these options in **Appendix 1.**

Option 1 – Exit the FSC programme by June 2024 (savings \$15 million total across FY23/24 and FY24/25)

- 46 Exiting the FSC programme would require rescinding current contracts for the community food distribution infrastructure for FY24/25 (saving \$7.5 million) and cancelling funding for food secure initiatives in FY23/24 and FY24/25 (saving \$7.5 million across two years).
- 47 Exiting contracts for community food distribution infrastructure in June 2024 risks damaging relationships with partners and the ability of the Government and MSD to quickly respond to food needs in future emergencies.
- 48 Cancelling funding for food secure initiatives has potential to increase food insecurity. While funding for food secure initiatives has not been procured or advertised, so is lower risk to community expectation, announcements were made through Budget. We would need to communicate a change in approach to this funding.

Option 2 – Reduce investment in food security initiatives (savings \$3.5 million total across FY23/24 and FY24/25)

- 49 Funding for food security initiatives could be reduced from \$7.5 million over two years, to \$4 million over two years. This would allow \$3.5 million savings across FY23/24 and FY24/25. This will limit the number and impact of initiatives funded, but still enable some support for food secure communities.

Option 3 – Cancel investment in food security initiatives (savings \$7.5 million total across FY23/24 and FY24/25)

- 50 All funding for food security initiatives could be cancelled for a total saving of \$7.5 million across FY23/24 and FY24/25. As noted in option one, this carries limited risk to community expectation as procurement has not yet started. However, it has potential to increase food insecurity in communities.

Demand for community supports remains high

- 51 The most recent data show that 21 percent of children in New Zealand (one in five) live in households experiencing moderate-to-severe food insecurity². This is an increase from the previous two years (14 percent in 2021/22 and 15 percent in 2020/21).
- 52 The rising cost of living, specifically increases in food prices, has put pressure on the incomes of families, particularly those lower-income workers whose wages have not kept pace with inflation. While there were increases to Working for Families and the minimum wage in April 2023, many low-middle income workers above the minimum wage, especially single parent households, have experienced worsening income adequacy where costs rose faster than pay.
- 53 In addition, people continue to face barriers to accessing government support such as mistrust, lack of resources, language barriers and complexity of circumstances. These barriers reduce trust in government, making it harder for agencies to identify, reach and serve people who require the most help. As a result, needs go unmet, opportunities for prevention and early intervention are missed, and disadvantage is perpetuated.

Community Connectors and FSC have proved effective community supports

- 54 Feedback from clients, community providers and regional leadership groups, early findings from an outcomes-focused evaluation of the CiC response, and findings from an earlier Real-Time Evaluation into the CiC response, highlight strong support for the Community Connectors and FSC programmes.
- 55 Key findings are that:
 - 55.1 The provision of food is important to build trusting relationships with individuals, families, and whānau.
 - 55.2 Food support helps to alleviate stress and hardship, in turn improving connection with other social services.
 - 55.3 Community Connectors are highly trusted, making it possible for people, families, and whānau to access the support they need.

² Annual Update of Key Results 2022/23: New Zealand Health Survey, Children living in households where food runs out often or sometimes in the past year.

- 55.4 Community Connectors enable community providers to reach and support a broader range of people, families, and whānau meet their immediate needs and wider wellbeing priorities.

There are upcoming pieces of advice related to Connectors and FSC

- 56 Note there is further advice underway, relevant to the programmes and options in this briefing:

56.1 MSD will provide advice to you by the end of January 2024 on key considerations in the possible devolution of community and social services. Community Connectors are an example of a current programme that has some aspects of a devolved model; Connectors can use their discretionary funding as they see fit to meet a family's needs.

56.2 An outcomes-focused evaluation of the CiC response is currently being finalised. This evaluation has two workstreams that have been externally contracted – a survey workstream undertaken by Allen + Clarke and a case study workstream undertaken by Kaipuke Ltd. The survey workstream includes surveys to understand the difference that Community Connectors and food support made to households and the community sector while the welfare response was in place. The case study workstream includes interviews across six case study regions to explore the regional leadership model used during the CiC welfare response. You will receive a technical report for each workstream and a synthesis report in April 2024.

56.3 Building on the outcomes-focused evaluation, MSD is due to provide a report to you and the Minister of Finance by November 2024 on the effectiveness, implementation, impacts and outcomes of the Community Connector programme. We can discuss with you whether this advice should provide further analysis on any additional aspects of the Community Connectors and FSC programmes.

56.4 The Minister of Primary Industries is due to receive advice from the Ministry of Primary Industries on the New Zealand food system and merits of a food strategy in the first half of 2024. MSD is contributing to this report, which you will receive a copy of, including advice on MSD's role in supporting food access and affordability.

Next steps

- 57 Following a discussion with you on your preferred options we will provide you with a more detailed implementation plan.

Appendix

Appendix 1 - Options analysis for early exit or scale back of the Community Connectors and Food Secure Communities programmes

Appendix 2 - Food Secure Communities funding outline

Author: out of scope - Principal Advisor, Pacific and Community Capability Programmes

Responsible manager: Serena Curtis - General Manager, Pacific and Community Capability Programmes

Appendix 1 - Options analysis for early exit or scale back of the Community Connectors and Food Secure Communities programmes

Options	Option details	Strategic alignment and dependencies	Risks
Community Connectors			
Option 1 – Exit the Community Connectors programme in June 2024 (savings \$14m).	Two-year contracts to 30 June 2025 for the 100 Community Connectors across the country are currently in place, with six-monthly payments and 90 days’ notice periods. Contracts could be terminated in June 2024, subject to decisions made by late February 2024.	<p>Cyclone and flood recovery: Exiting the programme will mean less support for the government’s response to cyclone and flood recovery needs. There is a risk the government’s ability to respond to further emergencies will be impacted.</p> <p>Youth engagement: Exiting the programme will also have an impact on youth engagement and crime prevention. Connectors have supported young people by connecting whānau with supports that address underlying issues contributing to youth disengagement in education and youth crime.</p> <p>Social Sector Commissioning: This option could undermine the current commitment to Social Sector Commissioning. Decreasing an already stretched community workforce will put a strain on providers and their ability to respond to community priorities and events. It also limits the potential for ongoing partnerships with and between community providers to provide services that best meet communities’ needs.</p> <p>Supporting Regional Public Service Commissioners (RPSCs): RPSCs meet regularly with local Connectors and organisations. Connectors provide RPSCs timely insights about community wellbeing, challenges, and issues requiring escalation, therefore strengthening regional leadership by building connections and collaboration between providers and the public service.</p>	<p>Exiting the programme at this stage would have repercussions on MSD’s community partners and MSD’s relationship with them. It may increase the risk to the overall financial viability of NGOs in our most vulnerable communities creating a risk that they may shut down with unexpected flow on impacts to their capacity to deliver other government funded social services, impact the delivery of emergency responses, such as delivering on cyclone and flood recovery needs, and the ability to support emerging community priorities.</p> <p>Providers may start losing Connectors earlier than June 2024 as people move on to more secure employment ahead of the contract coming to an end. This would further exacerbate the risk to support community priorities.</p> <p>While this option reduces direct costs it may increase costs on other social services, particularly over the longer-term, considering the preventative early intervention role Community Connectors play. Households who are less likely to access government supports will continue to miss out.</p>
Option 2 – Reduce discretionary funding for Community Connectors (savings \$1.4m).	<p>Discretionary funding for the 100 Community Connectors workforce could be reduced from \$28,000 per Community Connector per annum to \$14,000, with contract variations implemented by June 2024.</p> <p>Discretionary funding allocation for the 65 NIWE Community Connectors could also be scaled down, however further analysis is needed and savings are likely to be minor due to the timing of payments and contracts in place.</p>	<p>Reduction of discretionary funding would limit the flexibility and effectiveness of Community Connectors to deliver on priorities such as cyclone and flood support, youth engagement and support for exploited migrants.</p> <p>This would have negative implications for MSD client base as well as other agencies such as Police, Corrections, Immigration New Zealand and the Ministry of Business, Innovation and Employment.</p>	<p>Discretionary funding allows Community Connectors to meet households’ immediate needs where all other options have been exhausted – this is a key aspect of their role. Reducing funding will mean Connectors may not be able to meet the immediate needs of all the households they support and therefore may be unable to address the household’s underlying issues. This may increase the demand on other social services such as Hardship Grants.</p>
Option 3 – Reassess need at the end of FY24/25 (savings not quantifiable).	An assessment of need for Community Connectors could be carried out at the end of FY23/24 to identify where FTEs could be reduced across the country. Following the assessment, some contracts could be terminated by the end of December 2024 to provide savings in FY24/25.	This option would allow you time to consider emerging government priorities, receive further advice on dependencies such as the cyclone and flood response, and assess the value of the programme based on the outcomes evaluation currently underway.	Communication to community providers will have to be carefully managed to ensure the Community Connectors workforce is appropriately informed and supported through this process.
Food Secure Communities			
Option 1 – Exit the FSC programme in June 2024 (savings \$15m).	Exiting the FSC programme would require rescinding current contracts for the community food distribution infrastructure and cancelling funding for food secure initiatives in FY23/24 and 24/25. Contracts could be terminated in June 2024 at the earliest, subject to decisions made by late February 2024.	<p>Cyclone and flood recovery: Maintaining the community food distribution infrastructure is an essential component of emergency response. Exiting the programme will mean less support for the government’s response to cyclone and flood recovery needs and will likely impact the government’s ability to respond to further emergencies.</p> <p>Social Sector Commissioning: This option could undermine the current commitment to Social Sector Commissioning. Decreasing an already stretched community workforce will put a strain on providers and their ability to respond to community priorities and events. It also</p>	<p>Two-year contracts to 30 June 2025 are currently in place with New Zealand Food Network and Food Hubs to maintain the community food distribution infrastructure. We understand investment decisions have been made by partners based on this contract’s length, such as renewing warehouse leases and expanding capacity. We also understand partners are currently diversifying their funding avenues based on the current two-year timeframe, however, may not be able to secure resources with a reduced timeframe.</p>

		limits the potential for ongoing partnerships with and between community providers to provide services that best meet community needs.	Exiting these contracts early could damage relationships with impacted partners, increase the risk to the overall financial viability of the community food sector, and may impede the ability of the government and MSD to quickly respond to food needs in case of future emergencies. Given the context of worsening rates of food insecurity, exiting the programme early is likely to be subject to scrutiny by advocacy groups. Risk related to cancelling funding for food secure initiatives are outlined below (Option 3).
Option 2 – Reduce investment in food security initiatives (savings \$3.5m)	Funding for food security initiatives could be reduced from \$7.5 million over two years, to \$4 million over two years.	s9(2)(g)(i) [Redacted]	[Redacted]
Option 3 – Cancel investment in food security initiatives (savings \$7.5m)	All funding for food security initiatives could be cancelled for a total saving of \$7.5 million across FY23/24 and FY24/25.	s9(2)(g)(i) [Redacted]	[Redacted]

Appendix 2 - Food Secure Communities funding outline

- 1 Funding invested in the FSC programme since 2020 can broadly be divided into four categories:
 - 1.1 **Community Food Provider support:** This funding supported community food providers such as foodbanks and pātaka kai to meet increased demand. MSD reporting indicates that our funding contributed to the distribution of approximately 1 million food parcels per year.
 - 1.2 **Self-isolation food support:** This funding provided more than 800,000 food parcels during the pandemic, delivered to people required to self-isolate so that they could meet their health restriction requirements.
 - 1.3 **Community food distribution infrastructure:** This funding increased the capability and capacity of community food distribution and rescue, mostly through investment in infrastructure. This infrastructure has contributed to the distribution of 10 million kilograms of food between 2022 and 2023 and is primarily based around three key groups:
 - 1.3.1 The New Zealand Food Network (NZFN) is the national distributor of surplus and donated food. NZFN receives bulk donations, typically from producers, processors and manufacturers, and wholesalers. NZFN distributes the food it receives to 66 regional food hubs, usually food rescue organisations, community groups, or foodbanks. Funding has also been used to establish and maintain the 61 regional food hubs that sort and supplement food supplies, preparing them for providers who ensure that they get to communities who need them the most (see flowchart below).
 - 1.3.2 Aotearoa Food Rescue Alliance (AFRA) represents organisations involved in food rescue in New Zealand. AFRA has helped to consolidate the food rescue sector, fostering connections and collaboration, sharing standards and best practice, and building capacity.
 - 1.3.3 Kore Hiakai provides support and resources for the community food sector to professionalise and update their policies and procedures to ensure users are referred to complementary social services.
 - 1.4 **Food security planning and initiatives:** funding was provided for communities to develop their own food security plans, start implementing pilot projects to improve food security, and enable Māori to exercise tino rangatiratanga over food systems that feed and nourish whānau.