

# Briefing for the Incoming Minister Responsible for Social Investment

Hon Amy Adams



February 2017

## Briefing to the Incoming Minister

December 2016

### The Social Investment Unit

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The Social Investment Unit (SIU) was formally established in March 2016, as an independent, cross-agency unit to embed and advance social investment, including supporting social sector agencies to implement a social investment approach. The SIU has been reporting to the Ministers of Finance and State Services through the Social Sector Board (SSB), chaired by Brendan Boyle, Chief Executive of the Ministry of Social Development.

The history of the SIU includes the following key decisions:

- In March 2013, the Cabinet Committee on State Sector Reform and Expenditure Control (SEC) agreed the Better Public Service priority to improve outcomes for New Zealanders would benefit from stronger, more co-ordinated capability across government to share and use current data sets to analyse the impact of government services and interventions from a person-centred perspective [SEC Min (13) 3/4].
- In July 2015, the SSB, in agreement with the Minister of Finance, established the Social Sector Investment Change Programme (SSICP), a cross-agency team tasked with building the tools and infrastructure required to enable a social investment system. The aim was to achieve a more coherent and intentional approach to the on-going development of social investment. The SSICP was set up until March 2016 to align with Budget 2016 processes, and subsequently became the SIU.
- In March 2016, Cabinet agreed to establish a centralised function (the SIU) with on-going responsibility for implementing and co-ordinating the Government's social investment approach across the social sector [SOC-16-MIN-0028].

Section 9(2)(f)(iv) Active Consideration

Currently, the SIU is mandated until June 2017. The immediate future of the SIU depends on two key decisions:

Section 9(2)(f)(iv) Active Consideration

We will provide advice to you in early 2017 on what we believe is needed Section 9(2)(f)(iv) Active Consideration

Section 9(2)(f)(iv) Active Consideration

We will also continue to work closely with the State Services Commission Section 9(2)(f)(iv) Active Consideration

## Key SIU people

Name	Role	Contact no.
Dorothy Adams	Lead	Section 9(2)(a) - Privacy of the Person
Edward Montague	Lead, Commissioning Deputy Lead, SIU	
Alistair Mason	Principal Advisor Acting Lead, Evidence & Insights	
Kirsten Stephenson	Lead, Corporate	

## Why social investment matters

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Social investment is about improving the lives of New Zealanders, particularly the most vulnerable, by applying rigorous evidence-based investment practices to social sector interventions. Social investment offers three opportunities:

- Aligning interventions across the sector to better respond to need
- Understanding the effectiveness of interventions to maximise impact
- Identifying new opportunities for investment that exist across individual agency boundaries.

The social investment approach uses data and evidence to understand the needs of people who rely on public services, and determines the value and impact of current interventions based on those needs. Options can then be identified to help improve the effectiveness of interventions and services delivered—irrespective of whether they are provided by government or non-government organisations (NGOs). Social investment uses advances in integrated data, framing interventions by how they affect people across their whole lives, which enables agencies to align and achieve outcomes by considering cross sector and longer-term impacts.

There is a range of information needed to support evidence-based decision-making in a social investment system. The SIU has developed an Information Framework (to be published in early 2017), that captures the range of information (input data, assumptions and modelling approaches), needed to generate insight. This recognises that actuarial modelling (which formed the basis of the welfare investment approach), is only one approach of many. The framework provides a common language to ensure the right modelling approach is taken, depending on analytical need or purpose.

The social investment approach creates a feedback loop for decision-makers on the performance of interventions and services, so there is a clear understanding of how government and community priorities are being implemented and their impact.

To date, social investment has measured effectiveness by calculating the return on investment in terms of fiscal savings. Over time, analysis will also include economic and social returns.

## What success looks like

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A successfully embedded social investment approach is when evidence-based investment practices become business as usual and outcomes for our most vulnerable populations improve. This means change for three groups, as described below.

## Change sought in embedding a social investment approach

### 1. Individuals and communities

People will have a stronger sense of belonging and well-being, be empowered to make the most of their lives, and those of their whanau, and be able to easily access help when they need it.

This change results from a shift in the actions and behaviours of the following two groups.

### 2. Service delivery agents

Embedding a social investment approach will allow service delivery agents to be agile, flexible and responsive to need in an environment that has clear goals and objectives, and where innovation is expected and rewarded.

### 3. Public sector agencies

Success for government agencies means widening the focus of agencies to incorporate a sector and system-wide focus, which is driven by evidence and effectiveness.

Two further indicators of success are:

- A culture of collective accountability
- An increase in trust between the groups outlined above.

## What is needed to do this

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### Ministers

Starting at the top, Ministers can embed a social investment approach by:

- Setting clear expectations around evidence and value-driven investment decisions
- Using incentives to drive collective accountability and action
- Seeking advice and input from a wide range of parties.

### Agencies

With clear direction from Ministers, agencies need to focus on alignment and value. To apply a social investment approach, agencies must:

- Know the population in need
- Understand need and recognise it early
- Know what works
- Set clear outcomes, goals and measures for monitoring progress
- Understand value drivers – especially where accountability and risk is best managed
- Understand how they fit into, and work within, the ‘system’
- Be more proactive and responsive.

This shift by agencies will give Ministers confidence in investment decisions and make it easier to try new interventions because the evidence indicates this is the best option.

## Service delivery agents

With agencies aligned, providing evidence and information to support intervention and service design, and an enabling environment, service delivery agents will be able to:

- Understand how they fit into the 'system'
- Integrate their interventions and services and embed a culture that delivers seamless engagement for individuals and communities in need
- Determine the right technology and tools needed to support service delivery
- Improve service design practice, including the use of feedback loops.

## Where we are now

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Social investment is in its infancy. The approach to date has been to drive change through individual public sector agencies. Even so, this has generated a lot of interest from outside Wellington and the SIU is actively engaging with a wide range of stakeholders on:

- What social investment is
- A plan to implement it
- Their ideas about how to bring about the desired change.

Investment approaches have been emerging in the social sector since 2011 (i.e. the welfare investment approach); the Ministries of Social Development and Justice, in particular, are well advanced in their social investment work programmes. While most agencies now see the value of a social investment approach, many agencies are still developing the necessary capability

Section 9(2)(i)(iv) Free and Frank

Where agencies are making most progress is in using data to understand populations and the effectiveness of current interventions. As the social investment approach matures, this will round out to include outcome and service delivery-level information and analysis and make necessary connections across the social sector. Alignment is a critical success factor for implementing a social investment approach and developing a cohesive understanding of what works for people in need.

Social investment takes advantage of data and technological advances and the work of Statistics NZ, and others, in developing integrated administrative data sets has been instrumental.

## Where we want to be

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The SIU has focussed its work to date in three areas of activity – infrastructure, tools, and analysis and advice – and has worked alongside agencies to provide support and assistance by:

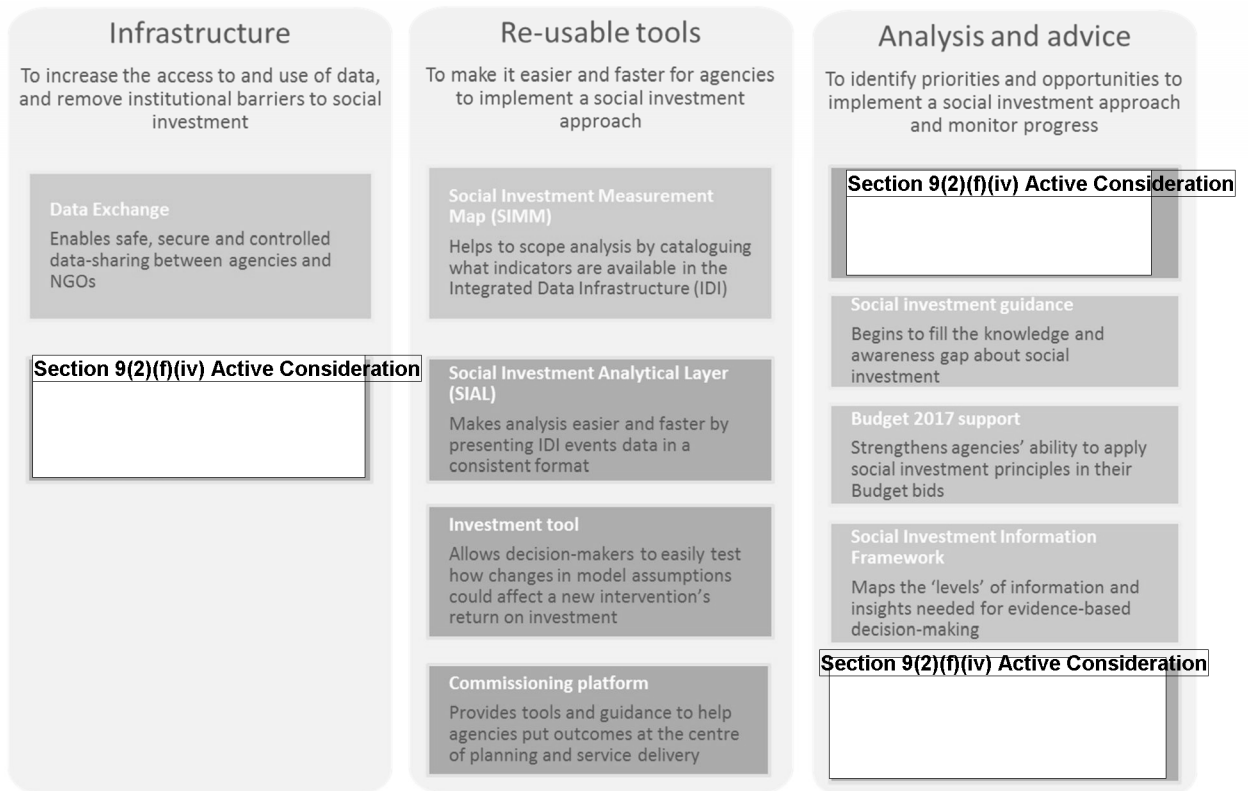
- Developing the Data Exchange to enable increased access and sharing of client level and anonymised data, and information, between agencies and NGOs, to complement Statistics NZ's Integrated Data Infrastructure
- Developing general purpose, reusable tools to make it easier and cheaper for agencies to implement a social investment approach
- Undertaking test cases to demonstrate how to do social investment analysis, i.e. to understand the costs and benefits of a particular intervention like  across a  range of outcomes and agency boundaries.  **Section 9(2)(f)(iv) Active Consideration**

Our operating principles are:

- Complement not duplicate
- Look at everything, always
- Person-centric
- Progress over perfection
- Prove what is possible
- Collaborate to innovate
- Learn to improve.

Diagram 1 provides an overview of SIU's key deliverables, either already delivered or well underway, in each area.

**Diagram 1 Overview of key deliverables (either already delivered or well underway, in each area)**



Elements of social investment: ■ Outcomes ■ Data ■ Analysis and advice ■ Alignment, decisions and accountability ■ Commissioning and service delivery

**Section 9(2)(f)(iv) Active Consideration**

Table 2 sets out the planned approach for 2017, distinguishing between support and driving roles the SIU can play.

We would appreciate an opportunity to discuss with you our proposed direction of travel, pace and work programme to ensure social investment is successfully embedded and the potential from the SIU's centralised function is fully realised.

**Table 2: Proposed approach for SIU for 2017**

Elements of social investment	SIU's planned approach for 2017	Possible options for future work to increase pace and impact	Likely impact of this work
<b>Outcomes</b>	<p><b>Drive</b> Identifying cross sector outcomes, priority issues and populations for investigation and quantifying potential return</p> <p>Work programme includes:</p> <ul style="list-style-type: none"> <li>Well-being measurement methodology(s) to understand the value of economic and social return</li> </ul>	<ul style="list-style-type: none"> <li>Tools to make it easier for agencies to understand their population(s) need and agree outcomes, e.g. an outcomes-level descriptive statistics tool</li> </ul>	<p>Ministers and agencies will have a clear understanding of priorities and opportunities across the sector on which to base investment decisions</p> <p>Institutional barriers to implementing a social investment approach are mitigated through increased engagement and better connectedness</p>
<b>Data</b>	<p><b>Support</b> Promoting the use of data and, where appropriate, developing enabling infrastructure and tools to help agencies implement a social investment approach</p> <p>Work programme includes:</p> <ul style="list-style-type: none"> <li>Data Exchange to enable safe and secure data sharing between agencies and NGOs</li> </ul>	<ul style="list-style-type: none"> <li>Work with data leaders to help agencies identify and collect the right data, and coordinate and share data</li> <li>Guidance to help the front-line understand data availability and how to use it</li> </ul>	<p>Opportunities to improve data use are used</p> <p>Agencies will be supported to collect and use the right data to support their investment decisions</p> <p>More effective services, with providers having more data about their clients</p>
<b>Analysis and advice</b>	<p><b>Drive</b> Analysing, in partnership, cross sector priorities and other agreed issues</p> <p>Promoting a community of practice, and providing leadership on analytical approaches through analysis and guidance</p> <p>Work programme includes:</p> <p><b>Section 9(2)(f)(iv) Active Consideration</b> to understand population and need across agency boundaries</p>	<ul style="list-style-type: none"> <li>Further use cases and/or taking a deeper dive into cross sector issues such as social housing and <b>Section 9(2)(f)(iv) Active Consideration</b></li> <li>Develop a methodology to ensure consistent measurement across the social sector</li> <li>Test analytical approaches to predicting need</li> </ul>	<p>Analytical expertise and champions are engaged across the sector to increase momentum in capability building and the maturity of analysis</p> <p>Ministers have confidence in the data and information they receive to support investment proposals</p> <p>Data and analysis underpins all investment decisions by Ministers and agencies</p> <p>Agencies have a clear understanding of how their work aligns with others, especially on cross sector issues</p>



Elements of social investment	SIU's planned approach for 2017	Possible future work to increase pace and impact	Likely impact of this work
<b>Alignment, decisions and accountability</b>	<p><b>Support</b> Working in partnership to gain alignment on cross sector issues and populations</p> <p>Working with agencies to identify opportunities for and challenges to embedding a social investment approach</p> <p>Assisting and monitoring agencies' use of social investment, and the resulting impact</p> <p>Work programme includes:</p> <ul style="list-style-type: none"> <li>· Social investment guidance to assist agencies and others to adopt social investment practices</li> <li>· Dashboard to assess and monitor readiness and use of a social investment approach across the sector</li> </ul>	<ul style="list-style-type: none"> <li>· Framework for measuring and reporting on the impact of social investment</li> <li>· Performance and evaluation framework for investments</li> <li>· More proactive involvement in the Budget process e.g. providing advice on priority areas for investment</li> </ul>	<p>Clear understanding by Ministers and agencies of the progress in implementing a social investment approach</p> <p>Incentives are applied effectively so agencies organise themselves to implement a social investment approach</p> <p>Ministers are able to understand social sector performance, including the impact of shifts in investment</p>
<b>Commissioning and service delivery</b>	<p><b>Drive</b> Developing, in partnership, a range of services and tools to support agencies to implement outcomes-based commissioning</p> <p>Work programme includes developing:</p> <ul style="list-style-type: none"> <li>· Commissioning tools for agencies and service delivery agents to procure interventions based on outcomes and impact</li> </ul> <p><b>Section 9(2)(f)(iv) Active Consideration</b> to encourage innovative interventions and taking them to scale</p>	<p>To be determined once the development of the commissioning platform is further advanced</p>	<p>Agencies will be incentivised and rewarded to co-design and implement outcomes-based commissioning models and identify effectiveness of existing baseline spend</p> <p>Ministers will have confidence their priority-setting and investment decisions are translated into effective services, with performance feedback and reporting</p>