



Social investment priorities for Budget 2025

Date: 26 September 2024

Security level: ~~Budget sensitive~~

To: Hon Nicola Willis

Tracking Number SIA24/25-085

Purpose

This briefing sets out the Social Investment Agency's programme of work to implement your social investment priorities for Budget 2025.

Context

1. You have identified three priorities for Budget 2025:
 - 1.1 deliver the Social Investment Fund
 - 1.2 establish a model for social investment contracting with two to three significant providers
 - 1.3 establish three to five social investment initiatives.
2. You have asked for a more detailed plan on these areas of work to Budget 2025. They are intended to demonstrate social investment and to deliver value within a relatively short timeframe, while foundational work to enable social investment initiatives to be scaled up over time continue. The plan is summarised in Appendix one.

Social Investment Fund

3. Cabinet has agreed to establish a Social Investment Fund (the Fund). The Fund will catalyse innovation in the social investment system by directly commissioning for outcomes to improve the lives of New Zealanders. The Agency is advising you on the form and funding of the Fund, working towards establishing the Fund over the first half of 2025. This would enable announcements that the Fund is "open for business" around Budget day, and the Fund making its first investments in 2025.

Table 3: Schedule of activity to deliver the Social Investment Fund

Date	Activity/Deliverable
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5 Sept	Advice confirming purpose, functions and design principles.
12 Sept	Advice on funding structure and a potential bid for funding through Budget 2025.
26 Sept	Advice on entity form.
4 Oct	Advice on establishment and implementation processes for the Fund. Advice on initial stakeholder engagement on the Fund.
14 Oct	Meeting with Social Investment Ministers to confirm detailed design of the Fund.
4 Nov	Draft Cabinet paper/s for consultation: to confirm detailed design and agree next steps for implementation and establishment.
Nov/Dec	SOU and Cabinet decisions.
Dec	B25 initiative submitted.
Feb/Mar	Further Cabinet paper/s to confirm establishment decisions (e.g. board appointments, any legislative instruments).
April/May	Announcements on or before Budget day.

Social investment contracting prototype is underway

4. We briefed you on 6 September to say that we were scoping details of the project to develop and test a multi-agency outcomes contract with two to three providers. We can now advise that work has begun and early conversations are underway with two providers.
5. As discussed with you and Minister Upston on 19 September, there is also a programme of work underway led by the Ministry of Social Development (MSD) to achieve a similar outcome. We will deliver a joint briefing to you and Minister Upston by 3 October on how these two programmes of work will be aligned to deliver a prototype Social Investment Contract.
6. Assuming agreements to proceed are established, and subject to further discussion with MSD to align activities and draw on their skills, below is a high-level plan for key activities and deliverables for this work.

Table 1: Schedule of activity to deliver 2-3 social investment contracts

Date	Activity/Deliverable
Sept	Relationship establishment with nominated providers; discovery activities (current state contracts, processes, issues, risks, opportunities).
3 Oct	Joint advice from the Agency and MSD on how our agencies will work together to deliver outcomes-based contracts.
Oct	Iterative design sprints with providers to develop a future end-to-end process around multi-agency commissioning for outcomes, and

	related prototypes. Deliverables: exemplar contract(s) draft with testing notes and recommendations; exemplar guidance for providers.
Nov	Continuation of design and testing sprints with providers to refine prototypes and test wider. Deliverables: end-to-end prototype process detailing data flows, capabilities, decision trees, relationship management, pricing models and negotiation; identification of 'do now' vs 'do later'.
Dec/Jan	Review and refinement of prototype with contextually different providers to ensure fit for purpose; (invitation based) consultation process to allow wider review and comment/feedback from NGO sector.
Feb/Mar	Further refinements to prototype as required
April/May	Budget announcements on or before Budget Day.

Social investment initiatives

7. You have indicated your desire to demonstrate social investment by establishing three to five social investment initiatives funded by reprioritising resources from low value areas of spend. We expect some of these initiatives to be identified in the context of the impact reviews that are near completion (you will be briefed on these on 3 October).
8. We have also looked at where social investment initiatives can support progress towards the Government Targets. We have identified two areas that agency delivery planning processes have, to date, not fully addressed:
 - 8.1 initiatives that prevent people presenting in Target groups in the future
 - 8.2 initiatives aimed at cohorts at the 'hard end' of Target populations.
9. Some of the reasons that these opportunities may not have been a central focus for lead agencies include that:
 - 9.1 interventions to prevent entry into Target populations often sit outside of the remit and line of sight of lead agencies
 - 9.2 the full impact of these kinds of initiatives may not be fully realised before the Targets mature, and
 - 9.3 'hard end' cohorts often comprise small numbers of individuals requiring intensive support, raising risks that even successful interventions may still have relatively little impact on Targets, despite having potentially more significant long-term impacts on social outcomes overall.
10. We have not yet briefed you on this additional work. We therefore attach a slide deck that summarises the approach we have taken. It identifies how social investment initiatives align to

the Government Targets, including the following groups where there is potential for social investment initiatives:

10.1 Children aged 6 to 9 years at risk of offending

10.2 Young people who are persistent truants or who are in alternative education (which may overlap with the previous group)

10.3 Young people not in education, training or employment

10.4 Young people leaving state care or youth justice, and those leaving corrections, in need of housing support.

11. We think that there is an opportunity to invite relevant agencies to develop a range of modest, targeted, social investment bids to achieve better outcomes for these groups as part of the Budget process.

12. We are also aware of work underway as part of Target delivery planning to establish local and regional approaches for a number of the Targets. This may result in lead agencies identifying further opportunities for social investment to be applied to local multi-agency decision-making.

13. We understand that you are also considering options aligned with social investment proposals from among initiatives that may be invited via alternate avenues. In particular, we consider the following may be amenable to taking a social investment approach:

13.1 invest-to-save initiatives that the Ministry of Social Development may wish to submit

13.2 regulatory and prescribing changes to enable greater access to ADHD supports

13.3 coalition agreement initiatives that may be submitted (for example, we are aware that

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14. We seek your feedback on these additional opportunities and will explore them further if you agree.

15. You will receive further advice on Budget invitations from The Treasury. A schedule of activity to deliver social investment initiatives via Budget 2025 is summarised below.

Table 2: Schedule of activity to deliver 3-5 social investment initiatives

Date	Activity/Deliverable
Mid-Sept	Impact reviews of spending on Family Violence and Sexual Violence; and First 2,000 days completed.
	Opportunities to re-prioritise funding from low value to high value activity in these areas identified in consultation with relevant agencies.
	Identify potential opportunities for new investment aligned to Government Targets (to be funded from savings).
20 Sept	Initial recommendations for social investment initiatives identified by Social Investment Agency.

23 Sept	Joint advice on initial recommendations for social investment initiatives provided.
27 Sept	First draft of advice on recommended new initiatives completed by Treasury – includes social investment initiatives.
3 Oct	Joint Treasury/Social Investment Agency advice on social investment initiative invitations provided to Minister of Finance.
Mid-late Oct	Invitation letters issued to agencies with guidance on how to complete bids.
Oct – early Dec	Agencies develop social investment bids, with support from the Social Investment Agency, as appropriate.
mid-Dec	Submissions on social investment initiatives due from Agencies to Treasury.
Jan – Feb	Assessment of submissions by Treasury. Includes social investment initiatives.
Feb – May	Development of Budget package with Budget Ministers.
April/May	Budget announcements on or before Budget day.

Next steps

16. More advice will be provided to confirm the role of the Social Investment Agency in the assessment and recommendations phase of the Budget process.

Recommendations

It is recommended you:

Note the schedules of activity to deliver on your three social investment priorities for Budget 2025 (summarised in the Appendix). ☐ Yes ☐ No

Note opportunities to identify ‘social investment’ initiatives and indicate which ones you may like the Agency to explore further, for example:

- initiatives targeted at specific cohorts, such as: ☐ Yes ☐ No
 - Children aged 6 to 9 years at risk of offending
 - Young people who are persistent truants or who are in alternative education (which may overlap with the previous group)
 - Young people not in education, training or employment
 - Young people leaving state care or youth justice, and those leaving corrections, in need of housing support.
- initiatives arising from MSD’s invest-to save work ☐ Yes ☐ No
- regulatory and prescribing changes around ADHD ☐ Yes ☐ No
- initiatives arising from coalition agreement proposals: ☐ Yes ☐ No

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Aphra Green

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Hon Nicola Willis

Minister for Social Investment

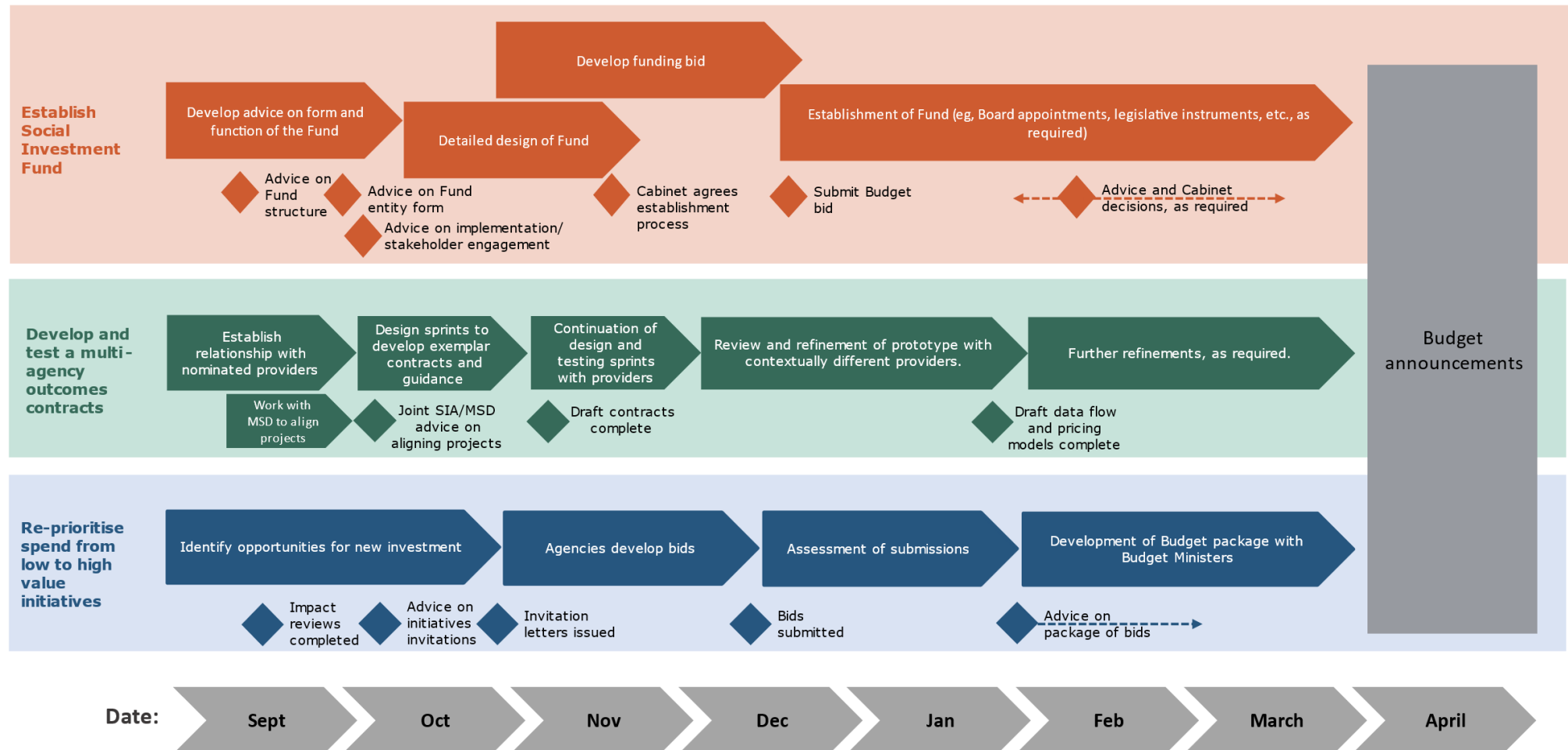
Name	Position	Contact Number	First contact
Aphra Green	Deputy Chief Executive Policy Data and Insights	9(2)(a)	<input checked="" type="checkbox"/>
Alistair Mason	Deputy Chief Executive Social Investment and Delivery	9(2)(a)	<input type="checkbox"/>

Attachments

Appendix one – Work plan for Budget 2025: summary

Appendix two – A social investment approach to Government Targets

Appendix one – Work plan for Budget 2025: summary



Appendix two – A Social Investment Approach to Government Targets



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A social investment approach helps us understand who we need to invest in, what works for those people and how we measure progress.

The Government Targets give us a way to measure progress towards outcomes.

Shorter stays in
emergency
departments

Shorter wait
times for elective
treatment

Reduced child
and youth
offending

Reduced violent
crime

Fewer people on
the Jobseeker
Support Benefit

Increased
student
attendance

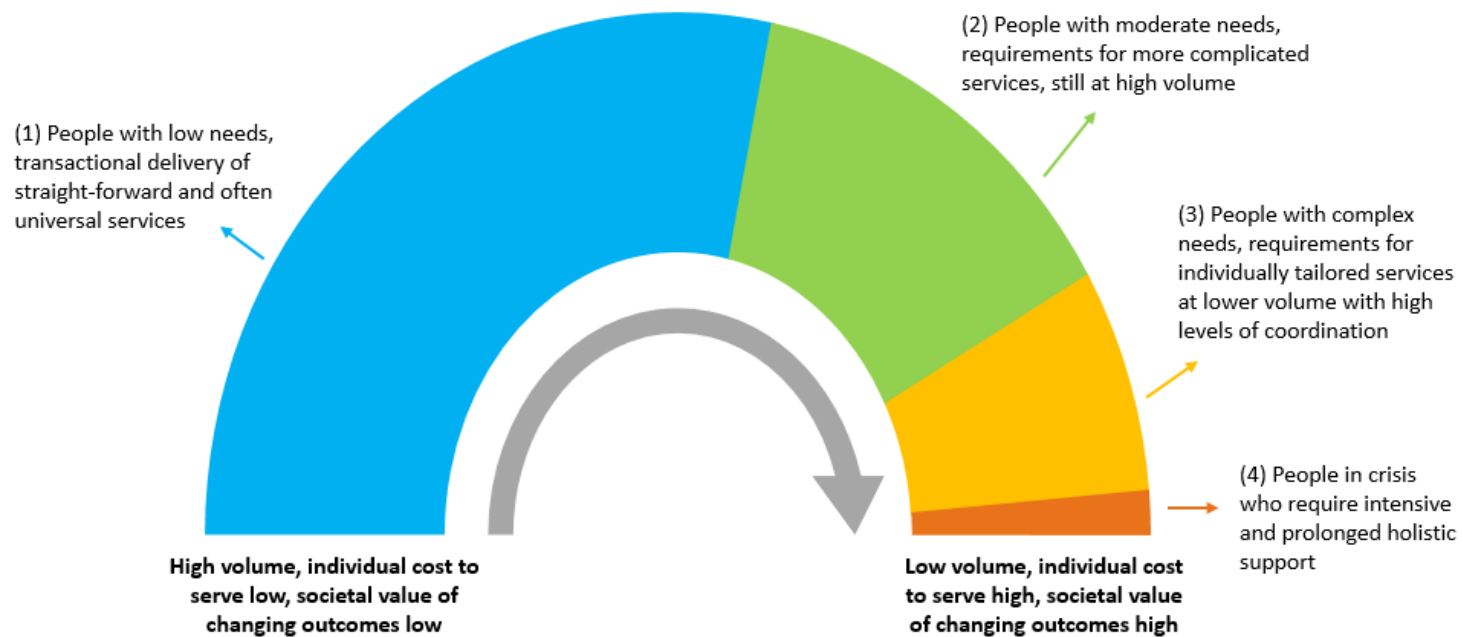
More students at
expected
curriculum levels

Fewer people in
emergency
housing

Reduced net
greenhouse gas
emissions

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In terms of who, there are different cohorts of need, for whom different interventions are required

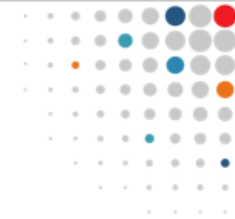


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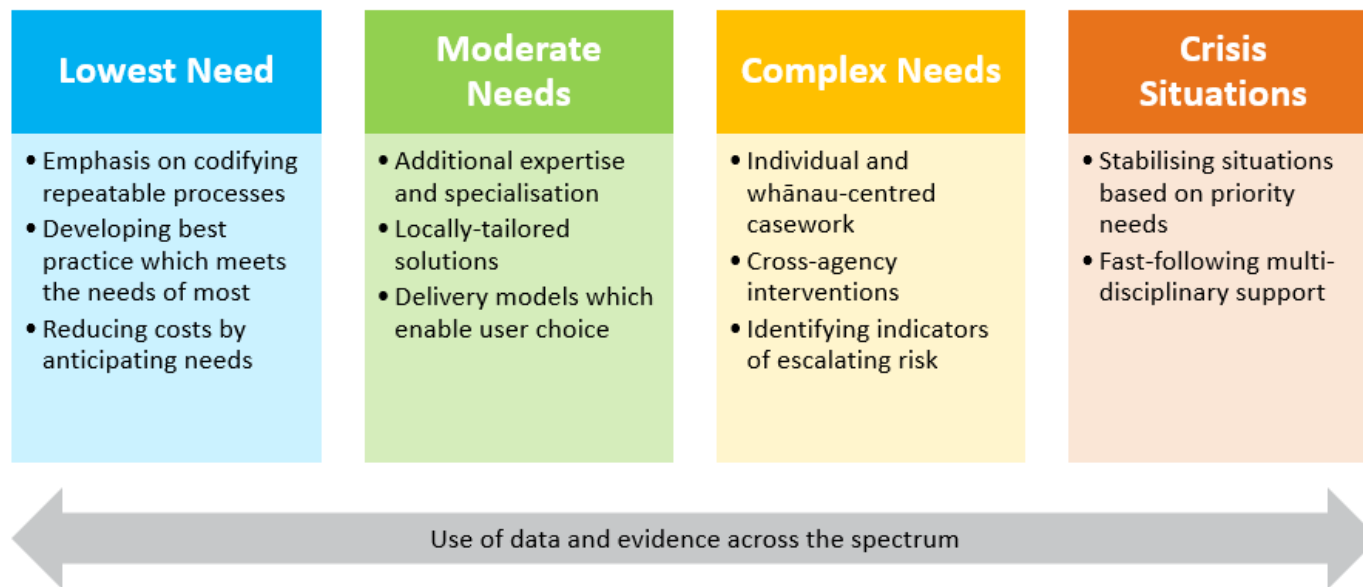
Taken from the Investing In Children Programme approach

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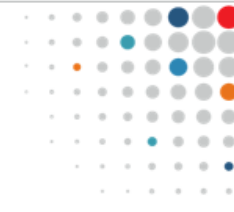
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What works tends to vary by need cohort



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Government Targets fall on different points across this spectrum of need

Lowest need —————→ Highest need



Health targets (T1&T2): Efficient delivery of straightforward interventions with minimal individual tailoring, will encounter people across the spectrum of need

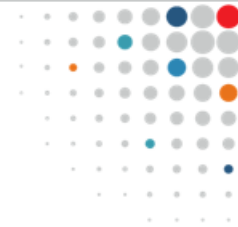
Crime targets (T3&T4):
Involve changing behaviour of individuals with largely complex needs

Jobseeker support (T5): Individuals may require additional assistance, but highest levels of need likely to be on other benefits or none

Education targets (T6&T7): Delivery of universal service, with some ability to increase support where required; will encounter children and parents across the spectrum of need

Emergency Housing (T8):
Serving a population of people with multiple overlapping needs

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The nature of Delivery Planning to date has left some opportunities under-developed

Initiatives to prevent people presenting in target groups in the future

- Lead Agencies have focused on groups already within their target areas, as these align with operational activities and data, but it is possible to invest earlier in response to indicators of developing (rather than realised) need in order to impact future target performance.

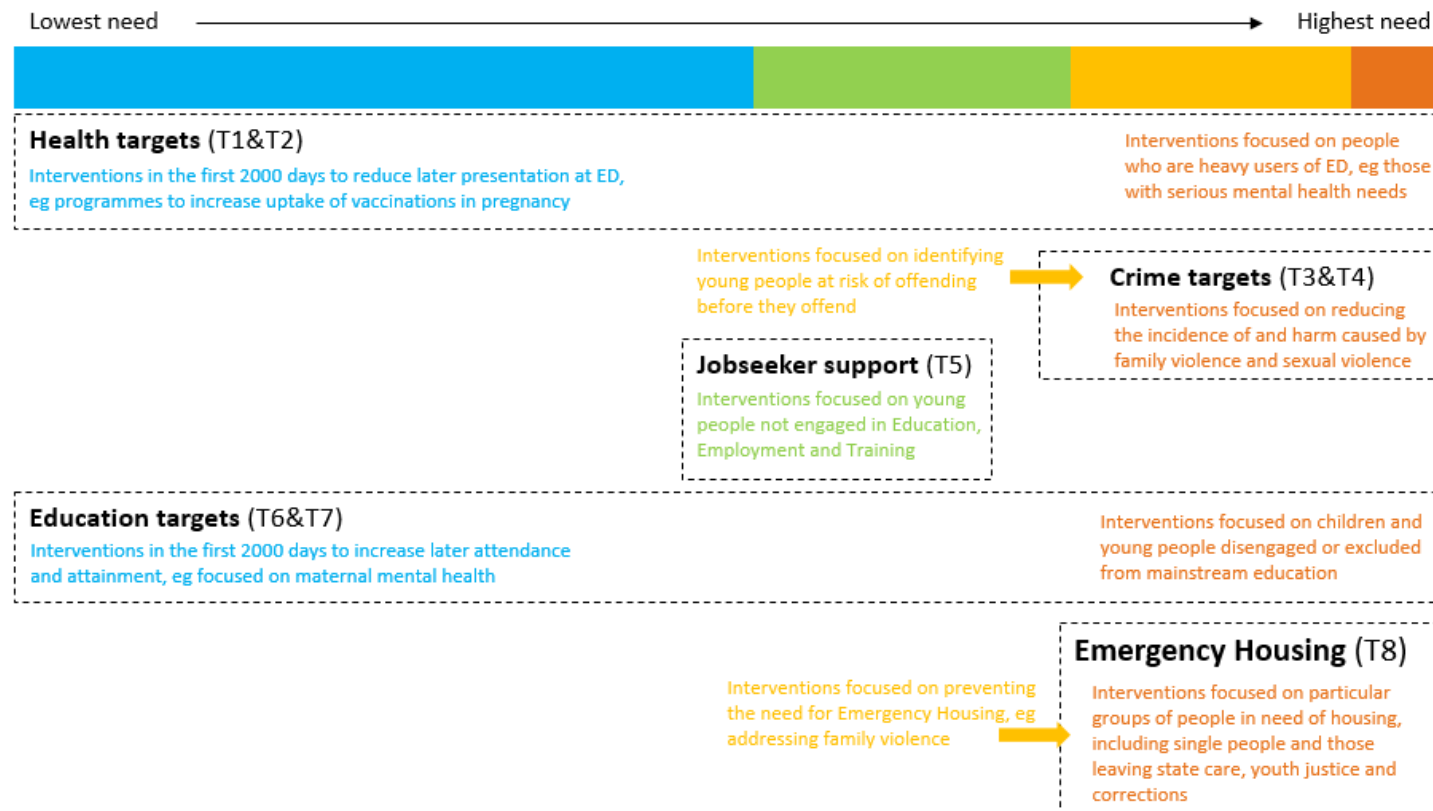
Initiatives aimed at cohorts at the 'hard end' of target groups

- It is possible to make significant progress against Health, Education and Jobseeker targets without needing to address populations with significant and complex needs, but there is opportunity to invest in these areas to contribute to other targets and/or wider target-related outcomes.

In both of these areas, there are opportunities for additional investments which could contribute towards either delivery of targets or achievement of wider outcomes to which targets are related, or both.

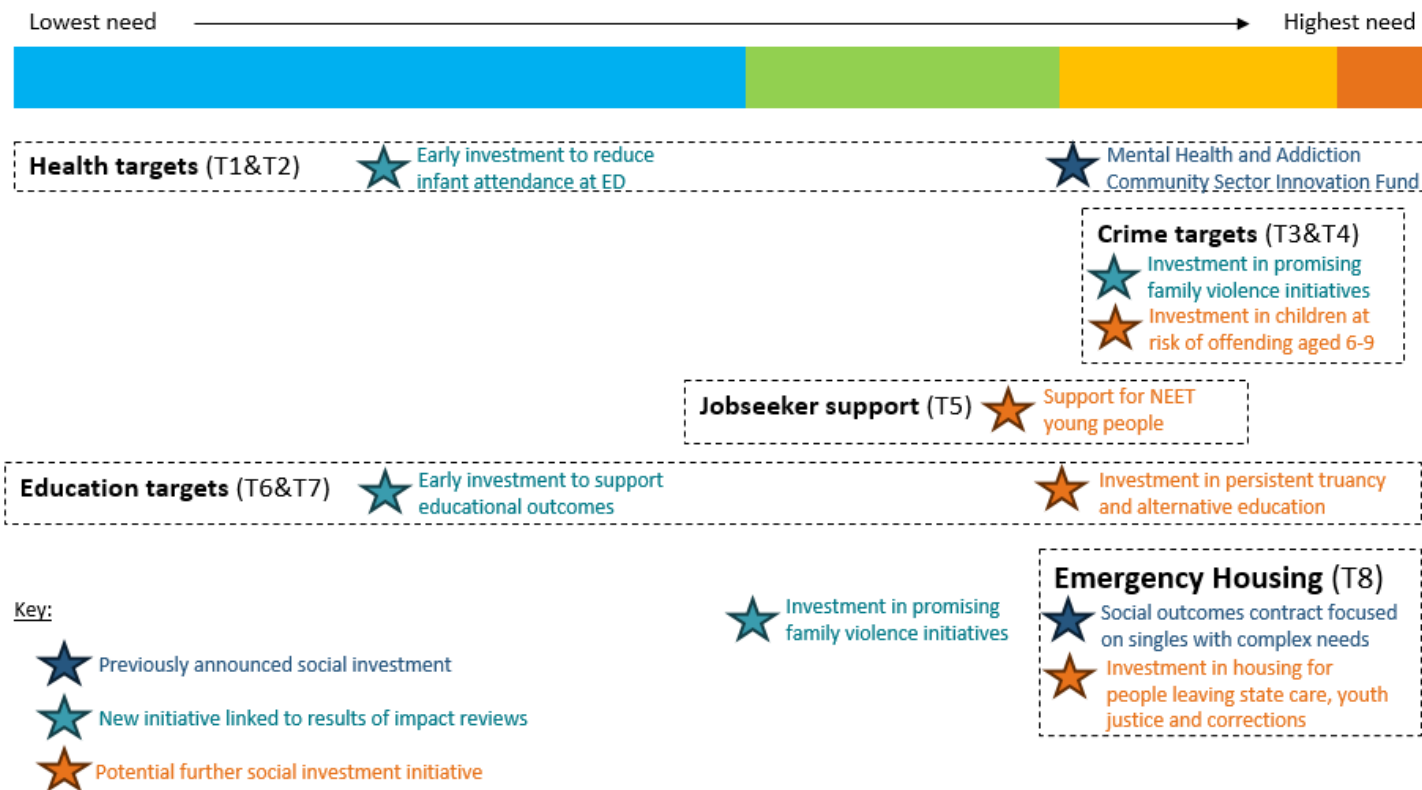
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We have mapped these back to targets based on previous work done by SIA and others



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This gives the following potential investment opportunities across the targets



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8