

# Annotated Agenda

## Governance meeting – Working for Families review

<b>Date</b>	Tuesday, 20 April 2021 2:00pm – 3:00pm	
<b>Venue</b>	56 The Terrace, Room 7.7 (Level 1 reception for externals)	
<b>Attendees</b>	Simon MacPherson (Chair)	MSD
	Fiona Carter-Giddings	MSD
	Kerryn McIntosh-Watt	IR
	Clare Ward	DPMC (CW&PRG)
	Jason Raven	DPMC (PAG)
	Keiran Kennedy	TSY
<b>Apologies</b>	David Carrigan	IR

Item	Topic
<b>1</b>	<ul style="list-style-type: none"> <li>Reflect on Ministers' meeting and revised recommendations</li> </ul>
<b>2</b>	<ul style="list-style-type: none"> <li>Discuss and provide feedback on the draft terms of reference for the Governance Group</li> </ul>
<b>3</b>	<ul style="list-style-type: none"> <li>Discuss and provide feedback on the draft project scope and plan, including project resourcing and next steps for advice</li> </ul>

### Attachments:

- *Items for discussion (content below)*
- *Joint Report: Working for Families Review: revised recommendations (attached)*

## Item 1: Reflect on Ministers' meeting and revised recommendations

### Key policy decisions of the review

- Comfortable with high-level objectives for tax credits, but agreed that the review prioritise:
  - Low-income working families while maintaining support for beneficiary families
  - Options that target support more to lower income families rather than more universal support
  - The principle of people being better off in work, and assisting with the costs for people in work.
- For inclusion in the review:
  - Accommodation Supplement and <sup>s9(2)(f)(iv) OIA</sup> [REDACTED]
  - Options for supporting disabled people in work, including consideration of <sup>s9(2)(f)(iv) OIA</sup> [REDACTED]
- For consideration alongside the review:
  - Childcare Assistance review
  - Not discussed by Joint Ministers, but we understand the office of the Prime Minister is also keen for the impacts of Child Support pass-on to be considered alongside the review (or potentially as part of the review).
- Excluded from the review:
  - New or reformed tax credits for families without children (<sup>s9(2)(f)(iv) OIA</sup> [REDACTED]). There is an outstanding question about whether the <sup>s9(2)(f)(iv) OIA</sup> [REDACTED]
- Fiscal envelope of the review:
  - Broadly the current envelope of spending on WFF and AS combined. <sup>s9(2)(f)(iv) OIA</sup> [REDACTED]

### Process and timing decisions

- Income Support Ministers will have joint oversight of the work. The Minister for Social Development and Employment is the lead Minister.
- MSD is the lead agency, with work produced by joint agencies.
- The review to be brought forward and announced as part of Budget 2021.
- Aiming for Budget 2022 proposals for implementation 1 April 2023 with further advice to be provided in the middle of the year. With this decision, Ministers noted the shorter legislative and engagement process required to meet this timeframe.
- There is scope to test scope and timing of advice with advisors in Ministers' offices.

## Item 2: Draft terms of reference for the Governance Group

### **DRAFT Terms of Reference for the Working for Families Review Governance Group**

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*Draft to be discussed by Governance Group on 20 April, and confirmed at next meeting.*

#### **Purpose**

The Governance Group will ensure the successful undertaking of the Working for Families (WFF) review. It will provide policy oversight of the work, resolve any issues that cannot be sorted at the working group level and ensure appropriate resourcing across agencies. The WFF Governance Group is responsible for:

- the provision of an appropriately resourced working group, and
- supporting the working group to deliver timely, free and frank advice to Ministers.

#### **Roles**

The roles of the Governance Group are to:

- ensure the WFF review has appropriate resourcing from across agencies to complete the review
- ensure connectivity across other workstreams across government
- provide policy oversight of significant items of cross-agency advice to Ministers included in the review
- ensure connectivity with other welfare overhaul workstreams being progressed alongside the review of WFF, such as the review of Childcare Assistance and Child Support Pass-on
- resolve any issues that cannot be addressed at the working group level.

Wider welfare overhaul programme of work and initiatives within the work programme, but not inside the review, should continue to be considered by welfare overhaul senior officials' group where appropriate.

#### **Membership**

The Ministry of Social Development's DCE for Policy will chair the WFF Governance Group. The membership of the Governance Group will additionally comprise second and third tier representatives (or delegates) from:

- Treasury
- Inland Revenue
- Ministry for Social Development
- Department of Prime Minister & Cabinet
- Ministry for Housing and Urban Development [TBC].

#### **Operating model**

It is anticipated that the Governance Group will meet fortnightly for the remainder of the review. The Governance Group will determine when it is useful for members of the working group to attend Governance Group Meetings.

## Item 3: Draft project scope and plan

### DRAFT Project brief: Review of Working for Families

<p><b>Project staff</b></p>	<p>MSD the lead agency of the Working for Families review ('the Review'), with support from other agencies on the working group.</p> <p>The core working group currently includes:</p> <ul style="list-style-type: none"> <li>MSD: Daniel Frischknecht, Maudie Johnson-Hunter, Alana Roughan, Ellen Hughes</li> <li>DPMC: Deborah Tucker (CPU), Katrina Quickenden (Strategy)</li> <li>IR: Eina Wong, Philip Marshall, Samantha Aldridge, Mila Maxon</li> <li>TSY: Murray Shadbolt, Chris Thompson, Laura Browne, a TAWA representative [TBC]</li> <li>MHUD: [TBC]</li> </ul> <p>Lead Managers Responsible – Polly Vowles, Keiran Kennedy, Kristie Carter, Maraina Hak, Carolyn Elliott.</p> <ul style="list-style-type: none"> <li>Additional people, including delivery teams, will support the Review and attend meetings as needed. The group will meet at 1pm Wednesday every week and have additional ad-hoc meetings/workshops as needed.</li> <li>Co-location can be arranged on an 'as-needed' basis. At this stage no permanent co-location is needed for the Review.</li> </ul>
<p><b>Purpose/ Objective</b></p>	<p>The purpose of this project is to review Working for Families and Accommodation Supplement settings. The ultimate deliverable being advice to Joint Ministers with detailed recommendations on changes to Working for Families and Accommodation Supplement settings to inform Budget 2022 decisions.</p>
<p><b>Key contacts not on the working group</b></p>	<ul style="list-style-type: none"> <li>Delivery teams within MSD and IR</li> <li>MBIE (interested party)</li> <li>Modelling teams at MSD and IR (note a Treasury representative is proposed for the working group).</li> </ul>
<p><b>Context</b></p>	<p>Joint Ministers have agreed to bring forward the Review currently on the medium-term Welfare Overhaul work programme. Joint Ministers have agreed that officials report back on the Review to Ministers in the middle of the year, including advice on initial options, to inform decisions for Budget 2022</p> <p>Ministers have indicated that they are comfortable with the existing high-level objectives for tax credits, but agreed that the review prioritise:</p> <ul style="list-style-type: none"> <li><i>Low-income working families while maintaining support for beneficiary families</i></li> <li><i>Options that target support more to lower income families rather than more universal support</i></li> <li><i>The principle of people being better off in work and assisting with the costs for people in work.</i></li> </ul> <p>Fiscal envelope of the review:</p> <ul style="list-style-type: none"> <li><i>Broadly the current envelope of spending on WFF and AS combined.</i> <sup>s9(2)(g)(i) OIA</sup></li> </ul>

BUDGET SENSITIVE

In scope	Out of scope
<ul style="list-style-type: none"> <li>Working for Families settings</li> <li>Accommodation Supplement and options for <sup>s9(2)(f)(iv) OIA</sup></li> <li>Options for supporting disabled people in work, <sup>s9(2)(f)(iv) OIA</sup></li> </ul>	<p>To be considered alongside the review:</p> <ul style="list-style-type: none"> <li>Childcare Assistance settings</li> <li>Not discussed by Joint Ministers, but we understand the office of the Prime Minister is also keen for the impacts of Child Support pass-on to be considered alongside the review.</li> </ul> <p>Key links but outside of review:</p> <ul style="list-style-type: none"> <li>Social Unemployment Insurance</li> <li>Other initiatives being considered or progressed as part of Welfare Overhaul</li> </ul>

Key milestones/deliverables	Who?	Sign out?	Date due
<p>Initial AS advice:</p> <ul style="list-style-type: none"> <li>seek confirmation from Ministers on key issues with AS to inform scope of options to consider for reform.</li> <li>clarify the scope of housing subsidies involved in the review (<sup>s9(2)(f)(iv) OIA</sup>).</li> </ul>	To Joint Ministers, and the Housing Minister	Cross-agency (including HUD)	May 2021
<p>Initial advice on <sup>s9(2)(f)(iv) OIA</sup></p> <ul style="list-style-type: none"> <li>Background advice on disability supports and <sup>s9(2)(f)(iv) OIA</sup>.</li> </ul>	To Joint Ministers	Cross-agency (excluding HUD)	Late June / early July 2021
<p>Subsequent advice on WFF options:</p> <ul style="list-style-type: none"> <li>Summary of key decisions</li> <li>Clarification of outstanding questions on scope, <sup>s9(2)(f)(iv) OIA</sup></li> <li>Outline of key trade-offs as a result of decisions</li> <li>Modelling of some high-level options in light of decisions made by Ministers. This includes, but not limited to, modelling of poverty and distributional impacts by income decile for each option.</li> </ul>	To Joint Ministers	Cross-agency (excluding HUD)	Late June / early July 2021
<p>Subsequent advice on AS:</p> <ul style="list-style-type: none"> <li>Summary of key decisions</li> <li>Clarification of outstanding questions</li> <li>Outline of key trade-offs as a result of decisions</li> <li>Modelling of some high-level options in light of decisions made by Ministers.</li> </ul>	To Joint Ministers, and the Housing Minister	Cross-agency (including HUD)	Late June / early July 2021
Subsequent iterations of advice will reflect decisions by Ministers and provide options for packages across the individual components.	To Joint Ministers	Cross-agency (including HUD)	August – November 2021
Final recommended options to inform Budget 2022 bid (if required).	To Joint Ministers	Cross-agency (including HUD)	Budget Bid submitted

BUDGET SENSITIVE

			November 2021
Completion of Cabinet paper and RIA (if required)			April 2022
Legislative change process commences, potentially through wider vehicle or budget night legislation.			May 2022

<b>Planning assumptions</b>	<p>The key assumptions for this project are that:</p> <ul style="list-style-type: none"> <li>- Sufficient resource can be allocated from Policy teams</li> <li>- Service delivery teams in MSD and IR have capacity to be involved in the policy design stage (ie prior to any additional funding being allocated)</li> <li>- Modelling resourcing and data is available. Modelling of options and modify existing models to include options <sup>s9(2)(f)(iv) OIA</sup> [REDACTED]</li> <li>- <sup>s9(2)(f)(iv) OIA</sup> [REDACTED]</li> </ul>
<b>Risk management</b>	<p>There are risks around:</p> <ul style="list-style-type: none"> <li>• Managing expectations about what policy objectives can be achieved and how much extra affected people can get, given that it will be public information that a review is underway and Ministers have agreed to broadly cost neutral options.</li> <li>• Capacity within agencies, particularly modelling resources, including appropriate and available data.</li> <li>• Implementation of <sup>s9(2)(f)(iv) OIA</sup> [REDACTED] including alongside other potential reforms.</li> </ul>

<b>Engagement approach</b>	<p>Unlikely to be significant in the timeframes. This can be tested with Ministers in upcoming advice. Key stakeholders could include subject matter experts such as <sup>s9(2)(a) OIA</sup> [REDACTED] Child Poverty Action Group and benefit advocate group.</p>
<b>Governance</b>	<p>Governed by the Working for Families Governance Group, with a working group of officials.</p>