

Cabinet Social Well-being Committee

Care in the Community - Welfare Response to Omicron

Proposal

- 1 This paper seeks agreement to a revised Care in the Community (CIC) welfare approach that aligns with revised settings across the three phases to manage Omicron and additional funding to respond to anticipated costs of phase 2 that particularly impact on the community sector.

Relation to government priorities

- 2 This proposal supports the Government's objective to keep New Zealanders safe from COVID-19. It targets a whole of government welfare approach that will support responses under the Government's agreed COVID-19 Protection Framework (CPF).

Executive Summary

- 3 On 22 November 2021, an integrated package of welfare and community supports was approved by Cabinet [CAB-21-MIN-0493] to support COVID-19 positive households, and others who are directed to self-isolate. Since December 2021, the Care in the Community welfare system approach has responded effectively to meet people's welfare needs while in self-isolation.
- 4 In response to the changes to the Testing, Tracing, Isolation, and Quarantine approach endorsed by Cabinet [CAB-22-MIN-0007 refers], and the announcement of a three-phase response to Omicron, Cabinet recognised the need for a revised approach to the Care in Community welfare approach.
- 5 This revised approach recommends that we continue to fund demand-driven Care in the Community welfare support for:
 - 1.1 People who are COVID-19 positive and their households; and
 - 1.2 Other people who are required by government to self-isolate.
- 2 The expectation continues to be that most people will be able to self-isolate without requiring any support from the Government.
- 6 On 14 February 2022, I proposed that Cabinet agree to additional funding of \$203.8 million to June 2023 to sufficiently scale the whole of system welfare approach in anticipation of moving to phase 2. Cabinet:
 - 6.1 Agreed to draw down the \$52.0 million in tagged operating contingency

IN CONFIDENCE

- 6.2 Agreed to allocate \$31.5 million for an additional 197 Community Connectors
 - 6.3 Invited the Minister for Social Development and Employment to submit an updated paper to the Social Wellbeing Committee; and
 - 6.4 Authorised the Social Wellbeing Committee with Power to Act at its meeting on 16 February 2022 to make decisions on the submission.
- 7 This paper seeks Cabinet agreement to the remaining funding of \$172.3 million for the other critical elements including:
- 7.1 \$26.9 million to meet non-food essential wellbeing items [through Community Connection Service discretionary funding]
 - 7.2 \$86.3 million to meet food funding to foodbanks and other food organisations
 - 7.3 \$1.0 million for evaluation of the effectiveness of the welfare response
 - 7.4 \$58.1 million for contingency to be used in the event that cases or demand exceed anticipated levels (or new variants emerging).
- 8 As we are moving to phase 2 on 16 February 2022, this additional funding is urgently required to prepare the already stretched community sector to manage increased demand. This funding will give certainty to this workforce who are supporting people directed to self-isolate. The Omicron variant has increased pressure on the community sector, which will likely be required to support more people at higher ratios and with more complexity.
- 9 Funding further variable costs that this workforce needs to deliver support relating to food and other essential items will also help to mitigate the risk of overwhelming the existing, stretched community sector. This additional variable funding will enable providers to plan ahead and obtain affordable food stocks to mitigate against commercial price fluctuations, which could increase the fiscal risk should funding decisions be staggered or delayed.
- 10 Continuity of care is an imperative of providers in our communities. As part of its work through the Care in the Community welfare approach, the Ministry of Social Development (MSD) has developed a workforce strategy, which covers both agency workforce and community workforce to help ensure there is sufficient capacity and continuity to support the welfare response.

- 3 As this model supports the Government's Health-led CPF strategy, it is proposed that Care in the Community welfare support does not extend to people who are voluntarily self-isolating.
- 4 There are also a range of other options, such as limiting access to self-isolating households with highest needs, limiting access to households who have a case that tests COVID-19 positive or reducing the service offering. While these options may manage the delivery risk and lower the upfront fiscal cost, they risk people either not safely isolating or not following public health requirements, thus undermining the strategic objectives of the CPF.
- 5 MSD has worked further with Te Puni Kōkiri (TPK) and Te Arawhiti to understand how the funding proposed to resource Māori and Pacific whānau and community responses to Omicron, sits alongside with the Care in the Community welfare approach. The paper Covid-19 Response: *Further Support For Māori And Pacific Community Responses To Omicron* includes proposals to resource Māori and Pacific community responses ahead of Omicron. I note that this paper is focused on preparedness and prevention, among other things which align with the scope of the CIC welfare response.
- 6 Should case numbers exceed 5,000 cases/day for a prolonged period or a decision is made move to phase 3 and further funding is required, a report back to Cabinet will be prepared seeking agreement to a further draw down on CRRF.
- 7 I have also prepared an alternative phased funding option. However, this approach risks not adequately supporting the community sector should projected peaks of COVID-19 cases be exceeded for a sustained period.
- 8 An exit strategy from CIC welfare support will be guided by the Government's decision on how to manage Omicron and future variants in the community. There are multiple fiscal and workforce options, depending on the Government's preferred strategy as we move toward normalisation.

Background

- 11 On 22 November 2021, an integrated package of welfare and community supports was approved by Cabinet [CAB-21-MIN-0493] to support COVID-19 positive households, and others who are directed to self-isolate.
- 12 Given the uncertainty then, funding was sought for only \$204.1 million of the estimated total cost (\$350.5 million to June 2023), with \$152.1 million to June 2023 upfront and the remaining \$52 million put into contingency [CAB-21-MIN-0493 refers].

- 13 The Care in the Community welfare system approach has three key components to provide assurance and accountability to the Government to meet uncertain demand, the approach is:
 - 13.1 locally-led delivery
 - 13.2 regionally-enabled through strong leadership and coordinated assessment and referral function; and
 - 13.3 nationally supported.
- 14 Since starting on 3 December 2021, the Care in the Community welfare system approach has responded effectively to meet people's welfare needs while in self-isolation in the context of the Delta variant. It has:
 - 14.1 stood up regional/local coordinated triage and response teams which receive referrals from the National Contact Tracing triage team
 - 14.2 enabled Regional Leadership Groups and Regional Public Service Commissioners to oversee planning, alignment and delivery to support the COVID-19 Protection Framework
 - 14.3 resourced iwi to engage and participate in Regional Leadership Groups
 - 14.4 strengthened community provider capability and capacity
 - 14.5 repurposed existing Community Connectors for support of those self-isolating and increased the number of overall Connectors to 303; and
 - 14.6 provided funding for over 200 food providers to support those self-isolating.
- 15 As at 6 February 2022 MSD has received 7,911 referrals under the care in community welfare support response. MSD is currently supporting 1,823 of those referrals as they are still within their self-isolation period.
- 16 Referrals for welfare support have increased in recent weeks, in line with overall increase in community COVID-19 cases. Referrals are generally from the Auckland area, the Bay of Plenty, and increasingly the Waikato which also reflects the pattern of community cases.
- 17 Food continues to be the most identified need for people isolating and is the most requested hardship grant provided by MSD making up 67 per cent of all grants.

- 18 When compared to previous weeks, there has been a significant increase in people with no existing MSD relationship needing support which is up from 63 percent (week ending 30 January 2022) to 68 percent (week ending 6 February).
- 19 As at 8 February 2022, MSD has arrangements in place with 150 social service organisations (of which 70 are Whānau Ora providers), and 225 food banks and other community food organisations to support those who are required to isolate due to COVID-19.
- 20 Case numbers have been below what was originally anticipated during the COVID-19 Delta community outbreak. This additional time has been used to prepare the welfare response for an increase in cases. Appendix Two provides an outline of expenditure to date.

Expenditure to date

- 21 Of \$204.1 million that was approved previously by Cabinet [CAB-21-MIN-0493] \$86.5 million was appropriated for the current financial year (FY21/22).
- 22 As at 10 February 2022, of the \$86.5 million appropriated in November 2021, \$67.2 million has been allocated and \$22.45 million distributed to partners.
- 23 In order to appropriately transition to the COVID-19 protection MSD has committed \$15.1 million across 2021/22 for food secure support. From this, \$9.5 million has been paid out to 225 food banks and other community food organisations, with work to pay out the remaining \$4.6 million being at an advanced stage. An immediate payment of \$1.0 million has also been allocated to improve the resilience of the community foodbank supply chain in preparation for the Omicron response.
- 24 MSD has also committed \$89.6 million across 2021/22 and 2022/23 to providers with the Community Connection Service to:
 - 24.1 fund 105 new Community Connectors for 18 months until 30 June 2023;
 - 24.2 extend contracts for the 141 pre-existing Community Connector FTE from 30 June 2022 to 30 June 2023, which aligns with the 105 new Community Connectors; and
 - 24.3 deliver discretionary funding for non-food essentials for households that Community Connectors support up to \$300 per household.
- 25 In preparation for a transition to an Omicron response including possible workforce impacts, unallocated funding from contingencies

and funding for other social services should providers see an increase in demand related to people in self-isolation was repurposed to hire a further 57 Community Connector FTE, bringing the total workforce to 303 FTE across the country.

- 26 Of the total funding allocated, \$13.6 million has been paid out to Community Connectors as at 9 February 2022 for FTE costs.
- 27 Contracts to providers stipulates that discretionary funding allocated by MSD can only be spent on services related to the Care in the Community welfare approach. Further contracts include clauses that allow MSD to request that funding be returned in the event that the anticipated number of cases do not eventuate.
- 28 In addition to these elements of the Care in Community welfare response, \$2.2 million for capability has been allocated and made available to providers to ensure that they have sufficient resources in place to deliver supports safely.

Changes are required to the Care in the Community welfare approach to respond to Omicron and align with the three-phase health strategy

- 29 On 26 January 2021, the Associate Minister for Health, Hon Dr Ayesha Verrall announced a three-phase public health response to Omicron, which included:
 - 29.1 reducing the isolation period for cases and close contacts at phases two and three
 - 29.2 changes to who would be directed to self-isolate
 - 29.3 increased use of rapid antigen tests
 - 29.4 greater use of technology, including text notification for cases and close contacts and automated contact identification
- 30 Movement between phases would be informed by a public health assessment. The rate of increase of daily cases would be one factor, but other factors such as health system capacity, including testing and contact tracing would inform advice on whether to move phases.
- 31 In response to the changes to the Testing, Tracing, Isolation, and Quarantine approach endorsed by Cabinet [CAB-22-MIN-0007 refers], and the announcement of a three-phase response to Omicron, Cabinet recognised the need for a revised approach to the Care in Community welfare approach.

The scale and target of the welfare approach is largely determined by health settings

- 32 Care in Community welfare support will continue to be predicated on legislative directions to self-isolate. This includes health settings for self-isolation under section 70 of the Health Act 1956 and, should Cabinet agree, the requirement for arrivals to self-isolate as per the COVID-19 Public Health Response (Air Border) Order (No 2) 2020 [CAB-22-MIN-0008 refers].¹
- 33 The Ministry of Health is regularly reviewing the public health assessment and updating these requirements as appropriate.
- 34 Based on our current understanding of health settings, it is not proposed that changes be made to the criteria for access to the Care in the Community welfare support that Cabinet previously agreed [CAB-21-MIN-0493], which includes:
- 34.1 People who are COVID-19 positive and their households
 - 34.2 Other people who are required by government to self-isolate.
- 35 In light of Omicron, MSD considered options to target support, including:
- 35.1 limiting access to households with highest need who are required to self-isolate
 - 35.2 limiting access to households who have a case that tests positive
 - 35.3 only scaling up food provision and no further scaling up of community connectors.
- 36 The following principles were considered when assessing the above options:
- 36.1 ensure that people who have welfare needs and are required to isolate under legislation can safely do so
 - 36.2 minimise risk of oversupply of supports to households who may otherwise be able to support themselves
 - 36.3 ensure avenues for people who are often invisible to or hard to reach through government services, to access welfare support through community organisations
 - 36.4 provide flexibility to manage unexpected surges in demand
 - 36.5 manage fiscal costs

¹ The specifics of this isolation (and testing) are in the COVID-19 Public Health Response (Isolation and Quarantine) Order 2020.

- 36.6 manageable for delivery capacity
- 36.7 provide flexibility to wind down as self-isolation requirements are removed.
- 37 Limiting access to a sub-set of the people required to self-isolate as in option 44.1 to 44.3 above manages the delivery risk and fiscal cost. However, by further limiting support to a sub-set of people self-isolating, these approaches would risks people either not safely isolating or not following public health requirements, thus undermining strategic objectives of CPF Framework.
- 38 On balance, it is proposed that continuing to predicate access on legislative directions to self-isolate, and ensuring that the community sector has the funding and workforce to support this, best supports our CPF.
- 39 This option ensures avenues for people who are often invisible or hard to reach to government services through community organisations, and provides channels for people who do not have good digital literacy. While there is some risk of oversupply to people who would otherwise be able to meet their own needs, this risk is mitigated by the welfare assessment conducted through every pathway into support.
- 40 People voluntarily self-isolating would not be within scope of the CIC.

The proposed funding for Māori and Pacific whānau, families and communities will support preparation activities and access to the CIC welfare approach

- 9 The associated Cabinet paper “Further Support for Māori and Pacific Community Responses to Omicron” proposes a package of four funding pathways:
 - 9.1 Funding to Māori Health Providers to scale up services
 - 9.2 Funding through Whānau Ora Commissioning Agencies to engage with their vulnerable whānau early to ensure they have a plan for Omicron, get tested if they need to, understand what is required to adhere to public health guidance throughout the outbreak, including how to access support systems available through the CIC.
 - 9.3 the Māori Communities COVID-19 Fund (MCCF) for community-based approaches to support at risk whānau to access available health and welfare approaches; and
 - 9.4 the Pacific Aotearoa Community Outreach Initiative to support Pacific communities to prepare, respond and recover from the impacts of Omicron.

- 10 The four pathways work alongside the CIC welfare approach and aim to prepare communities through Phase 2 of the Omicron response and support individuals and whānau to access the CIC system as required.
- 11 MSD has worked collaboratively with TPK, in consultation with Te Arawhiti, Ministry of Health and Ministry of Pacific Peoples, to better clarify the differences in the CIC welfare approach and funding sought for Whānau Ora Commissioning Agencies, Whānau Ora providers, iwi/Māori and Pacific Aotearoa Community Outreach. I note that this proposal will now only focus on prevention and preparation support, including supporting families to access the CIC supports.
- 12 MSD will continue to work with TPK and Te Arawhiti on funding allocation and use existing mechanisms such as regional and contracting requirements to communicate the clear targeting of CIC welfare approach funding.
- 13 Further planning is also required across agencies and providers to prepare for Phase 3. The Ministry of Health and MSD are leading further work to consider the CIC settings under Phase Three, and Te Puni Kōkiri will work with MSD to support this including the practical implications for Whānau Ora.

There will be operational refinements to the Care in the Community Welfare approach to align with the new health settings

- 41 The Care in the Community welfare approach takes a no-wrong door approach to provide welfare support to those who need it. MSD anticipates that this will be particularly important as case numbers increase through phase 2 and 3. Appendix One outlines the various pathways into and through the Care in Community welfare approach. This includes self-referral to:
 - 41.1 MSD contact centres
 - 41.2 MSD website (where the online form for one-off assistance will be available)
 - 41.3 MSD Service Centres and case managers
 - 41.4 Non-Government Organisations, community partners and providers.
- 42 An assessment of need will be conducted through all pathways.
- 43 MSD expects the majority of people who contract COVID-19 or are self-isolating will be able to manage without government support.

- 44 It is not the responsibility of MSD, and community partners and providers to verify whether a person is legally required to self-isolate under section 70 of the Health Act 1956.
- 45 To ensure that Care in Community welfare support is prioritised to those who need it, MSD, partners and providers will rely on a high-trust assessment to determine that someone is required to self-isolate and has a welfare need.
- 46 When a person comes through an MSD pathway, this assessment will include questions on:
- 46.1 requirement to self-isolate
 - 46.2 family and household details
 - 46.3 help from whānau, family and friends
 - 46.4 existing relationship with iwi, Pacific or other community organisations.
- 47 When a person completes the health assessment, confirms they have welfare needs and opts to fill out an online MSD form (rather than call the 0800 number) income and payment details are also requested to support MSD to quickly provide one-off financial support if needed.
- 48 When a person comes directly to NGOs or community partners for support, the provider will ask similar questions to understand how best to access support for the person of household they have been asked to support. The assessment will achieve the same outcome but may be conducted in a variety of ways with a variety of questions being used.
- 49 Two known changes will impact how people enter the pipeline to access CIC support, and associated risks to mitigate:
- 49.1 greater use of texts and online self-service forms to notify and conduct a health and welfare assessment for cases and close contacts²: there is a risk that some people who are confirmed as COVID-19 positive may be unable to access the online health and welfare assessment (because they do not have, or cannot use, a digital device) and therefore are not referred from the Ministry of Health to MSD
 - 49.2 the shift from comprehensive testing to a focus on testing priority populations, health workers and critical workers: there is a risk some people may be symptomatic but may be unable to access a test.

² Only people who are triaged by the Ministry of Health risk indicator (based age, vaccination status and known existing conditions) will receive a phone call

- 50 MSD understands that the Ministry of Health is working to on ways to support people to access the online self-service function, and recommend that this work is progressed at pace to ensure that people who have COVID-19 or who are directed to self-isolate and have welfare needs, are provided the correct referral process through Health.

Reporting and evaluation under the Omicron settings will still ensure system integrity

- 51 MSD has begun producing regular reporting on the CIC welfare response, which is shared with the office for further distribution to Ministers and key agency groups including the Caring for Community Chief Executive and Deputy Chief Executive groups and Regional Public Service Commissioners. This reporting provides an overview of demand for welfare support, the types of needs identified, demographic information on those people being directly supported by MSD through the welfare response, and referrals made to Community Connectors.
- 52 MSD will continue to improve this reporting over time as more data becomes available, for example, data on the Leave Support Scheme and Short-Term Absence Payment will be included in the report on 9 February and data on community funding allocation and spend is expected by 16 February.
- 53 Currently MSD can only report demographic information for people it is actively supporting, which excludes people receiving support from community-based providers and not from MSD directly. System changes in coming weeks will enable some demographic information for all those receiving support through the CIC welfare response. However, it is likely that demographic reporting will be limited to ethnicity, age, and gender and some will be at a household level.
- 54 Detailed reporting on support being provided by Community Connectors is currently limited. A new data capture tool is being developed that will provide information on the number and demographics of households (not individuals) supported, and the types of support provided. This data will not be linked back to MSD data so it will not be possible to track if initial identified needs are met.
- 55 Community organisations, who are funded to support the CIC welfare response, have commenced reporting to MSD. Once sufficient reporting is received, it will be included in MSD's overall CIC reporting. In addition, work progresses on a new reporting tool to capture more detailed and timely information from community organisations. However, as previously advised, this information will not be at an identifiable client level.

- 56 MSD will lead an evaluation of the CIC welfare response that will be used to inform future development of this type of initiative. It will evaluate the effectiveness of the partnering model used by the response, and its alignment with MSD organisational strategies: Te Pae Tawhiti, Te Pae Tata, and Pacific Prosperity. This work will evaluate the design, implementation, and outcomes of the response to understand how it could be improved. The evaluation will build on the monitoring framework that has already been developed. It will do so by collecting a whānau and community perspective and digging deeper into the provider perspectives to understand how people experienced the service, and how experiences differed across groups or communities. The evaluation will cost \$1.0 million and be completed during the 2022/23 financial year.

Revised estimated costs due to Omicron indicates that we will see a significant increase in demand for welfare support

Phase 2 scenario

- 14 A phase 2 scenario peaking at 5,000 cases/day could result in about 348,000 people or about 115,000 households having to self-isolate on a typical day at the peak of the outbreak. The funding being sought of \$172.3 million is based on a modelling of 14 days self-isolation for cases and household contacts.
- 15 I note that the recent setting changes reduce the number of days isolation for cases and household contacts from 14 to 10 days. It is not yet clear how this impacts the collective isolation period for cases and contacts. Further, MSD has used a more conservative ratio of cases to contacts than Health estimates, therefore reducing the possible cost sought.
- 16 Rather than reducing the funding amount requested, I propose seeking the proposed funding level of \$172.3 million in order to be prepared to meet increased, uncertain demand. To mitigate any risk, MSD would retain funding for food and non-food essential items centrally until required by providers.
- 17 MSD has and will continue to put in place contractual requirements for community providers that clearly outline the agreed criteria of this funding.

Phase 3 scenario

- 18 A phase 3 scenario peaking at 17,500 cases/day could see about 1.2 million people or about 400,000 households isolating on a typical day at the peak of the outbreak. However, estimates of isolation would be dependent on public health policy settings and could vary significantly depending on who is required to self-isolate and for how long.

- 19** Similar to the analysis for the Delta outbreak, it is estimated that about 21 per cent of households self-isolating may require some welfare support. MSD anticipates that those seeking welfare assistance will likely seek food support, and about 70 per cent of those seeking assistance may require further support for other discretionary items, or care support for pets or other whānau not in the home. It is too soon to verify these assumptions based on reported figures over the summer period, but the intention would be regularly update assumptions and forecast estimates as information becomes available.
- 20** Consequently, under an Omicron phase 2 scenario of a peak at 5,000 cases/day could see an estimated 24,300 households requiring some welfare support. Under the phase 3 scenario of a peak of 17,500 cases/day as many as 85,000 households may require some welfare support.
- 21** Updated cost estimates of delivering a welfare response to those groups outlined above has been updated based on these scenarios. It is now estimated that the total cost of delivering the CIC welfare response would increase from \$350.5 million to June 2023 estimated in November 2021 in preparation of a wider Delta outbreak to \$407.9 million to June 2023 in response to an Omicron outbreak.
- 22** I note that this updated costing estimate incorporates the \$151.5 million appropriated in November 2021 and the drawdown of the \$52.0 million in contingency funding [CAB-21-MIN-0493] ahead of any additional requests for funding.
- 23** The key assumptions behind these estimates are detailed in Appendix Two.
- 24** Under these Omicron scenarios, current funding appropriated in November 2021 is anticipated to start to run out faster than would have been anticipated when funding was agreed against the Delta response. This is due to the rapid daily increase in cases, predicted to be much higher than the conservative delta case projections estimated in 2021. It is estimated that for the delta response the funding will be exhausted by mid-March for food costs, while non-food essentials would be exhausted by late March. With the release of the \$52 million contingency, this could be extended to end of March for food costs, and to late April for non-food essentials. Further details of when funding would be exhausted is included at Appendix Five.

Further, in order to manage the ongoing uncertainty of an Omicron outbreak, a total of \$172.3 million in new funding is required to be ready to meet needs

- 57 If we reach a scenario of 5,000 new cases/day, even with the release of tagged contingency funding, in March 2022 funding for food and non-food essential wellbeing items will be exhausted. Further, the number of households requiring support will begin to be above what a Community Connector can practically support for a sustained period. More costly commercial arrangements will be needed to maintain food parcel supply and distribution at anticipated levels of demand.
- 58 If we want to be ready to support more people to safely self-isolate, we need the ability to fund providers to enable the recruitment and training of the Community Connectors workforce before we reach daily cases at 5,000/day. We will also need to ensure that food providers can maintain the workforce and infrastructure capability to supply food parcels.
- 59 On 14 February 2022, Cabinet agreed to allocate funding of \$31.5 million for an additional 197 Community Connectors. It is proposed that the Committee approve \$172.3 million in new funding, including:
- 59.1 \$26.9 million to meet non-food essential wellbeing items
 - 59.2 \$86.3 million to meet food funding to foodbanks and other food organisations
 - 59.3 \$1.0 million for evaluation of the effectiveness of the welfare response
 - 59.4 \$58.1 million for contingency to be used in the event that cases or demand exceed anticipated levels (or new variants emerging).
- 60 Each component is explained in further detail in the sections below.
- 61 Multiple options were considered to meet the projected increase in welfare needs (see Appendix Four). The preferred option of seeking funding of \$172.3 million until June 2023 will mitigate the risk of overwhelming the existing, stretched community sector workforce. The Omicron variant has increased this risk as the community sector will likely be required to support more people at higher ratios and with more complexity, as we move through phases.
- 62 It will also enable providers to plan ahead to obtain affordable food stocks to mitigate against commercial price fluctuations, which could increase the fiscal risk to government should funding decisions be staggered or delayed.

- 63 Given the uncertainty around case numbers, impact of isolation requirements (including the potential for these to change in length and applicability, and the impact of the Close Contact Exemption Scheme and 'Bubble of One' on people's ability to keep working), there remains some risk of overestimating the amount of additional support required.
- 64 However, there is a risk of not adequately supporting the community sector for the projected peaks of COVID-19 cases if these are greater than anticipated. Getting the workforce in place now will also support us to respond to any new variants and maintain household and community resilience toward recovery.

\$26.9 million is required for discretionary Community Connector funding

- 65 I am also seeking additional funding of \$26.9 million for discretionary funding for the additional 197 Community Connectors to meet non-food essential wellbeing needs to help people safely self-isolate.
- 66 This could include access to food, and financial assistance for housing, power, gas, heating and other urgent costs.
- 67 The assumptions for discretionary funding required per household remain the same as in the November 2021 funding request at \$300 per household.
- 68 The ability of Community Connectors to be responsive to the immediate demands of people directed to self-isolate is strongly enabled through the discretionary funding they can access. This funding is used when needed, complementing existing business as usual supports available through MSD.

\$86.3 million is required to provide food which remains the most required welfare need

- 69 Food continues to be the most identified need for people self-isolating. As at 30 January 2022, 72 per cent of MSD hardship grants to people self-isolating referred through the Care in Community approach have been for food.
- 70 It is anticipated that under phase 2 demand for food support will continue to be high, both through access to hardship assistance and through the foodbank network.
- 71 Experience through outbreaks in 2021 also saw spikes in demand on foodbanks when distribution centres or supermarkets were closed, especially in regions where there is only one supermarket. While there are measures in place as part of the Omicron response to

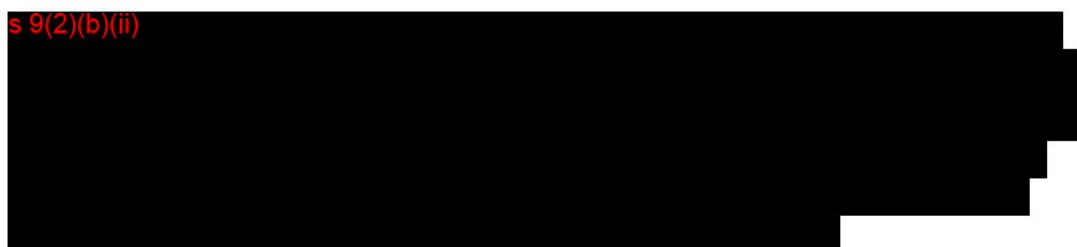
enable critical workforces, such as supermarkets to return to work, contingency measures are still required to be in place to respond. An immediate payment of \$1.0 million has also been allocated to the New Zealand Food Network to bulk purchase emergency supplies to improve the resilience of the community foodbank supply chain. These supplies are being stored and have not yet been distributed.

72 Current estimates are that food parcel distribution through the existing foodbank network would reach capacity at 50,000 parcels a week, or 21,739 isolating households in the week. Commercial arrangements to meet the remaining anticipated demand are currently been prepared.

73 The food parcel is costed at four people for three days, therefore 2.3 parcels week/household for the period of isolation.

74

s 9(2)(b)(ii)

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75 Previous contracts with community food providers did not account for workforce and operating costs relating to packing, distributing and other administration relating to provision of food. These were previously absorbed by the providers, as is currently the case. There is a risk that without immediate funding small foodbanks, which can support households needing food parcels, will not be able to maintain their baseline infrastructure to provide continuity of support should case numbers increase at short notice.

76 Part of the funding would also be allocated to the New Zealand Food Network to purchase bulk food and maintain their workforce to manage the logistics of maintaining the purchasing, storage and distribution of products. This workforce is critical to support distribution of food packages to the 225 community food providers around Aotearoa.

77

s 9(2)(b)(ii)

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78 Consequently, it is anticipated that for a phase 2 scenario where cases increase to a daily rate of 5,000/day, food costs could increase by \$86.3 million. Under a phase 3 scenario where cases increase to a daily rate of 17,500 cases per day this could increase to \$311.6 million.

Financial Implications

- 79 The alternative pathways and options analysis outlined above highlight the importance of further investment in the community sector, and workforce planning to ensure there is capacity to respond to additional demand from an Omicron outbreak. Without further investment the welfare model will not be able to provide adequate levels of support to people in self-isolation, which risks undermining the health response.
- 80 In preparation for the Delta outbreak in November 2021, MSD anticipated that the total cost of delivering the welfare approach to June 2023 to be \$350.5 million. This estimate was based on projections of about 4,500 cases/week. Given the uncertainty then, funding was sought for only \$204.1 million of this estimated cost, with \$152.1 million upfront and the remaining \$52 million put into contingency [CAB-21-MIN-0493 refers].

Expenditure to date

- 81 MSD has been working with urgency to allocate funding to support community preparation for further outbreaks of COVID-19. Since the CIC welfare approach funding was appropriated in November 2021 the majority of funding has been allocated and distributed to relevant partner organisations.
- 82 Should case numbers and households isolating continue to increase as expected through an Omicron outbreak, MSD anticipated that current funding on hand would be exhausted by mid-March.

Revised total cost estimates of the welfare response

- 83 Under the Omicron scenario for phase 2 of up to 5,000 cases/day and the proposed targeting of a welfare response outlined above, the total cost of delivering the welfare approach to June 2023 increases to \$407.9 million.
- 84 The estimated cost could increase by a further \$299.8 million to \$707.7 million to June 2023 should a scenario under phase 3 of up to 17,500 cases/day eventuate.

Additional new funding to June 2023

- 85 It is proposed that additional funding of \$172.3 million is drawn down from the COVID-19 Response and Recovery Fund, as it meets the criteria for use and is critical to the successful delivery of the CPF and strategic objectives to minimise and protect New Zealanders.
- 86 It is also proposed that any funding appropriated in 2021/22 that remains unused be carried forward to 2022/23 to ensure that

adequate funding remains available, should the peak of the Omicron outbreak fall later in the year or a new variant emerges that requires a similar response.

- 87 Should case numbers exceed 5,000 cases/day for a prolonged period or should the decision be made to move to phase 3 of the Omicron response and further funding be required, a report back will be provided to Cabinet seeking agreement to a further draw down on CRRF.

Alternative phasing options

- 88 An alternative phasing option, prioritising urgent and immediate funding, is to only seek to appropriate a total of \$61.4 million now comprised of:

88.1.1 \$26.9 million – discretionary funding to meet essential wellbeing needs

88.1.2 \$34.5 million – 30 per cent of estimated cost of food funding to foodbanks and other food organisations

with the remaining estimated costs of \$110.9 million to June 2023 to be placed into contingency to be drawn down as funding on hand is exhausted.

- 89 Under this option it would be anticipated that funding would be available to support estimated number of households self-isolating until late April for food funding and the end of the estimated duration of the Omicron wave for discretionary funding to meet essential wellbeing needs. This is further detailed in Appendix Five.

- 90 I do not recommend that this phased option is adopted. There is a high degree of uncertainty as to when or how high the peak of the Omicron outbreak will occur. Phasing the onboarding of additional Community Connectors in particular under 'Alternative phasing option 2' risks not having sufficient capacity in place to respond to demand should case numbers begin to exceed the phase 2 scenario of 5,000 cases/day. Furthermore, funding cannot be appropriated into the 2021/22 financial year after the budget moratorium of 11 April 2022.

- 91 There is also the risk that limiting the appropriation of funding puts unnecessary pressure on the community provider network who may not have sufficient cash on hand to appropriately stock supplies. This matters significantly if there are disruptions to supply of essential goods or if premium pricing of goods occurs.

Legislative Implications

- 92 There are no legislative implications

Regulatory Impact Statement

- 93 A Regulatory Impact Statement has not been prepared as there are no regulatory implications.

Climate Implications of Policy Assessment

- 94 There are no climate implications from this proposal.

Population Implications

- 95 Māori are at increased risk of both infection and adverse health outcomes from Omicron. Provision for iwi engagement in the Regional Leadership Groups and funding for Māori providers should allow for ongoing targeted support by the CIC Welfare Approach.
- 96 Pacific peoples have increased risk of both infection and adverse health outcomes from Omicron, and have similarly been hard hit by the health and socioeconomic impacts of COVID-19 to date. Support for Pacific providers will be ongoing to mitigate inequities.
- 97 Low income: Households with low incomes, including but not limited to those reliant on a benefit as their main source of income, may not be as prepared to self-isolate at short notice and may need assistance to access essential items in order to self-isolate. As being acknowledged as having high welfare need, they would be supported by the CIC Welfare approach.
- 98 The Office for Seniors advises that the business-as-usual welfare support is seen as sufficient for older people who voluntarily self-isolate - a situation that community stakeholders have said is common. However, the pressure this will put on existing services in the community is unknown and likely to vary between regions, potentially requiring additional resourcing.
- 99 The Office for Disability Issues (ODI) advises that some disabled people who are self-isolating voluntarily may not understand or identify the triggers indicating they need further assistance, such as from Care in the Community. As the majority of Disability Support Services sit with the Ministry of Health, ODI recommends that the Ministry of Health works on a range of differentiated approaches to support disabled people who are voluntarily self-isolating, where this is needed. Most will not need additional assistance. To provide a mechanism for Health to have confidence about which disabled people are “ok”, and which need assistance from Care in the Community welfare approach, it recommends establishing a voluntary register so that disabled people who need it can receive a regular call to confirm their wellness state. The process would need to include options for contact frequency, and liaison between Health and MSD.

Human Rights

100 There are no human rights implications

Consultation

101 The following agencies were consulted on this paper Department of Prime Minister and Cabinet, Treasury, Ministry of Health and Te Puni Kōkiri.

Communications

102 If agreed, a communications approach will be developed with relevant Minister's offices.

Proactive Release

103 I also intend to proactively release this Cabinet paper following Cabinet consideration.

Recommendations

The Minister for Social Development and Employment recommends that Cabinet:

Aligning the Care in the Community welfare approach with the Omicron strategy

1 **note** that on 22 November 2021, Cabinet approved an integrated package of welfare and community supports [CAB-21-MIN-0493] to support COVID 19 positive households, and others who are directed to self-isolate.

25 note that on 14 February 2022 Cabinet:

25.1 Agreed to draw down the \$52.0 million in tagged operating contingency

25.2 Agreed to allocate \$31.5 million for an additional 197 Community Connectors

25.3 Invited the Minister for Social Development and Employment to submit an updated paper to the Social Wellbeing Committee; and

25.4 Authorised the Social Wellbeing Committee with Power to Act at its meeting on 16 February 2022 to make decisions on the submission.

26 agree to continue to fund demand driven Care in the Community welfare support focused on people who are directed by government to self-isolate and need welfare support, including two groups:

26.1 People who are COVID-19 positive and their households

26.2 Other people who are required by government to self-isolate

27 note that the group identified at recommendation 3.2 will include travellers who arrive in New Zealand and are directed to self-isolate

28 note that the exit strategy for welfare support to people directed to self-isolate is also determined by COVID-19 Protection Framework strategies and any consequential changes to requirements to self-isolate

29 note that with the likely shift into phase 2 in the coming weeks, as well as continued uncertainty about expected cases, there is an urgent for funding to support the community sector to be ready for increased demand

30 agree that people who are not directed to self-isolate under legislation do not meet the criteria for Care in Community welfare support

31 note that all New Zealanders, citizens and permanent residents can also access welfare support through Ministry of Social Development business-as-usual services, other government agency funded services, iwi/Māori and community networks

32 note that as case numbers increase, testing reduces and the Ministry of Health rely on a self-service model of Care in the Community, we anticipate more people to go directly to the Ministry of Social Development, community partners and providers for welfare support while in self-isolation

33 note that regardless of the pathway into the Care in Community welfare approach, a welfare assessment will be carried out to understand needs

Workforce capacity

34 note that the Ministry of Social Development has developed a workforce strategy which covers both agency workforce, and community workforce to help ensure there is sufficient capacity to support the welfare response

Financial implications

EITHER

35 note using scenarios for phase 2 (up to 5,000 cases/day) under Omicron could see the overall cost to increase from \$350.5 million to \$407.9 million until June 2023 and under phase 3 (up to 17,500 cases/day) by a further \$299.8 million to a total of \$707.7 million until June 2023

36 note in anticipation of moving to phase 2 on 16 February 2022, we are seeking additional funding of \$172.3 million to June 2023 to sufficiently scale the whole of system welfare approach, including:

- 36.1 \$26.9 million – discretionary funding for Community Connectors to meet essential wellbeing needs
- 36.2 \$86.3 million – food funding to foodbanks and other food organisations
- 36.3 \$1.0 million – evaluation of the effectiveness of the welfare response
- 36.4 \$58.1 million – contingency

37 agree to provide funding for phase 2 of the Care in the Community welfare system approach as noted in recommendation 13 above.

38 approve the following changes to appropriations to give effect to the policy decision in recommendation 14 above, with a corresponding impact on the operating balance and net core Crown debt:

Vote Social Development Minister for Social Development and Employment	\$m – increase/(decrease)				
	2021/22	2022/23	2023/24	2024/25	2025/26 & Outyears
Departmental Output Expense:					
Data, Analytics and Evidence Services (funded by revenue Crown)	-	1.000	-	-	-
Multi-category Expenses and Capital Expenditure					
Community Support Services MCA					
Non-Departmental Output Expense:					
Community Support and Advice	57.700	27.300	-	-	-
Non-Departmental Other Expense:					
Community Response to Adverse or Emergency Events	77.500	8.800	-	-	-
Total Operating	135.200	37.100	-	-	-

39 agree that the proposed changes to appropriations for 2021/22 above be included in the 2021/22 Supplementary Estimates and that, in the interim, the increases be met from Imprest Supply

IN CONFIDENCE

40 agree that the expenses incurred above be charged against the COVID-19 Response and Recovery Fund (CRRF) established as part of Budget 2020

41 invite the Minister for Social Development and Employment to report back to Cabinet on whether additional funding is required, should case numbers exceed 5,000 cases/day for a prolonged period or that the Omicron response shifts to phase 3

OR

42 note using scenarios for phase 2 (up to 5,000 cases/day) under Omicron could see the overall cost to increase from \$350.5 million to \$407.9 million until June 2023 and under phase 3 (up to 17,500 cases/day) by a further \$299.8 million to a total of \$707.7 million until June 2023

43 note in anticipation of moving to phase 2 over the coming weeks, we estimate that the costs are \$172.3 million to June 2023 to sufficiently scale the whole of system welfare approach, including:

43.1 \$26.9 million – discretionary funding for Community Connectors to meet essential wellbeing needs

43.2 \$86.3 million – food funding to foodbanks and other food organisations

43.3 \$1.0 million – evaluation of the effectiveness of the welfare response

43.4 \$58.1 million – contingency

44 agree to provide funding for urgent and time sensitive funding comprised of:

44.1 \$26.9 million – discretionary funding to meet essential wellbeing needs

44.2 \$34.5 million – food funding to foodbanks and other food organisations

45 approve the following changes to appropriations to give effect to the policy decision in recommendation 21 above, with a corresponding impact on the operating balance and net core Crown debt:

Vote Social Development Minister for Social Development and Employment	\$m – increase/(decrease)				
	2021/22	2022/23	2023/24	2024/25	2025/26 & Outyears
Multi-category Expenses and Capital Expenditure					

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

Community Support Services MCA Non-Departmental Output Expense:					
Community Support and Advice	26.900		-	-	-
Non-Departmental Other Expense:					
Community Response to Adverse or Emergency Events	34.500	-	-	-	-
Total Operating	61.400		-	-	-

46 agree that the proposed changes to appropriations for 2021/22 above be included in the 2021/22 Supplementary Estimates and that, in the interim, the increases be met from Imprest Supply

47 agree that the expenses incurred above be charged against the COVID-19 Response and Recovery Fund (CRRF) established as part of Budget 2020

48 agree to establish a tagged operating contingency of up to the amounts as follows in Vote Social Development, to provide for additional supports for a Care in Community Omicron welfare response:

	\$m – increase/(decrease)				
	2021/22	2022/23	2023/24	2024/25	2025/26 & outyears
Additional supports for a Care in Community Omicron welfare response – Tagged Operating Contingency	72.000	38.900	-	-	-

49 authorise the Minister of Finance and the Minister for Social Development and Employment jointly to draw down the tagged operating contingency funding in recommendation 25 above subject to a report to Ministers:

49.1 any updates to previous, current and anticipated demand for Care in the Community welfare response as a result of the COVID-19 Omicron outbreak

49.2 how funding already received has been committed and spent to support those self-isolating thereby demonstrating any need for additional funding; and

49.3 options for how the Care in the Community welfare response could be adapted to better meet current and anticipated demand.

50 agree that the tagged operating contingency in recommendation 43 above be charged against the COVID-19 Response and Recovery Fund (CRRF) established as part of Budget 2020

51 note that drawing down less of the estimated cost of delivering the welfare response under this base scenario of an Omicron outbreak approach presents risks to:

51.1 the overall operations of the welfare response, as funding cannot be appropriated into the 2021/22 financial year after the budget moratorium of 11 April

51.2 the community organisations delivering supports through the welfare response who may not have sufficient cash on hand to appropriately stock supplies and run the necessary infrastructure to deliver the welfare response

52 invite the Minister for Social Development and Employment to report back to Cabinet on whether additional funding is required, should case numbers exceed 5,000 cases/day for a prolonged period or that the Omicron response shifts to phase 3.

Monitoring and Reporting

53 note that MSD have begun regularly reporting on the level and type of demand for welfare support and additional data will be added where possible

54 note this reporting remains subject to several limitations, including the coverage of demographic information and limited reporting on support from community-based providers, and the ability to reconcile if needs have been fully met.

Authorised for lodgement

Hon Carmel Sepuloni

Minister for Social Development and Employment

Appendices

Appendix One: Care in the Community Omicron service response

Appendix Two: Costing Assumptions

Appendix Three: Expenditure to date

Appendix Four: Phasing options

Appendix Five: Burn rates