

Office of the Minister for Social Development and Employment

Cabinet Social Wellbeing Committee

Social Sector Commissioning Action Plan 2022-2028

Proposal

1 I seek agreement to an Action Plan 2022-2028 (Action Plan) for implementing a relational approach to commissioning (relational approach) across the social sector by 2028¹, which:

1.1 enables government agencies, non-government organisations, tangata whenua and communities to work together more effectively so that individuals, families and whānau can live lives they value; and

1.2 contributes to the outcome of improving intergenerational wellbeing.

Relationship to government priorities

2 The proposals in this paper progress the Labour Party Manifesto commitment to: “work toward a more effective social service sector by improving how government commissions and works with social service providers.” It learns from and supports other government change initiatives, sector reforms, and the response to COVID-19.

Executive summary

3 In November 2021, Cabinet agreed to adopt a relational approach (see Appendix One) across the social sector and invited me as the Lead Minister for this work to report back with a plan for implementing that approach across the social sector.

4 Within government, this includes funding used by social sector government agencies and Crown entities² to purchase services from non-Government organisations (NGOs)³ that seek to support individuals, families and whānau to improve their wellbeing.

5 Implementing a relational approach requires transforming the way the social sector works. To make this happen, I am seeking agreement to the following mandatory changes for social sector government departments:

5.1 implementing the Action Plan that lays out a pathway to transformation to commissioning over six years, and which builds on existing initiatives and pockets of success that are already working well (Diagram Two in Appendix Two);

5.2 immediately begin upholding the set of relational commissioning principles (Appendix One); and

5.3 immediately commencing implementing the improvements to current commissioning they have prioritised (see Table Five of Appendix Two).

¹ In this paper, the “social sector” is defined as: national, regional, or local government departments, Crown entities, non-government organisations, community organisations and philanthropic organisations who fund or deliver welfare, housing, health, education, child wellbeing, justice and disability support to individuals, families and whānau.

² Social sector government departments and Crown entities include: the Ministries of Social Development, Justice, Health, Education, and Business, Innovation and Employment; the Ministries for Pacific Peoples, Ethnic Communities, and Youth Development; Whaikaha - Ministry of Disabled People; Oranga Tamariki - Ministry for Children; Ara Poutama Aotearoa – Department of Corrections; Te Tūāpapa Kura Kāinga – the Ministry of Housing and Urban Development; Te Puna Aonui – Joint Venture on Family Violence and Sexual Violence; Department of Internal Affairs; and Te Puni Kōkiri; New Zealand Police; Accident Compensation Corporation; Te Whatu Ora - Health New Zealand; Te Aka Whai Ora - Māori Health Authority; Kainga Ora; and the Tertiary Education Commission.

³ NGOs range from traditional not-for-profit organisations through to social enterprises and can include corporations practising social responsibility and for-profit organisations. A high proportion of NGOs in the health sector (which commissions around \$10 billion of services from NGOs each year) are for profit entities.

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- 6 I will also invite social sector Crown entities to adopt the changes that are mandatory for government agencies and invite NGOs and communities to participate in implementing the Action Plan.
- 7 Next steps in implementing the Action Plan include:
 - 7.1 government agencies to develop plans for adopting relational commissioning by mid-2023, which will be reviewed by the Social Wellbeing Board (SWB) before being sent to Cabinet Social Wellbeing Committee for approval;
 - 7.2 a Commissioning Hub based in MSD and funded through Budget 2022 to lead cross-government work to improve monitoring and reporting on the existing system and to develop metrics for monitoring relational approaches; and
 - 7.3 a Stewardship Group to be established to support the Social Wellbeing Board to guide, promote and protect the relational approach. The Group will evolve from the current project board, which includes representation from the NGO sector.

Background

- 8 The Social Sector Commissioning Work Programme arose from concerns that the commissioning of social services is not adequately meeting the needs of individuals, whānau and communities (including children, disabled people, people experiencing mental illness, Māori, and Pacific peoples), and that government was not adequately enabling social services to support their communities.
- 9 Through engagement, we heard that social services are difficult to navigate, do not respond well to what matters to individuals, families and whānau, and are delivered in ways that do not respect their rangatiratanga.
- 10 We also know that government agencies, communities, and NGOs have difficulty responding effectively as responsibilities are split between and within agencies, support is often provided too late, and there is limited flexibility in what responses are possible.

Response to the concerns

- 11 In response to these matters, in November 2021, Cabinet agreed to a relational approach to commissioning (see Appendix One). At the heart of the relational approach are seven principles (see paragraph 1.3 in Appendix One) and the development of trusted relationships between everyone involved in the system: the individuals, families and whānau being supported; communities; iwi; hapū; NGOs; the philanthropy sector; and government agencies.
- 12 The relational approach will better support the wellbeing of individuals, whānau and communities by changes to the:
 - 12.1 social support system so that it begins by better understanding what is most important to individuals, families and whānau. This reflects an overall purpose of supporting individuals, families and whānau to build a life they value, and is expected to lead to improvements in intergenerational wellbeing; and
 - 12.2 underlying system in ways that make it easier to respond to what is most important to individuals, families and whānau (e.g., by allowing funding to be used flexibly and developing joined up approaches across government agencies so that the person experiences dealing with one system rather than many).
- 13 Cabinet invited me, as Lead Minister for this work, to report back with a six-year plan of action for moving to a relational approach across the social sector [SWC-21-MIN-0173 refers].

Scope of the required changes

- 14 The six-year timeframe reflects the substantial scale of the changes required to implement a relational approach across the social sector. The changes will affect:
 - 14.1 welfare, housing, health, education, child wellbeing, justice, and disability support delivered by NGOs to individuals, families and whānau to improve their wellbeing;
 - 14.2 the funding from national, regional, or local government departments, Crown entities, non-government organisations, community organisations, and philanthropic organisations that pays for the support delivered by NGOs; and
 - 14.3 government agency processes that are used to commission supports and services from NGOs (e.g. planning, engagement, funding, procurement, monitoring, and evaluation) and the impacts that changes to NGO commissioning have on government agency processes and services more generally.
- 15 Affected government funding will generally be within non-departmental output expense appropriations, but may also be within departmental appropriations, or funded through other mechanisms such as levies (e.g. ACC). In addition:
 - 15.1 the government may only contribute part of the cost of some services as a result of, for example, user part charges or co-funding arrangements with other parties such as philanthropic organisations, or iwi.
 - 15.2 NGO supports and services are usually funded by government agencies through contracts or grants but may be funded through individualised funding arrangements, where government funding is allocated to individuals, families or whānau to enable them to purchase support.
- 16 The cross-government project team (now to be established as the Commissioning Hub at MSD) has continued to work with the social sector to ensure the work is collaborative. Updates published in 2020 and 2022, alongside regular targeted engagement, have kept the social sector up to date on the progress that has been made.

Progress update

- 17 The relational approach has emerged from working with the sector over the previous three years, the COVID-19 response, and existing initiatives, such as the following examples:
 - 17.1 Te Aorerekura, The National Strategy to Eliminate Family Violence and Sexual Violence, which explicitly uses the relational approach as a key lever to deliver better outcomes for people, their families, whānau and communities. For example, initiatives announced in Budget 2022 to collaborate with five localities to develop and test an integrated community-led response way of working, as well as map agency commissioning decision-making pathways.
 - 17.2 the Care in Community welfare response (CiC) to the COVID-19 Delta and Omicron outbreaks, which also adopted important aspects of a relational approach by being locally-led, regionally-enabled and nationally-supported. CiC led to tangible benefits such as low-income whānau isolating safely and avoiding significant disruptions to their income and employment, whānau getting vaccinated so that they could support each other, and standing up community connectors within community organisations and NGOs. The community connectors used their lived experience to work closely within their communities (Pacific, Māori, disabled people, and ethnic communities) to deliver short and sharp support when it was needed most in COVID-19 outbreaks. Part of the CiC has now been reoriented to provide time-limited support to communities to recover from COVID-19's impacts and is undergoing real-time evaluation.

- 17.3 the Lalanga Fou programme aims to improve Pacific wellbeing outcomes through an all-of-government approach, with a wide range of government agencies committing to actions to implement it. The move to a relational approach will introduce increased flexibility which makes it easier for support to respond to what is important to unique and diverse Pacific communities.
- 17.4 in Mana Whaikaha (the disability transformation in the Mid-Central region), disabled people and whānau can walk alongside Connectors who help them to plan and build a life they are seeking, with funding used flexibly to access the most suitable support for them. They can also ask government liaison workers to deal with other government agencies on their behalf.
- 17.5 The Te Aka Whai Ora (The Māori Health Authority) and Te Whatu Ora (Health New Zealand), with the support of the Ministry of Health, will develop co-commissioning initiatives that reflect the relational approach. This co-commissioning will involve Iwi-Maori Partnership Boards as well as cross-sector collaboration to address the broader determinants of people's health and wellbeing.
- 18 Furthermore, we have already seen general improvements from government agencies in how they commission. For example, contract periods are longer, and where they remain short, it appears to be in the main for relevant reasons such as temporary COVID-19 response measures. The average length of contracts is currently 2.5 years. When this average is weighted by contract value it increases to 3.6 years and 60 percent of spend in 2020/21 was on contracts over 3 years in length. A significant proportion of contracts (19.7 percent) are for Māori-led organisations, well in excess of the whole of government 5 percent progressive procurement target. This proportion increases to 21.2 percent when the average is weighted by contract value.

Action Plan for implementing a relational approach to commissioning

- 19 Implementing a relational approach requires transforming the way the social sector works. The scale of change required is reflected in an Action Plan that lays out a pathway to transformation to commissioning over six years, and which builds on existing initiatives and pockets of success that are already working well (Diagram Two in Appendix Two).
- 20 The pathway builds on social sector government department and Crown entity responsibilities to support the Crown in its relationships with Māori as tangata whenua under Te Tiriti o Waitangi/The Treaty of Waitangi, as well as building relationships with tangata Tiriti communities such as Pacific peoples and other ethnic communities.
- 21 The overarching goal of the relational approach and the Action Plan to achieve is for individuals, families and whānau to find it increasingly easy to live lives that they value as a result of improvements in the system for delivering support that is commissioned through communities and NGOs. Reporting on the impact that the adoption of relational commissioning has on people's lives will be complemented by:
- 21.1 leading measures, such as the extent to which relational approaches are being adopted across government, and whether it is easier for providers and communities to respond to what is important to people; and
- 21.2 medium to longer term measures that focus on the extent of improvements in intergenerational wellbeing.
- 22 The benefits to individuals, families and whānau will come about by freeing up funding from the way it is currently allocated and administered (tightly prescribed, limited, ad hoc, transactional, and output and compliance focused) so it can be used by them, communities, and NGOs to work together to deliver what matters most to individuals, families and whānau. Working together is especially important for those who may need multiple supports and services.

- 23 The approach taken to the Action Plan seeks to manage the risk that significant additional resources will be required for the transformation process by:
- 23.1 undertaking change initially through major reform work programmes that require a different approach to commissioning to succeed (e.g., Te Aorerekura); and
 - 23.2 realising efficiencies from addressing common issues once (e.g. moving to a consistent framework, coordinating implementation, and addressing cross-cutting issues), rather than by simply adding new initiatives.

Implementing the Action Plan

- 24 I am seeking agreement that implementing the Action Plan, and immediately upholding the relational commissioning principles, are mandatory for the following social sector government departments and joint ventures: the Ministries of Social Development, Justice, Health, Education, and Business, Innovation and Employment; the Ministries for Pacific Peoples, Ethnic Communities, and Youth Development; Whaikaha - Ministry of Disabled People; Oranga Tamariki — Ministry for Children; Ara Poutama Aotearoa – Department of Corrections; Te Tūāpapa Kura Kāinga – the Ministry of Housing and Urban Development; Te Puna Aonui – Joint Venture on Family Violence and Sexual Violence; Department of Internal Affairs; and Te Puni Kōkiri.
- 25 I also propose:
- 25.1 that government agencies immediately commence implementing the commitments to improving current commissioning they have prioritised (Action 5 in Table Two in Appendix Two);
 - 25.2 inviting the following Crown entities to implement the Action Plan and immediately uphold the relational commissioning principles: New Zealand Police; Accident Compensation Corporation; Te Whatu Ora Health New Zealand; Te Aka Whai Ora - Māori Health Authority; Kainga Ora; and the Tertiary Education Commission; and
 - 25.3 inviting NGOs and communities to participate in implementing the Action Plan.
- 26 Seeking to have all government agencies (rather than only a small group) improving existing commissioning arrangements reflects two considerations:
- 26.1 many community and NGO providers have contracts with several different government agencies and there is considerable variation between the agencies that each provider contracts with. Beginning work to improve existing commissioning with only a few agencies risks creating even more variation for providers; and
 - 26.2 there is good buy-in across agencies for the commitments across the sector that is worth leveraging now. The work is planned so that it stretches agencies to build on what they are already doing, rather than having to start completely new initiatives.
- 27 The Action Plan's pathway for change is over three phases:
- 27.1 *Growing and extending (mid 2022 – mid 2024)* – facilitating new ways of working to emerge and resolving policy and operational questions that will need to be worked through before pushing to scale (e.g. reducing compliance burden, establishing sustainable funding models). At the end of this period we will have a clear understanding of how to transform the overall system and what needs to be in place for this to happen.
 - 27.2 *Sector-wide scale-up (2024 – 2028)* – scale up is often more challenging and time consuming than expected and this phase reflects the concerted all-of-government effort that will be required to achieve a relational approach as a normalised way of commissioning social services. At the end of this period relational commissioning

will be the usual way that any changes to commissioning will be based on the relational approach and the main barriers to this happening will have been resolved.

27.3 *Normalising practice (2028 onwards)* – with the sector, individuals, families, whānau and communities making ongoing changes to social sector commissioning based on the relational approach. From 2028 onwards it is expected that the Action Plan has been completed and a relational approach will become the foundation for all social sector commissioning.

28 The gradual transition recognises that investment and re-prioritisation of funding will be needed (as fiscal conditions allow) in commissioning capacity and capability, new forms of contracting, performance monitoring, continuous improvement processes, and NGO workforce and community capacity.

29 The Commissioning Hub will support other agencies to implement a relational approach at a national, regional, and local level, and will be monitoring the work programme to provide information on whether government agencies are implementing the relational approach and the impact this is having on its overall purpose.

Three features of the Action Plan 2022-2028

Improving current commissioning as the basis for transformation (Actions 3 and 5)

30 Actions 3 and 5 start to make immediate improvements to current commissioning arrangements that are expected to free up the resources of both government agencies and NGOs so they can more easily move to a relational approach. There are two parts to the work:

30.1 improving the effectiveness, and reducing the compliance costs, of monitoring across government. This work will be led by the Commissioning Hub, in association with Treasury and the Social Wellbeing Agency, but carried out jointly with all social sector agencies (Action 3); and

30.2 government agencies immediately commencing implementation of improvement measures they have prioritised (Action 5). The commitments to improving current commissioning have been developed through engagement between NGO and community organisations, the community sector and government agencies. The proposed set of commitments outlined in Table Four, of Appendix Two have been refined from the draft set attached to the previous Cabinet paper [SWC-21-SUB-0173] and are now more closely aligned with a relational approach.

31 Earlier this year, government agencies undertook initial self-assessments and found that adopting these improvement measures would be challenging but achievable. These commitments will be the baseline for change, but some agencies may already be on the journey to more transformational change which go above and beyond what the improvement measures require.

32 Following consultation with the social sector, MSD has modified the commitments relating to funding (items 11 to 13 in Table Four of Appendix Two) to reflect that funding models should take account of the full range of costs of providing support. Having funding models reflect these full costs will help to build trust through increasing the transparency of pricing decisions without the models themselves specifying what pricing or funding decisions will be made.

Supporting the move to system-wide adoption of a relational approach and addressing barriers to this happening (Actions 1,2,3,4,5, and 6).

33 Supporting the move to system wide adoption of a relational approach involves:

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- 33.1 capitalising on existing reform programmes across government that require a change in commissioning to achieve their objectives (such as disability transformation, health transformation, Te AorereKura, Child and Youth Wellbeing Strategy [Action 4]). It is intended that these reform programmes will continue to implement their Cabinet agreed mandates, and build on in two ways:
 - 33.1.1 supporting reform programmes to adopt relational commissioning arrangements within their own strategies and action plans; and
 - 33.1.2 making it easier for reform programmes to learn from each other as they implement change. For example, learning from disability transformation about how to allow funding to be used flexibly while maintaining the necessary accountability for the use of public funds.
 - 33.2 government agencies collectively adopting joined-up commissioning as a usual way of working (Actions 5 and 6). Joined-up commissioning would make it easier for integrated approaches such as place, locality-based or community-based integrated commissioning to arise (such as Pacific Integrated Contracts work and the Place Based Initiatives);
 - 33.3 the Commissioning Hub working with other agencies and initiatives to address system-wide barriers that make moving to a relational approach more difficult than necessary (Action 3). These barriers may arise from procurement rules, budget processes, the allocation of responsibilities between government agencies, legislation, or government policy. The barriers may arise from the policies or processes themselves or the way these are operationalised; and
 - 33.4 supporting NGOs as they make the significant investment needed to move from providing services to being of service to individuals, families and whānau (Actions 1 and 2). Funding to enable this to occur is likely to flow from more appropriate funding models that more accurately reflect total costs (under Action 5) but may require additional government investment to address historic under-investment.
 - 33.5 learning and developing processes that enable government agencies and NGOs to exit agreements and contracts on good terms, with all parties being treated fairly and respectfully (as part of Action 1 and 3).
- 34 An important part of this work will also be the pay equity funding framework [CAB-21-MIN-0391 refers]. This will underpin how to fund the social sector workforce and will be an important part of improving sustainability and supporting the professionalisation of the workforce (Action 3).

Using monitoring to encourage change and ongoing learning (Action 9)

- 35 Using the Commissioning Hub's overall monitoring of social sector commissioning to encourage change and ongoing learning involves:
 - 35.1 understanding in more depth the government's investment in social support (e.g. funding over time, who delivers which support to which groups of people, the regional breakdown of support) and complexity and length of contracts). For example, during Budget 2022, as a result of incorporating the requirement for Social Sector Commissioning principles to be used for assessing budget bids, Treasury was able to identify the extent of investment proposed for NGOs, and to evaluate if initiatives align with the commissioning principles;
 - 35.2 assisting government agencies, NGOs, and communities to understand where and how a relational approach can make a bigger difference to people living lives they value and the outcome of intergenerational wellbeing, and the progress that is being made towards them (e.g. are people achieving the goals that they have set for

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themselves, and are we seeing improvements in longer-term outcomes such as education); and

- 35.3 supporting cross-social sector learning about how to best commission in a relational way (e.g. the best ways of operationalising connectors/ navigators, allowing individuals, families and whānau to use funding flexibility, and using insights learned locally to identify the system barriers that need to change).
- 36 We have heard from the social sector that they want data sharing to be two way so they can utilise information to better inform their practice. Under Action 9, through the Hub, NGOs and communities will be able to access data and insights more easily from government agencies to support their work while respecting data sovereignty.
- 37 The Commissioning Hub will develop a baseline and set of metrics to support better investment decisions by the government. The baseline and metrics will seek to better understand the government's investment in social supports and services commissioned through communities and NGOs, and the contribution that the investment makes to people's lives and intergenerational wellbeing.
- 38 I propose that an initial set of metrics, based on information gathering to take place in the second half of 2022, be approved by the Minister for Social Development and Employment and the Minister of Finance, in consultation with other relevant Ministers. These metrics will enable Government to measure the effectiveness and outcomes of changes made under the Action Plan.

Responsibilities for implementing change

- 39 The responsibilities for implementing the Action Plan reflect the broad scope of the work programme. In 2021, Cabinet agreed to governance arrangements that included me as the Lead Minister, in consultation with other relevant Ministers. [SWC-21-MIN-0173 refers]. I will lead overall reporting to Cabinet on the move to relational commissioning and coordinate the overall work programme.
- 40 My responsibilities do not, however, override those of portfolio Ministers. They retain responsibility for implementing relational commissioning initiatives that arise within their portfolio responsibilities. This means, for example, that responsible Ministers should approve government agency plans for moving to a relational approach and seek any necessary Cabinet approvals for relational commissioning initiatives that relate to their portfolio responsibilities.
- 41 Cabinet also assigned responsibilities to Social Wellbeing Board Chief Executives (SWB), that will steward the overall work programme, coordinate the programme across government, and provide advice to Ministers, and ensure that monitoring and reporting are carried out.
- 42 While individual Minister and government agency responsibilities are clear, the arrangements for supporting the cross-government aspects of the work programme are still being finalised. Decisions on how to best support the cross-government arrangements will be made as necessary by Cabinet, by me, as Lead Minister, and the SWB, depending on where decision making authority lies.
- 42.1 A Stewardship Group will provide direction and support to the work programme through guiding, promoting, and protecting a relational approach (Action 7). This will support the SWB to carry out its stewardship responsibilities through bringing a community perspective to the work. It is envisaged that the Stewardship Group's responsibilities will be similar to role that the National Enabling Good Lives Leadership Group has for safeguarding and promoting the Enabling Good Lives principles.

The terms of reference for, and membership of, the Stewardship Group will be confirmed by the Lead Minister and implemented by the end of 2023. Group membership will evolve from an existing Social Sector Commissioning Project Board which has guided the work for the past three years, with members being representatives of the individuals, families and family being supported, philanthropic sector, unique and diverse communities, government agencies and NGOs, with secretariat support from the Commissioning Hub.

42.2 s 9(2)(f)(iv) 

42.3 A Commissioning Hub (Action 8) was funded for two years through Budget 2022. The Commissioning Hub will support other government agencies to implement relational commissioning initiatives at a national, regional, and local level, monitor progress (Action 9), coordinate cross-government action, address system-wide policy issues, change management, and support the Social Sector Commissioning Stewardship Group and the Social Wellbeing Board (Action 7).

I have decided that the Commissioning Hub will be housed within MSD. Of the available options, this was the only one which maintained the link between the policy and operational teams which is so crucial to effective implementation, and which maintains the momentum that has been built up for this work programme.

42.4 Working groups comprised of people being supported, diverse communities, iwi, NGOs, and officials will be established to support the cross-government work through clarifying, designing, and creating solutions for significant cross cutting challenges.

Working groups may be established to better understand what is required to move to a relational approach, designing monitoring and reporting arrangements, developing funding models, reducing the compliance burden and capability building.

Immediate next steps for implementing the Action Plan

43 The immediate next steps in implementing the Action Plan are in Table One below.

Table One: Immediate next steps

Date	Activity
Mid-2022	Government agencies commence work on the measures to improve current commissioning that they have prioritised (Action 5). The Commissioning Hub in MSD is stood up (Action 8) The Commissioning Hub engages with existing relational initiatives and communities to deepen the understanding across government of what matters and works for a relational approach (Actions 1 and 2).

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Date	Activity
Second half of 2022	Proposals to the Minister of Finance and the Minister for Social Development and Employment on: <ul style="list-style-type: none"> • How to improve existing monitoring arrangements across government to improve its usefulness and reduce compliance costs (Action 3). • Metrics for better understanding the government’s investment in social sector commissioning and the contribution it makes to the purpose of supporting individuals, families and whānau to live a life that they value and the outcome of improved intergenerational wellbeing (Action 9).
First half of 2023	Initial allocation of capability improvement funding (Action 2). Government agencies consult with their responsible Minister (s) on draft plans on how they will embed a relational approach in a way that is consistent with the six-year pathway of change and then submit them to the SWB for consideration. (Action 6).
Mid-2023	The SWB advises the Minister for Social Development and Employment on (Actions 3, 4 and 5): <ul style="list-style-type: none"> • the consistency of government agency implementation plans with the six-year pathway of change; • how to move to a joined-up system of relational commissioning across government agencies; and • a policy work programme for addressing barriers to moving to the system-wide adoption of a relational approach. Government agencies consult with any amendments to their plans on how they will embed a relational approach that arise from the SWB consideration of them.
End of 2023	Proposals to the Minister for Social Development and Employment for a Stewardship Group to support the Social Wellbeing Board to guide, promote and protect a relational approach (Action 7).

- 44 The six-year timeframe may be affected by ongoing choices that Ministers and government agencies need to make about the balance between:
- 44.1 improving existing commissioning arrangements through implementing the commitments – on top of managing existing commissioning day to day. These improvements will yield significant benefits, as existing commissioning arrangements will continue to play a significant role for at least the next five years (and probably more); and
 - 44.2 making the transition to fully relational ways of commissioning, which involves whole of system change. Too much focus on the operational enhancements could inhibit the ability of organisations to realise the even more significant benefits that are possible with whole of system change.

Financial Implications

- 45 There are no immediate financial implications arising from this paper, with individual agencies remaining responsible for seeking funding required to enable commissioning changes to occur. The final timing and scope of the work programme will, however, be affected by Cabinet’s decisions on any funding requests made by individual agencies.
- 46 The draft commitments relating to funding in the previous Cabinet paper have been modified so that they focused on improving transparency which underpins the commissioning principle of a sustainable sector. Practically this approach to the

commitment also means that any change in prices will be subject to usual Budget and reprioritisation processes, rather than the model itself determining prices.

- 47 The Social Sector Commissioning Work Programme’s monitoring (through Action 9) may enable Cabinet to make more informed investment decisions in future Budgets by having access to improved information about the value of its investment in social sector commissioning. A start was made to this process through Budget 2022 in which agency budget proposals needed to demonstrate how they aligned with the social sector commissioning principles.

Impact Analysis

- 48 There are no regulatory changes resulting from this paper. The implementation of relational commissioning initiatives may identify the need for regulatory changes. Any such proposals will need to be meet relevant Impact Analysis requirements.

Legislative Implications

- 49 There are no legislative changes resulting from this paper. The implementation of relational approach may identify the need for legislation change. Any such proposals will need to be considered by Cabinet and meet relevant Impact Analysis requirements.

Communications

- 50 As Lead Minister for social sector commissioning, in consultation with other relevant Ministers, I will release the attached implementation plan and the commitments (if agreed by Cabinet) and any related communications, subject to any minor editorial changes.

Human Rights

- 51 This paper is not inconsistent with the New Zealand Bill of Rights Act 1990 and the Human Rights Act 1993.

Proactive Release

- 52 I intend to release this Cabinet paper and appendices proactively within 30 business days, with redactions as appropriate.

Population Implications

Population group	How the proposal may affect this group
Māori	Māori will benefit from a more relational style of commissioning across the social sector which will better cater to a more whānau-directed and holistic approach. In line with article three of Te Tiriti o Waitangi, it is expected to provide equal opportunities for Māori to be involved in the commissioning process on an equal footing and to experience equitable outcomes. In contrast, the more individualistic and transactional approach of current commissioning contributes to Māori being in deficit.
Women	Adopting the relational approach across the social sector will ensure social supports are grounded in the aspirations of women and their whānau. Within Te Aorerekura, there is a strong emphasis on adopting relational approaches to improve the lives of women and their whānau who are experiencing family and sexual violence.
Disabled people	Disabled people generally experience some of the lowest levels of wellbeing. Adopting the relational approach across all government support is expected to lead to improvements in disabled people’s lives through complementing the changes that are being made through disability support transformation.
Pacific people	Persistent inequities in wellbeing experienced by Pacific people suggest that the current approach to commissioning does not work. Adopting a relational approach will enable Pacific communities to drive the design of their own solutions, which reflects the findings of the Pacific Aotearoa Lalanga Fou Report.

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Population group	How the proposal may affect this group
Children	A relational approach is expected to lead to improved child and youth wellbeing outcomes, particularly for Māori, Pacific, and disabled children and young people. Relational commissioning is a critical enabler for the success of the Child and Youth Wellbeing Strategy. Work underway driven by the SWB to develop and test a holistic, whānau-centred, and integrated approach to the first 1,000 days presents a significant opportunity to test and demonstrate a relational approach.
Young people	Relational approaches will help improve how the government, in partnership with providers, meets youth development needs of young people. Adopting initiatives that will improve certainty and clarity of funding for the youth sector, such as multi-year and more/full funding, will increase focus on achieving long-term outcomes for young people.
Older people	Consistent application of the relational approach is expected to positively contribute to achieving the vision in the government's strategy Better Later Life – He Oranga Kaumatua 2019 to 2034 of older New Zealanders leading valued, connected, and fulfilling lives.
LGBTQIA+	Social supports often do not respond well do the unique and diverse needs of LGBTQIA+ people and communities. Adopting a relational approach will allow support to develop that is responsive to what really matters to them.
Rural people	Rural communities are often poorly served by existing services, which tend to be more readily available in urban areas. The greater flexibility that comes with a relational approach can allow individuals, families and whānau to create support that utilises and builds on the networks that are available within their community.
Ethnic communities	A relational approach will mean social support can respond to the uniqueness of different ethnic groups and the diversity of cultural practices. The response includes tailoring support to what matters to specific groups and improving workforce and NGO capability so it can engage with and better support the diverse range of people in communities.

Consultation

- 53 Government departments and Crown entities consulted were: Ara Poutama Aotearoa — Department of Corrections; Department of Internal Affairs; Ministry of Business, Innovation and Employment; Ministry of Education; Ministry for Ethnic Communities; Ministry of Health; Te Tūāpapa Kura Kāinga – Ministry of Housing and Urban Development; Ministry of Justice; Ministry for Pacific People; Ministry of Social Development; Ministry for Women; Ministry of Youth Development; Oranga Tamariki — Ministry for Children; Te Puni Kōkiri; New Zealand Police; Kāinga Ora; Accident Compensation Corporation; Joint Venture for Family and Sexual Violence; and the Tertiary Education Commission. Ministry of Health feedback included comment from the Disability Directorate, which has now transferred to Whaikaha - Ministry of Disabled People. There was also feedback from the Health NZ Establishment Unit prior to 1 July 2022 and after 1 July 2022 from Te Whatu Ora Health New Zealand, and Te Aka Whai Ora – Maori Health Authority.
- 54 Feedback was also received from a range of NGO representatives in a range of forums, as well as people with lived experience of cross-government social services from the Māori, Pacific, and Disability communities. There was also engagement with people from the Iwi Leadership Group (Po Tangata) and representatives from the philanthropic sector.

Recommendations

The Minister for Social Development and Employment recommends that the Committee:

- 1 **note** that in November 2021, Cabinet:
 - 1.1 agreed to adopt a relational approach to commissioning across government funded social sector services;

IN CONFIDENCE

1.2 agreed to a set of principles that underpin a relational approach to commissioning; and

1.3 invited the Minister for Social Development and Employment to report back with a detailed implementation plan and a final set of commitments for social sector commissioning [SWC-21-MIN-0173];

2 **note** that implementing a relational approach to commissioning is:

2.1 guided by the purpose of supporting individuals, families and whānau to live a life they value; and

2.2 expected to contribute to the outcome of improved intergenerational wellbeing;

Action plan for implementing a relational approach to commissioning

3 **note** that a relational approach to commissioning builds on and complements existing reforms and change initiatives in the social sector and will add value through addressing system barriers and policy issues common to government agencies but outside the mandate of any one agency;

4 **agree** to the Action Plan for introducing relational approaches to commissioning over a six-year pathway of change that is set out in Appendix Two which leads to relational approaches to commissioning becoming normalised practice from 2028;

5 **agree** that work commence on implementing the Action Plan begin immediately and relational commissioning principles be mandatory for the following social sector government departments and joint ventures: the Ministries of Social Development, Justice, Health, Education, and Business, Innovation and Employment; Whaikaha - Ministry of Disabled People; the Ministries for Pacific Peoples, Ethnic Communities, and Youth Development; Oranga Tamariki — Ministry for Children; Ara Poutama Aotearoa – Department of Corrections; Te Tūāpapa Kura Kāinga – the Ministry of Housing and Urban Development; Te Puna Aonui – Joint Venture on Family Violence and Sexual Violence; Department of Internal Affairs; and Te Puni Kōkiri;

6 **agree** to invite the following Crown entities to implement the Action Plan and immediately begin upholding the relational commissioning principles: New Zealand Police; Accident Compensation Corporation; Te Whatu Ora Health New Zealand; Te Aka Whai Ora - Māori Health Authority; Kainga Ora; and the Tertiary Education Commission;

7 **note** that NGOs and communities will be invited to participate in implementing the Action Plan;

8 **agree** to the commitments for improving current commissioning arrangements that are set out in Table Five of Appendix Two;

9 **note** that the Social Sector Commissioning Hub that was funded through Budget 2022 will be located in the Ministry of Social Development.

Action Plan implementation

10 **direct** social sector government departments, and invite social sector Crown entities as specified in recommendations 5 and 6, to commence work on implementing the commitments for improvements to current commissioning, including the commitments they have prioritised in Diagram Three of Appendix Two;

11 **direct** the Social Sector Commissioning Hub to work with and support government agencies and invited Crown entities, as specified in recommendations 5 and 6, to enable them to implement relational approaches to commissioning through existing major government reform work programmes as outlined in Action 4 of the Action Plan (e.g. Te

I N C O N F I D E N C E

Aorerekura, disability transformation, health transformation, and Child Youth Wellbeing Strategy);

- 12 **direct** social sector government departments, and invite social sector Crown entities, as specified in recommendations 5 and 6, to submit draft plans to the Social Wellbeing Board by mid-2023 on how they will embed a relational approach to commissioning that is consistent with the six-year pathway of change in Diagram Two of Appendix Two;
- 13 **note** that existing major government reform work programmes will not be delayed or limited by the Action Plan;
- 14 **direct** the Social Wellbeing Board to report to the Minister for Social Development and Employment by mid-2023 on its assessment of government department and any Crown entity plans for embedding relational approaches to commissioning that is consistent with the six-year pathway of change;
- 15 **direct** government agencies to consult with responsible Minister(s) on their draft plans prior to submitting them to the Social Wellbeing Board, and on any revisions to those plans, that arise from the Social Wellbeing Board's consideration of them that is referred to in recommendation 13 above;

Immediate steps

- 16 **authorise** the Minister for Social Development and Employment and the Minister of Finance, in consultation with other relevant Ministers, to agree by the end of 2022 to an initial set of metrics for better understanding the government's investment in social sector commissioning and the contribution it makes to peoples' lives and wellbeing;
- 17 **note** that the Minister for Social Development and Employment, in consultation with other relevant Ministers, will lead communications on social sector commissioning including the release of the implementation plan and commitments;
- 18 **agree** that the Social Sector Commissioning Action Plan be published;

Governance arrangements

- 19 **note** that in August 2021 Cabinet agreed that:
 - 19.1 the Minister for Social Development and Employment would be the Lead Minister for social sector commissioning; and
 - 19.2 Social Wellbeing Board (SWB) would be responsible for providing system stewardship for a relational approach to commissioning [SWC-21-MIN-0173 refers];
- 20 **note** that the Lead Minister will approve the terms of reference for the Stewardship Group (as outlined under Action 7 of the Action Plan); and
- 21 **note** that the community Stewardship Group will include representatives from groups across the social sector who are affected by commissioning (the individuals, families and family being supported, philanthropic sector, affected communities, and NGOs).

Authorised for lodgement

Hon Carmel Sepuloni
Minister for Social Development and Employment