



Next steps for Budget 2025 social investment initiatives

Date:	29 November 2024
Security level:	Sensitive
To:	Hon Nicola Willis, Minister for Social Investment
Tracking Number	SIA24/25-137
Action sought:	Note the contents of the briefing and supporting appendix Provide feedback on the long list of potential cohorts by 3 December

Purpose

1. This briefing provides further analysis of the potential cohorts and outcomes to inform the development of social investment initiatives and outlines next steps to finalise and submit a budget bid by 23 December 2024.

Context

2. You have received a briefing with our proposed process for responding to B2025 invitations for the Social Investment Fund and Social Investment Initiatives (SIA-24/25-133 refers). That briefing sought your feedback on a long-list of potential cohorts and outcomes of focus for social investment initiatives.
3. This advice focuses on beginning to answer the key social investment questions of:
 - 3.1 What outcomes are we interested in?
 - 3.2 Who are the groups facing barriers to achieving those outcomes? Where should we focus our efforts?
4. The next phase of our work will look at engaging with agencies and key stakeholders to understand:
 - 4.1 What services are these cohorts already receiving? What providers are already in place? What additional interventions could better support these cohorts? How will we identify the cohort for referral to services?
 - 4.2 What outcomes-based commissioning arrangements are needed?

- 4.3 How will we know whether we are making a difference? ie, what lead indicators will tell us that we are on the right track?

We seek your initial feedback on the cohorts

5. The Budget invitation letter was clear that social investment initiatives need to demonstrate elements of a social investment approach. This includes being clear about the cohorts and outcomes for investment, while working with communities and providers closest to those cohorts to identify the specific innovative opportunities for earlier and better investment.
6. The latter requirement to work with communities and providers is not able to be done in depth prior to the bid being due. This means we may not have some of the details that the budget bid template would usually require by the time we submit the bid (such as the specific programme or intervention and the associated detailed operational costs). We have discussed this approach with Treasury officials, who are comfortable for some of this detail to be refined in the period after the bid is submitted.
7. Our proposed approach is to develop one budget bid to seek funding for up to 3 social investment initiatives. We have developed a long-list of cohorts and outcomes that the initiatives could focus on, and this will be refined as we engage with agencies, providers and potential partners.
8. Our initial effort has focused on identifying cohorts with high need and understanding the potential for improving outcomes for individuals, wider societal benefits and, where possible, avoided future costs for government (see Appendix 1). At this stage the values we have provided for societal benefit and avoided cost are preliminary only, with the intention to provide an indication of potential scale.
9. The Appendix also provides a consolidated view of the cohorts, including the level of overlap between them, as well as regional breakdowns. This analysis will support a regional approach in targeting our efforts and engagement to where there is most opportunity.
10. We seek your feedback, including if there are particular cohorts, outcomes or regions that you are interested in, and whether there are any that you would like to rule out of the social investment bid.

Our advice – how this bid could shape up

11. Thinking ahead, the analysis suggests a social investment budget package that could look like (for example):
 - 11.1 **Improving outcomes for highest-risk babies – first 2000 Days focus:** An intensive, whānau-centred support for high-need mothers with children under 5, delivered in 3 regions, to be announced alongside relevant portfolio Ministers
 - 11.2 **Getting our highest-risk under 12s back to school and off the path to significant future offending behaviour:** Working in a holistic way with schools, whānau and communities to

re-engage children who have had early stand-downs and suspensions in learning that works for them and their whānau, to be announced alongside relevant portfolio Ministers

11.3 Improving employment, education and justice outcomes for highest-risk teenagers:

working with communities to provide early intervention for young people government has already significantly interacted with over their lives – youth leaving care, who are already in or at high risk of referral to Alternative Education, and/or at risk of poor outcomes – delivered by NGOs in 3 regions, who know these young people best and are trusted by them (to be announced alongside relevant portfolio Ministers).

12. The above is illustrative of a possible package – we would like your feedback on this approach.

We are beginning initial targeted engagement

13. Our plan to identify potential investments and providers begins with initial targeted engagement with agencies and Regional Public Service Commissioners.

14. The purpose of this engagement is to understand existing services for these cohorts, potential opportunities for a different approach, as well as regional and provider readiness to deliver for these cohorts and engage in a social investment approach. Agencies may also be able to benchmark the costs for the types of programmes that we may consider for these cohorts.

15. Beyond this, it is our view that there is a need to engage with the Social Investment Iwi Design Group to share this analysis and seek their views on where additional investment (if there is to be any) could be focused. We are mindful in these discussions not to raise expectations.

Next steps

16. Immediate next steps will focus on developing a budget bid for the social investment initiatives. The timeline below shows the tight timeframes we are working to. Your early feedback will enable us to effectively target our efforts in the coming three weeks:

	December																
Task	2	3	4	5	6	9	10	11	12	13	16	17	18	19	20	23	
Initial Ministerial feedback																	
Engagement with government agencies and RPSCs																	
Writing draft bid and supplementary information																	
Treasury initial review of bid																	
Briefing with recommendations on emerging package																	
Finalisation and Approval																	
Briefing with final bid for Ministerial approval																	
(If needed, finalise bid based on Ministerial feedback)																	
Submit bid on CFIS net																	
Letter sent to Associate Minister of Finance																	
Last possible day to submit bid																	

Recommendations

It is recommended you:

Provide feedback on the long-list of potential cohorts and outcomes for the social investment initiatives, including if there are any that you would like to rule out **by Tuesday 3 December**. ☐ Yes ☐ No

Note the timeline and activities required for submission of the budget bid by 23 December

Noted



Aphra Green

DCE – Policy, Data and Insights
Social Investment Agency

Hon Nicola Willis

Minister for Social Investment

Name	Position	Contact Number	First contact
Aphra Green	Policy, Data and Insights	9(2)(a)	<input checked="" type="checkbox"/>

Attachments

Appendix one – Supplementary analysis on long list of cohorts

Supplementary analysis on long-list of cohorts

November 2024

These slides provide further analysis on the cohorts to support prioritisation and refinement of the long-list of potential cohorts and outcomes for social investment initiatives. The analysis includes:

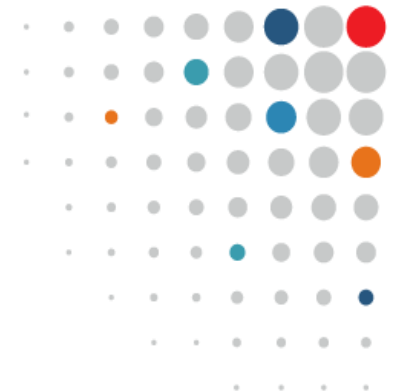
- The overlaps and distribution of the population in these cohorts across regions
- Deep dives into each cohort, including potential outcomes, societal benefits and future avoided costs for government from more effective investment.
- The social benefits and future avoided costs are preliminary only and will be updated as we refine our methodology



Social Investment Agency
Toi Hau Tāngata

Te Kāwanatanga o Aotearoa
New Zealand Government

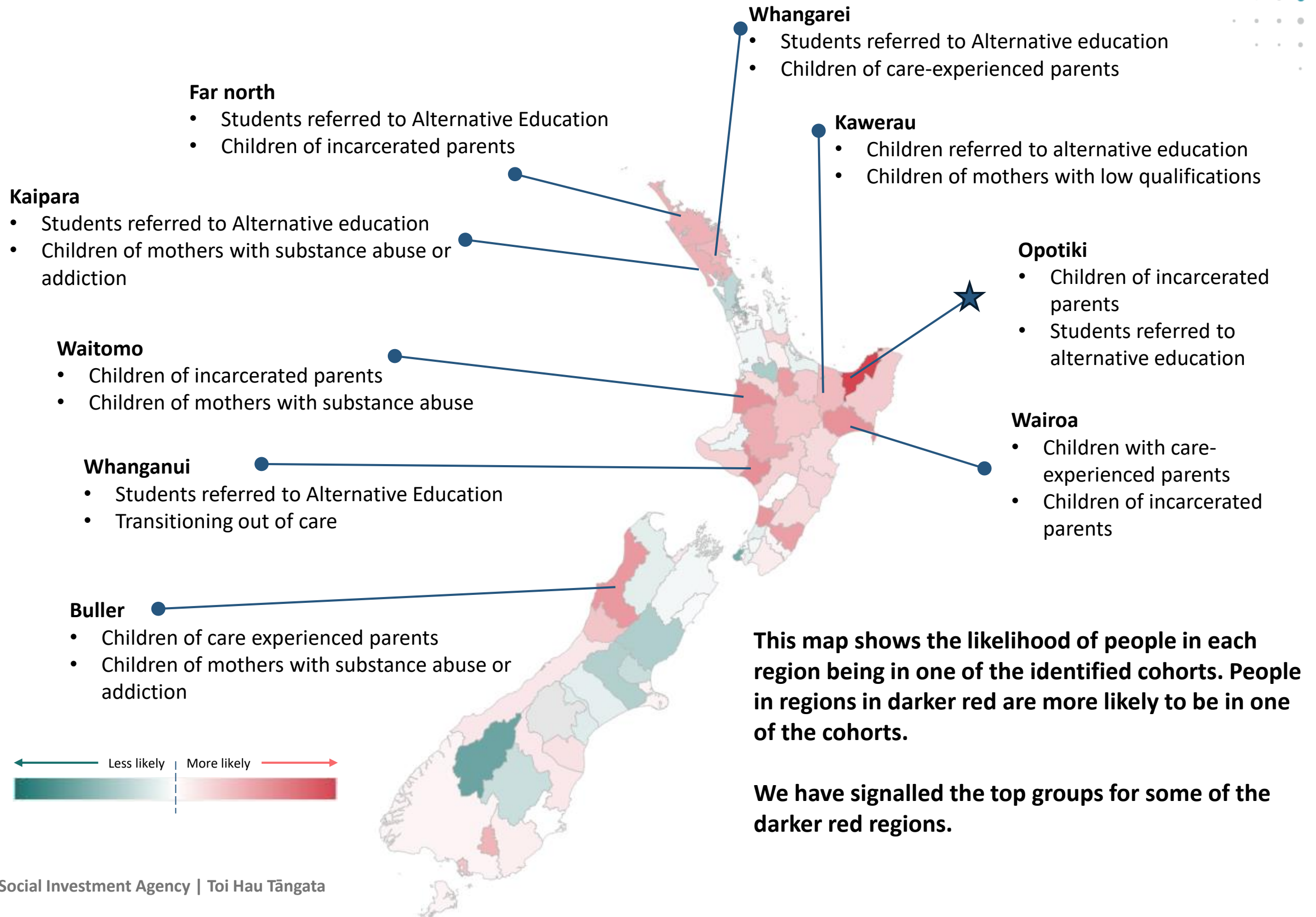
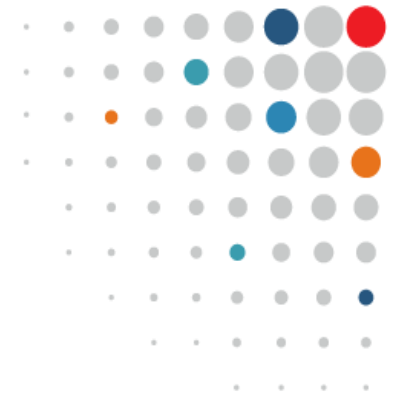


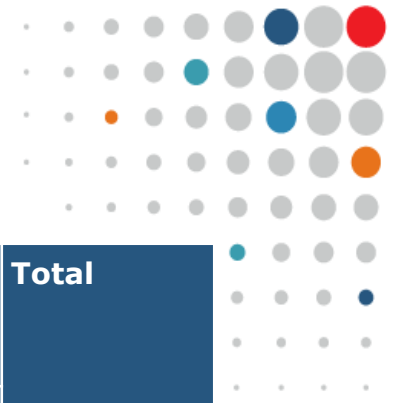


SIA has identified a long-list of potential cohorts for social investment initiatives

- Children of incarcerated parents
- Children of parent(s) who experienced the care system
- Children of mothers with substance abuse or addiction
- Children of young mothers with no qualification
- Children with experiences of FVSV before the age of 12
- Children who are stood down or suspended when they were 12 or younger
- Children in Alternative Education
- Children who were diagnosed with ADHD when they were 16 or younger
- Youth transitioning out of care and youth justice

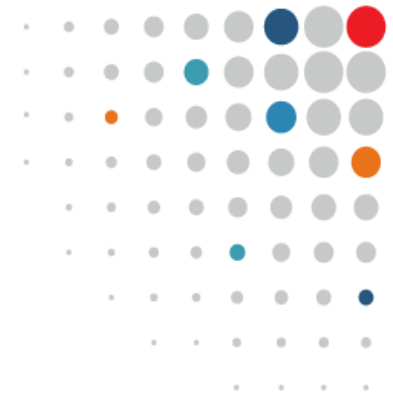
A regional approach will be needed





Overview of potential fiscal and social benefits

Cohort	Total size	Potential avoided costs to government, compared to a similar group (per person)		Potential wider social benefits (per person)		Total
		Top 3 avoided costs	By age 25 (IDI analysis)	Productivity	Prevented Crime	
Children of incarcerated parents	4,272	MSD main benefit (-\$34,000) Health - disability supports (-\$19,000) Justice - court charges (-\$18,000)	\$133,000	\$73,000	\$66,000	\$272,000
Children of parent(s) who experienced the care system	2,649	MSD main benefit (-\$26,000) Justice - court charges (-\$14,000) Correction sentences (-\$13,000)	\$93,000	\$57,000	\$20,000	\$169,000
Children of mothers with substance abuse or addiction	1,896	OT - care and protection (-\$28,000) Justice - court charges (-\$27,000) MSD main benefit (-\$24,000)	\$140,000	\$41,000	\$108,000	\$289,000
Children of young mothers with no qualification	7,542	MSD main benefit (-\$9,000) Justice - court charges (-\$6,000) Health - public hospital discharges (-\$3,000)	\$30,000	\$19,000	\$61,000	\$110,000
Children with experiences of FVSV before the age of 12	12,195	MSD main benefit (-\$37,000) Health - disability supports (-\$26,000) Justice - court charges (-\$14,000)	\$135,000	\$65,000	\$38,000	\$238,000
Children who are stood down or suspended when they were 12 or younger	4,428	Health - disability supports (-\$36,000) MSD main benefit (-\$32,000) Justice - court charges (-\$28,000)	\$159,000	\$76,000	\$88,000	\$323,000
Children in Alternative Education	975	Justice - court charges (-\$20,000) Correction sentences (-\$10,000) MSD main benefit (-\$10,000)	\$55,000	\$30,000	\$227,000	\$311,000
Children who were diagnosed with ADHD when they were 16 or younger	1,356	Health - disability supports (-\$127,000) MSD main benefit (-\$45,000) Justice - court charges (-\$23,000)	\$247,000	\$87,000	\$92,000	\$426,000
Youth transitioning out of care and youth justice	480	Correction sentences (-\$78,000) Justice - court charges (-\$54,000) MSD main benefit (-\$38,000)	\$114,000	\$176,000	\$207,000	\$496,000



Deep dive by cohort

Children of incarcerated parents

Early intervention could support better outcomes

Children with a parent in prison are approximately 10 times more likely to be imprisoned. Recent IDI analysis also shows that children of incarcerated parents are highly likely to have 4 or more adverse childhood experiences, which is associated with a higher likelihood of receiving benefits, having no formal qualifications, not being in employment, having serious mental health and having community or custodial sentences in later life

Getting children of incarcerated parents on a different trajectory, could lead up to the following per year:



470 more of the cohort enrolled in compulsory schooling at age 16

1,360 more of the cohort enrolled in tertiary education at age 18



490 more of the cohort in employment at age 21

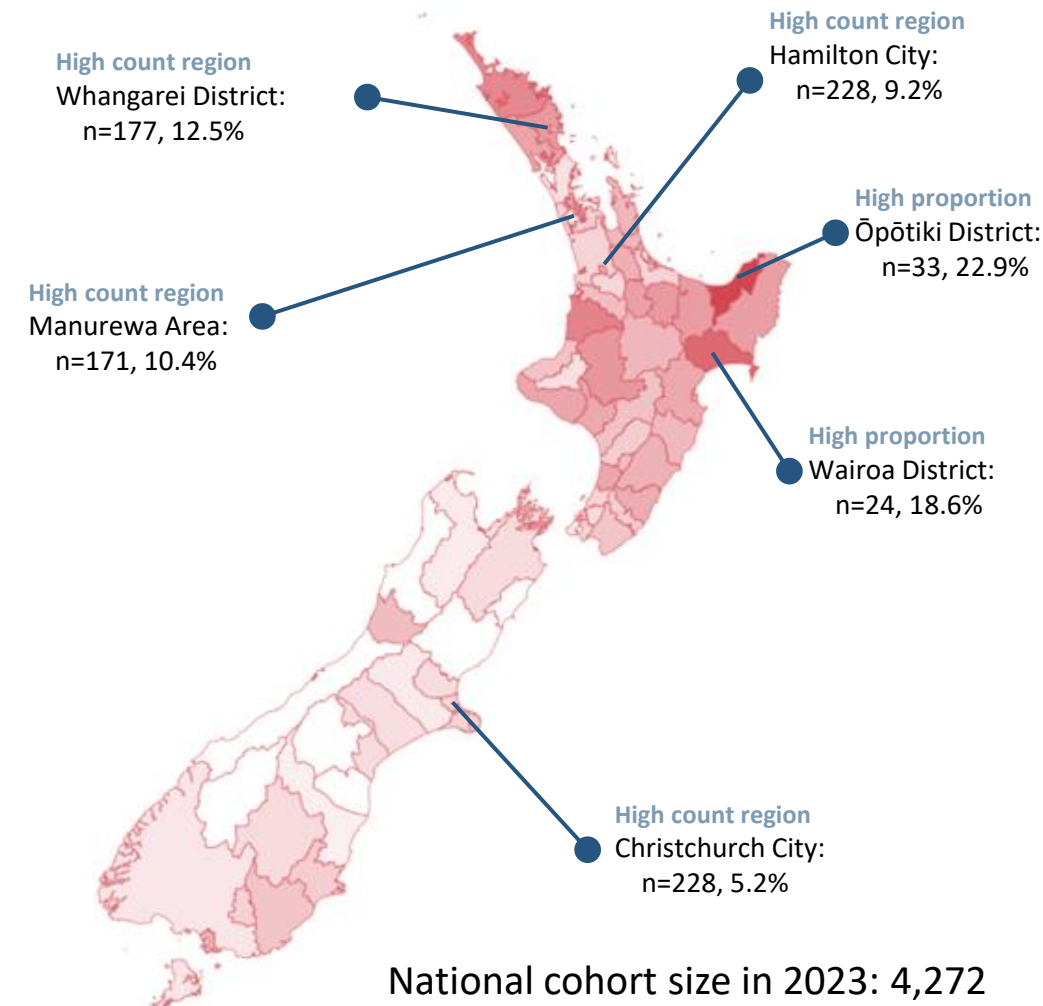


230 fewer of the cohort committing violent offences at age 16

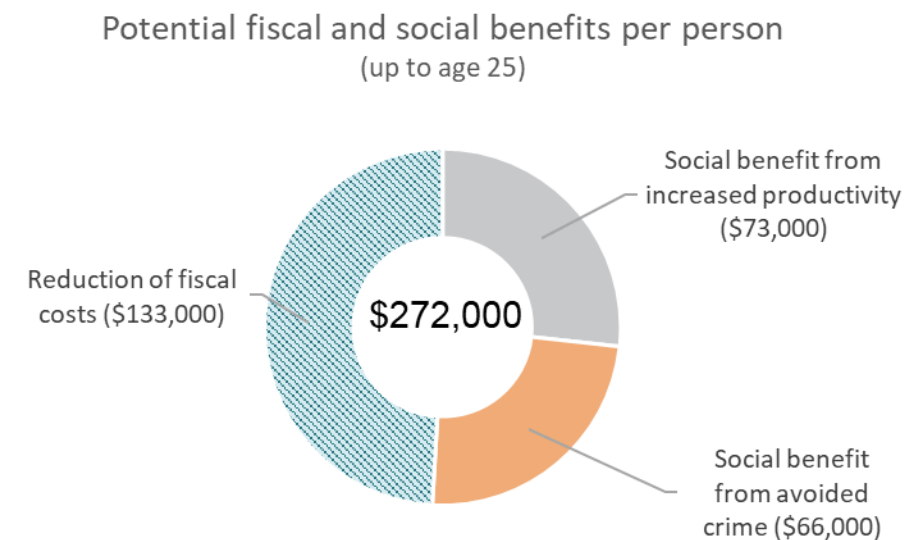
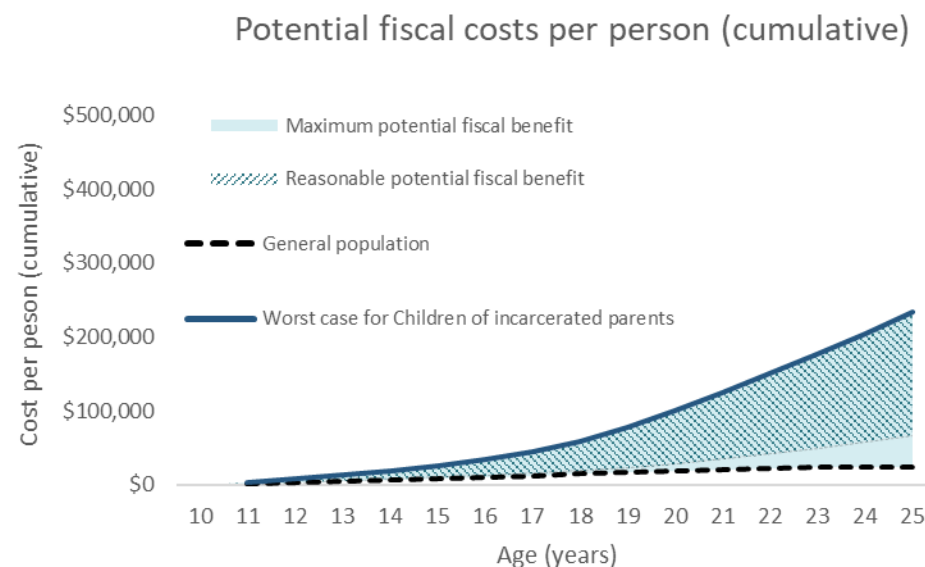
1,400 fewer of the cohort committing non-violent offences at age 16

250 fewer of the cohort experiencing violent crime at age 16

Regional distribution



Improved outcomes could avoid fiscal costs and generate wider societal benefits



Children of parent(s) who experienced the care system

Early intervention could support better outcomes

Children of care-experienced parents are more likely to have conduct and hyperactivity problems, experience depression and anxiety, self-harm and attempt suicide. They are also less likely to have any qualifications and less likely to be employed in early and mid-adulthood.

Getting children of care-experienced parents on a different trajectory, could lead up to the following per year:



290 more of the cohort enrolled in compulsory schooling at age 16

1,100 more of the cohort enrolled in tertiary education at age 18



280 more people of the cohort in employment at age 21

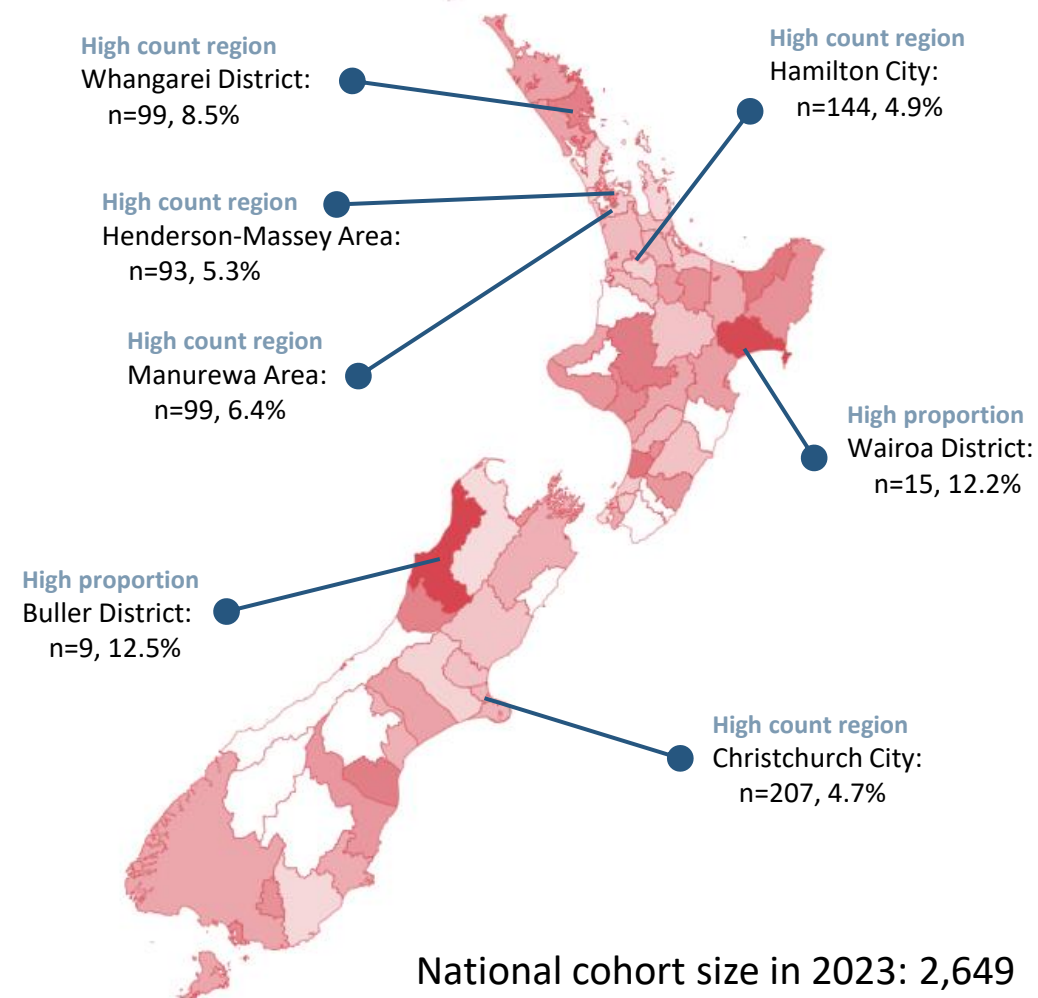


190 fewer of the cohort committing violent offences at age 16

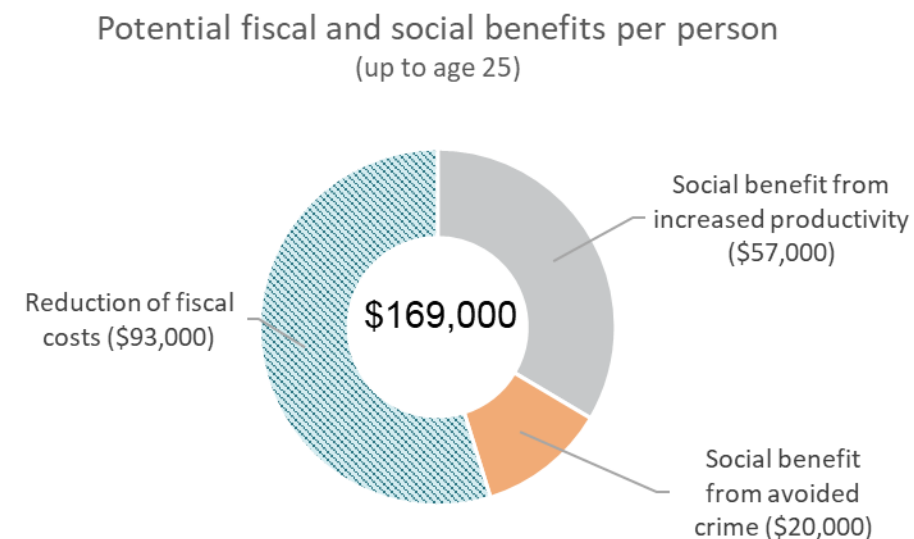
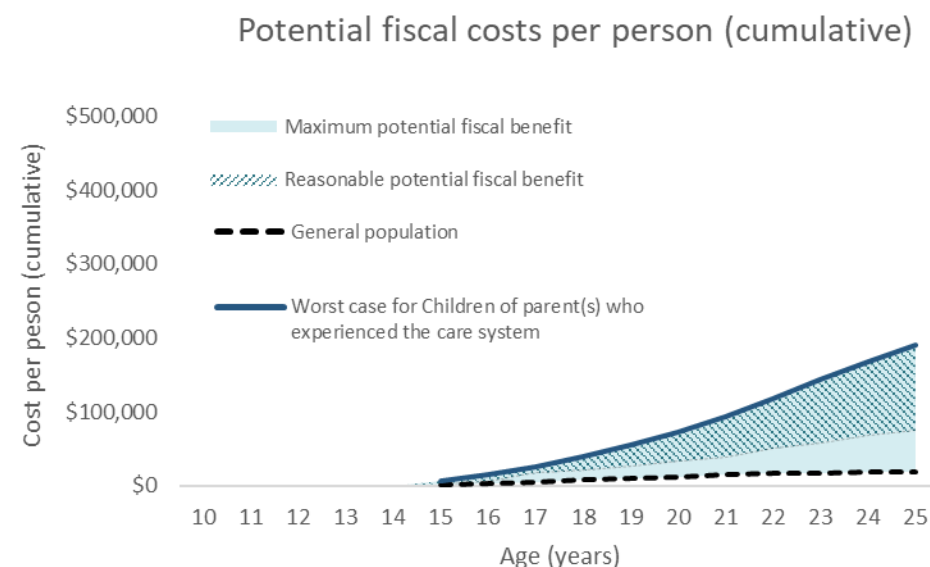
940 fewer of the cohort committing non-violent offences at age 16

130 fewer of the cohort experiencing violent crime at age 16

Regional distribution



Improved outcomes could avoid fiscal costs and generate wider societal benefits



Children of mothers with substance abuse or addiction

Early intervention could support better outcomes

The children of mothers with addiction needs are more likely to experience poor socio-economic and housing environments, be exposed to violence, and have physical, academic, and social-emotional challenges. In adolescence, they are also more likely to experience alcohol and drug use disorders themselves

Getting children of mothers with substance abuse or addiction a different trajectory, could lead up to the following per year:



80 more of the cohort enrolled in compulsory schooling at age 16

170 more of the cohort enrolled in tertiary education at age 18



90 more of the cohort in employment at age 21

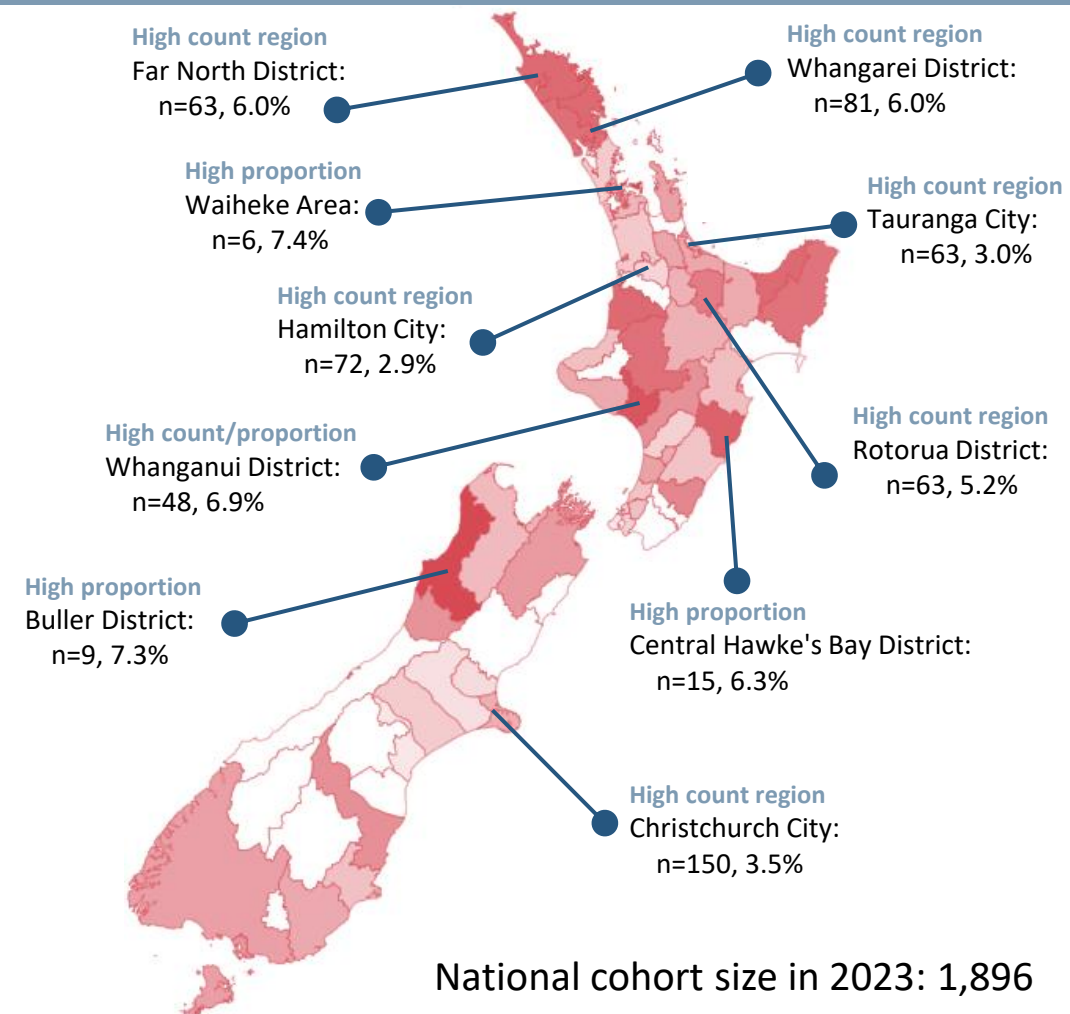


90 fewer of the cohort committing violent offences at age 16

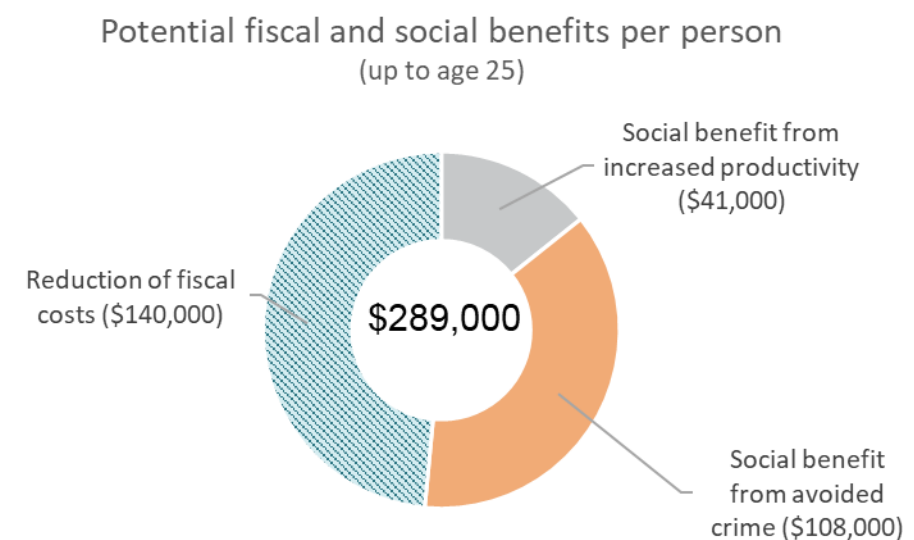
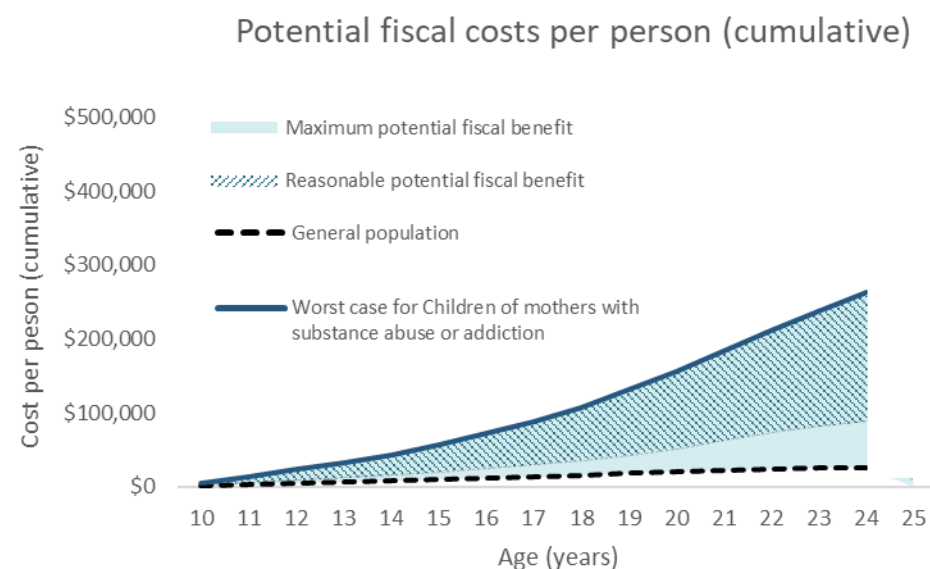
590 fewer of the cohort committing non-violent offences at age 16

90 fewer of the cohort experiencing violent crime at age 16

Regional distribution



Improved outcomes could avoid fiscal costs and generate wider societal benefits



Children of young mothers with no qualifications

Early intervention could support better outcomes

Having a mother with no formal qualifications has been identified as an indicator of poorer outcomes in later life. Our recent IDI analysis on attendance has found that a mother's level of qualification has a relationship with student attendance. Most (60%) of students with regular attendance have mothers with a diploma or higher education. 45% of students who are chronically absent have mothers with a diploma or higher education.

Getting children of young mothers with no qualifications on a different trajectory, could lead up to the following per year:



620 more of the cohort enrolled in compulsory schooling at age 16

2,330 more of the cohort enrolled in tertiary education at age 18



550 more of the cohort in employment at age 21

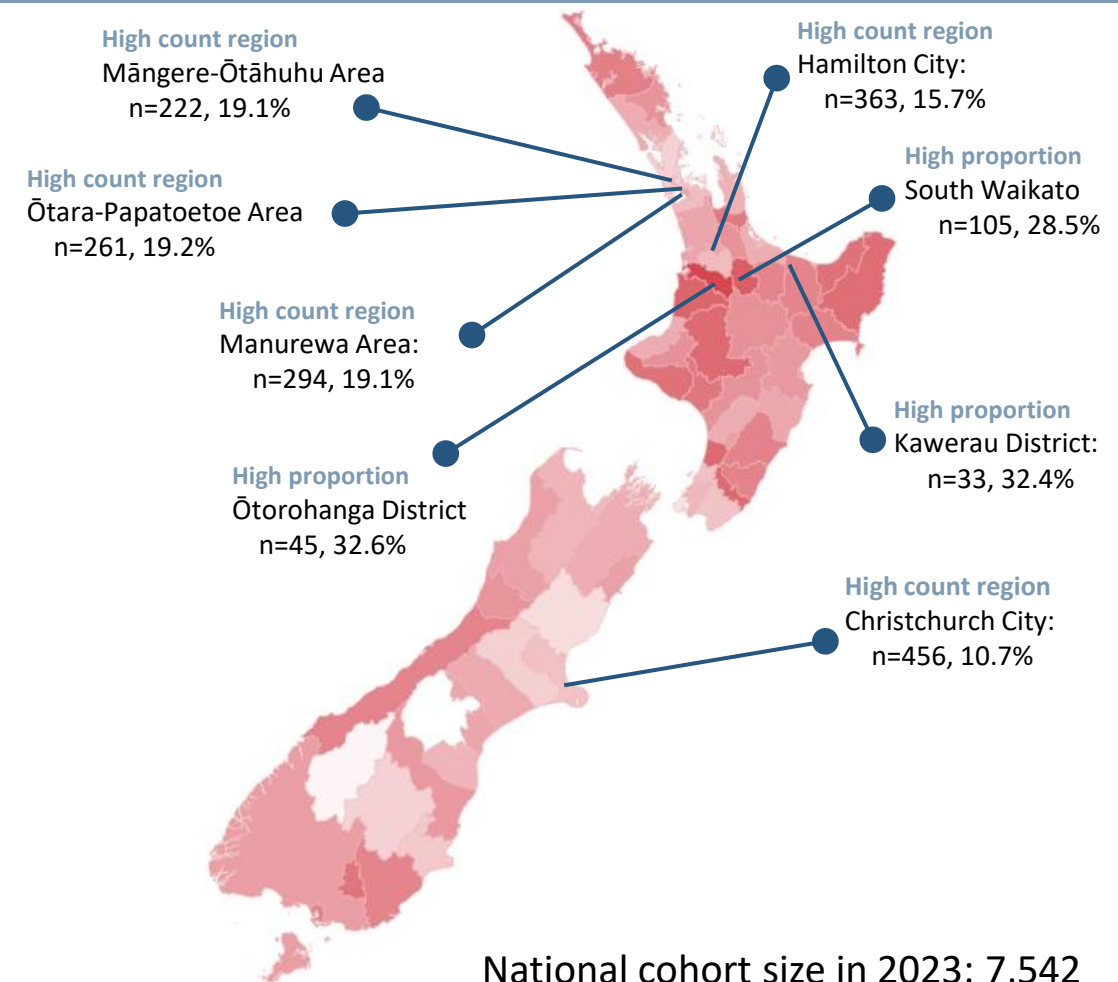


280 fewer of the cohort committing violent offences at age 16

1,580 fewer of the cohort committing non-violent offences at age 16

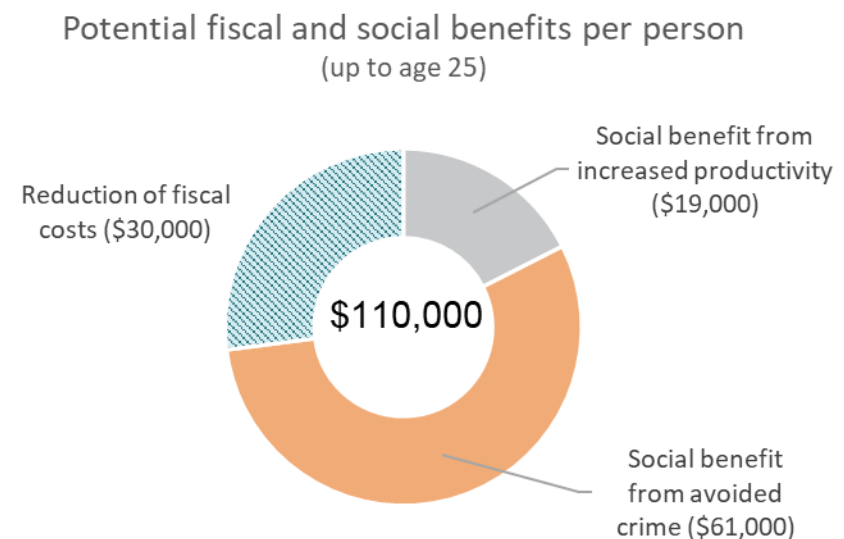
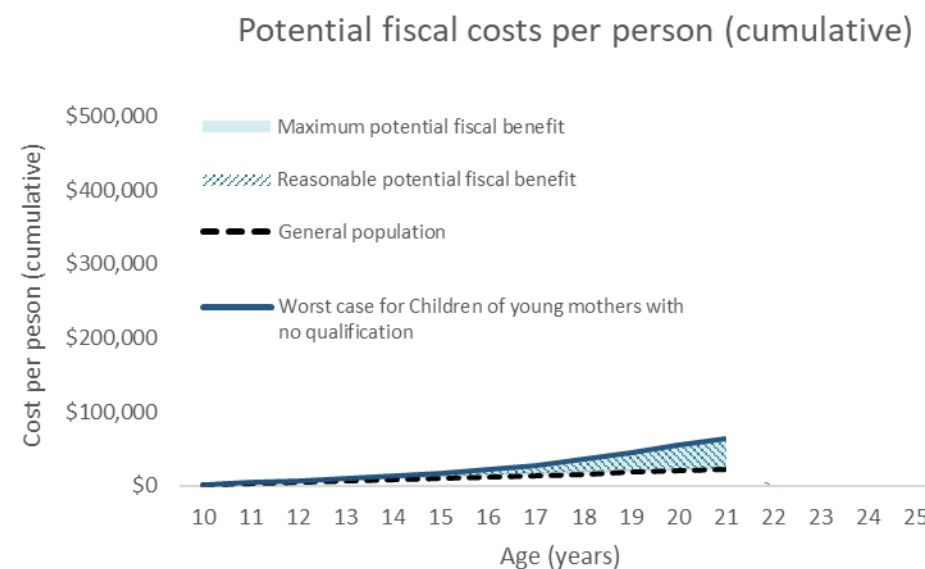
320 fewer of the cohort experiencing violent crime at age 16

Regional distribution



National cohort size in 2023: 7,542

Improved outcomes could avoid fiscal costs and generate wider societal benefits



Children with experiences of FVSV before the age of 12

Early intervention could support better outcomes

Children with experiences of family violence and sexual violence are more likely to experience and use violence in later life, supporting the intergenerational transmission hypothesis and an early intervention and prevention approach. The majority of people in prison have witnessed or been victims of family and/or sexual violence.

Getting children with experiences of FVSV on a different trajectory, could lead up to the following per year:



1,010 more of the cohort enrolled in compulsory schooling at age 16

4,360 more of the cohort enrolled in tertiary education at age 18



1,260 more of the cohort in employment at age 21

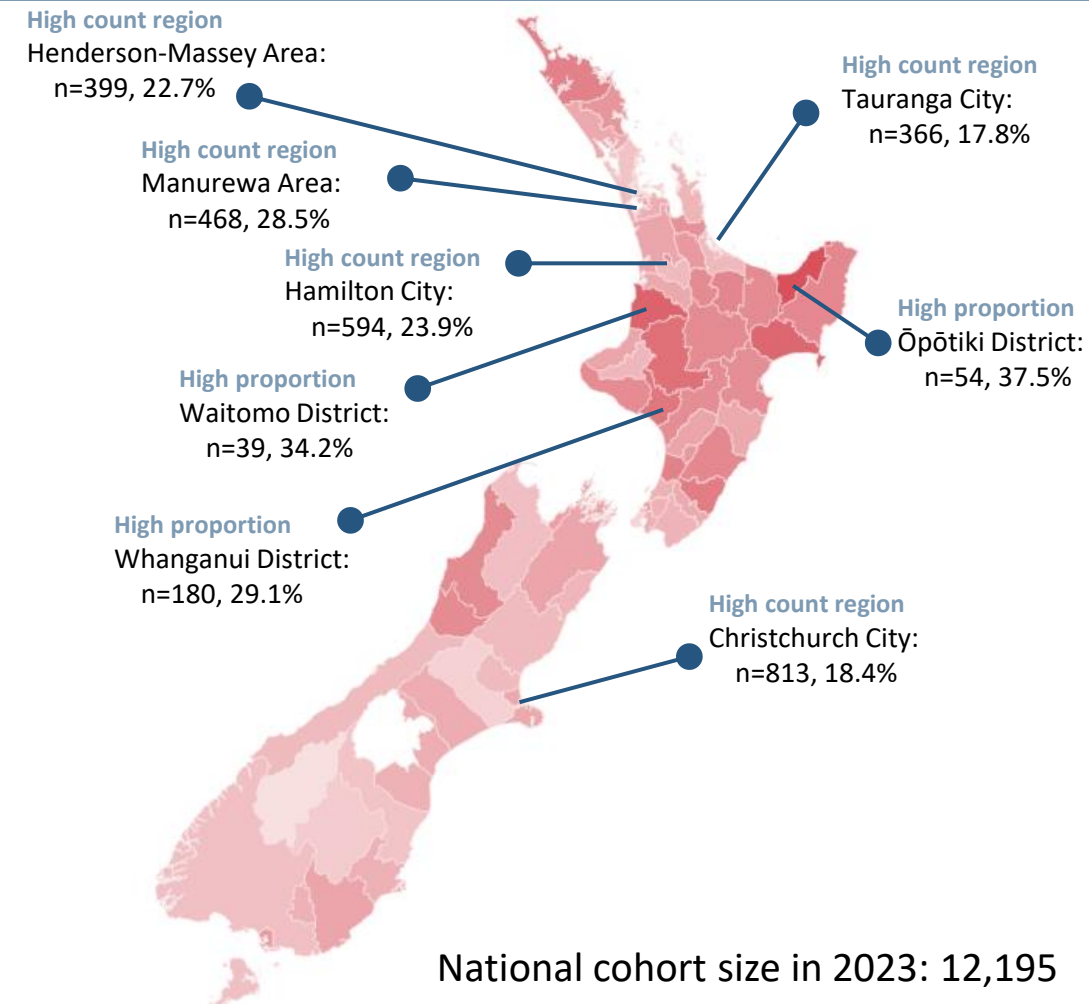


440 fewer of the cohort committing violent offences at age 16

2,680 fewer of the cohort committing non-violent offences at age 16

580 fewer of the cohort experiencing violent crime at age 16

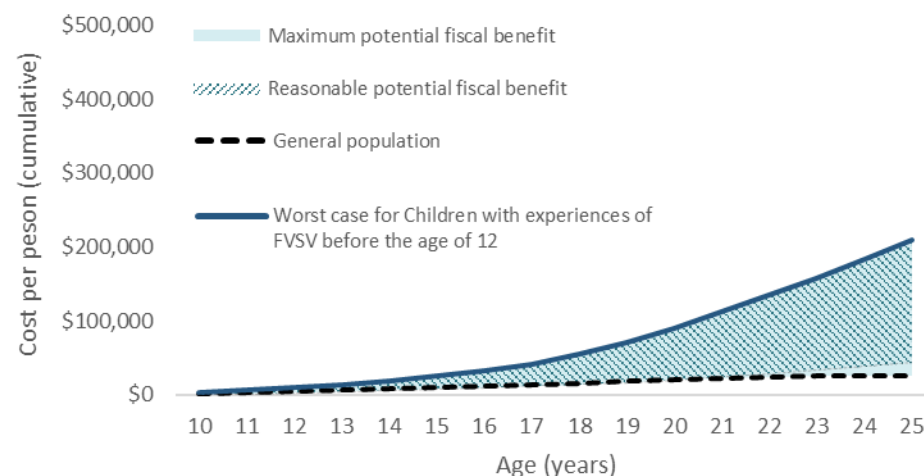
Regional distribution



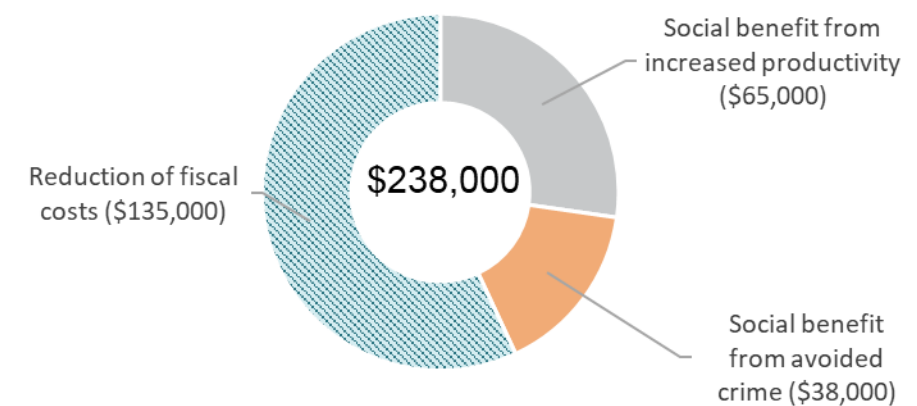
National cohort size in 2023: 12,195

Improved outcomes could avoid fiscal costs and generate wider societal benefits

Potential fiscal costs per person (cumulative)



Potential fiscal and social benefits per person (up to age 25)



Children who are stood down or suspended when they were 12 or younger

Early intervention could support better outcomes

An early stand down is a strong predictor of future offending behaviour. Recent IDI analysis shows people with stand downs are 6 times more likely to serve a custodial sentence, 4 times less likely to get UE, 2.11 times more likely to be on a benefit at age 30, 1.9 times more likely to have an ED admission at age 21, and 1.67 times less likely to be enrolled with a tertiary provider at age 19. As the number of stand downs increase, outcomes significantly worsen. This highlights an opportunity to not only improve outcomes for students with stand downs but also prevent further escalation of behavioural interventions and poorer outcomes.

Getting children with a stand down or suspension before age 12 on a different trajectory, could lead up to the following per year:



590 more of the cohort enrolled in compulsory schooling at age 16

1,610 more of the cohort enrolled in tertiary education at age 18



570 more of the cohort in employment at age 21

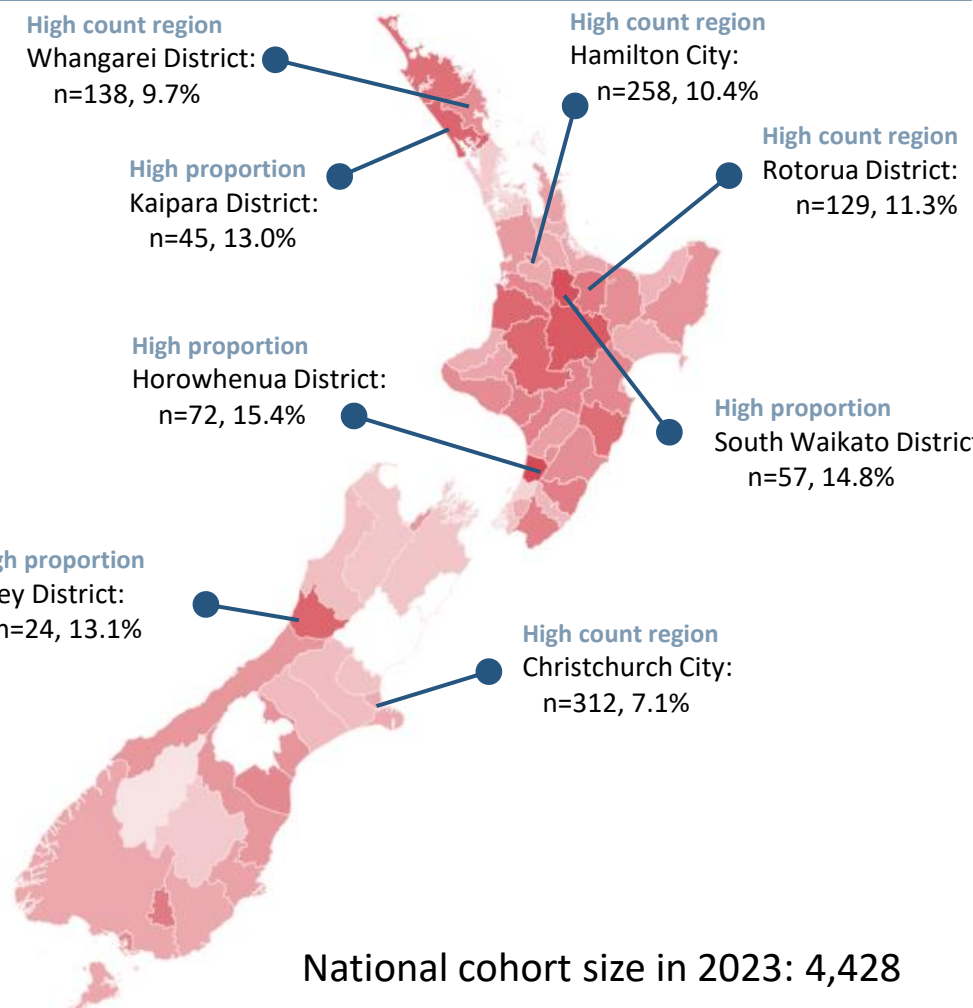


460 fewer of the cohort committing violent offences at age 16

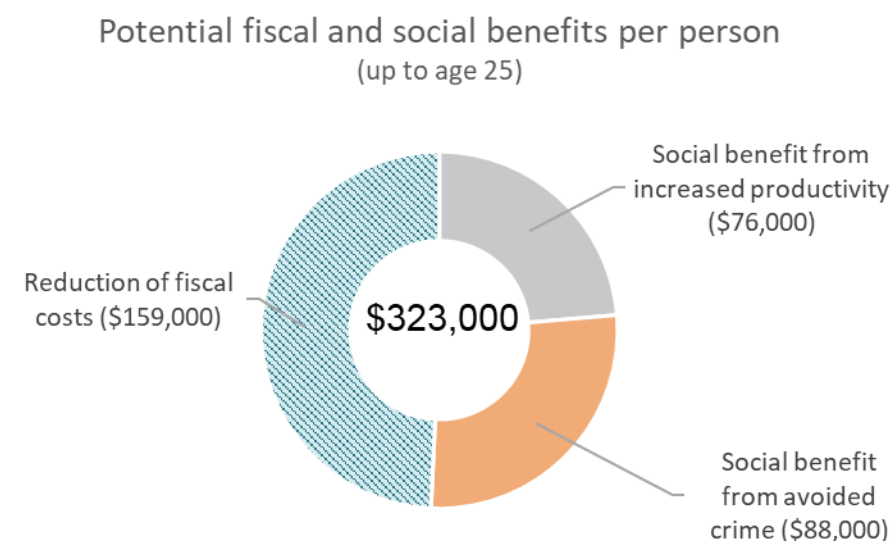
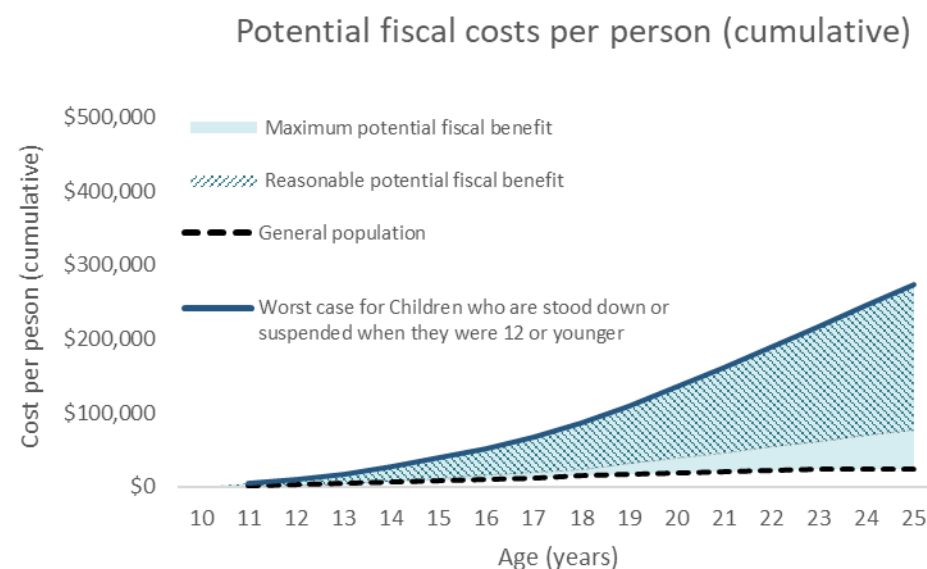
2,920 fewer of the cohort committing non-violent offences at age 16

330 fewer of the cohort experiencing violent crime at age 16

Regional distribution



Improved outcomes could avoid fiscal costs and generate wider societal benefits



Children in Alternative Education

Early intervention could support better outcomes

This group is more likely to have

- conduct and hyperactivity problems,
- experience depression and anxiety,
- self-harm and attempt suicide.

They are also less likely to:

- Have any qualifications and
- Be employed in early and mid-adulthood.

Getting children and youth referred to alternative education, could lead up to the following per year:



60 more people enrolled in compulsory schooling at age 16

350 more people enrolled in tertiary education at age 18



50 more people in employment at age 21



50 fewer people committing violent offences at age 16

640 fewer people committing non-violent offences at age 16

40 fewer people experiencing violent crime at age 16

Regional distribution

High count region
Far North District:
n=42, 3.9%

High proportion
Kaipara District:
n=15, 5.3%

High count region
Hamilton City:
n=60, 2.5%

High proportion
Whanganui District:
n=33, 4.9%

High count region
Whangarei District:
n=42, 3.0%

High proportion
South Waikato District:
n=18, 5.2%

High count region
Hastings District:
n=42, 3.3%

High proportion
Masterton District:
n=15, 4.1%

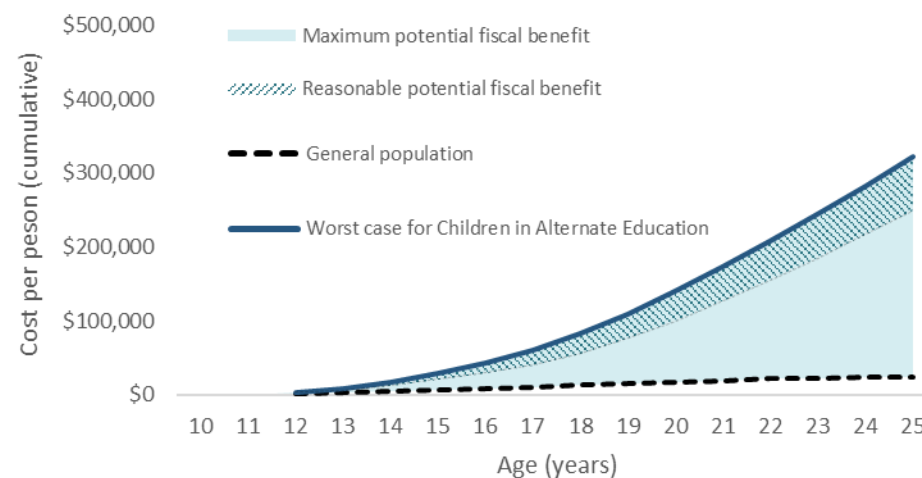
High count region
Christchurch City:
n=72, 1.5%

High proportion
Gore District:
n=9, 5.0%

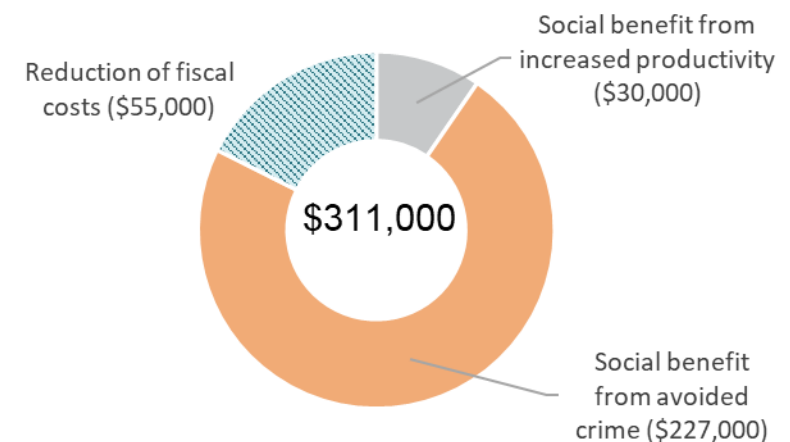
National cohort size in 2023: 975

Improved outcomes could avoid fiscal costs and generate wider societal benefits

Potential fiscal costs per person (cumulative)



Potential fiscal and social benefits per person (up to age 25)



Children who were diagnosed with ADHD when they were 16 or younger

Early intervention could support better outcomes

Regional distribution

Recent IDI analysis shows people with ADHD are around 4 times more likely to criminally offend, 2.6 times more likely to have long term reliance on the benefit, 2.6 times more likely to have 1 or more stand downs, and 1.4 times less likely to achieve NCEA Level 2.

Getting children with ADHD on a different trajectory, could lead up to the following per year:



90 more of the cohort in compulsory schooling at age 16



700 more of the cohort enrolled in tertiary education at age 18

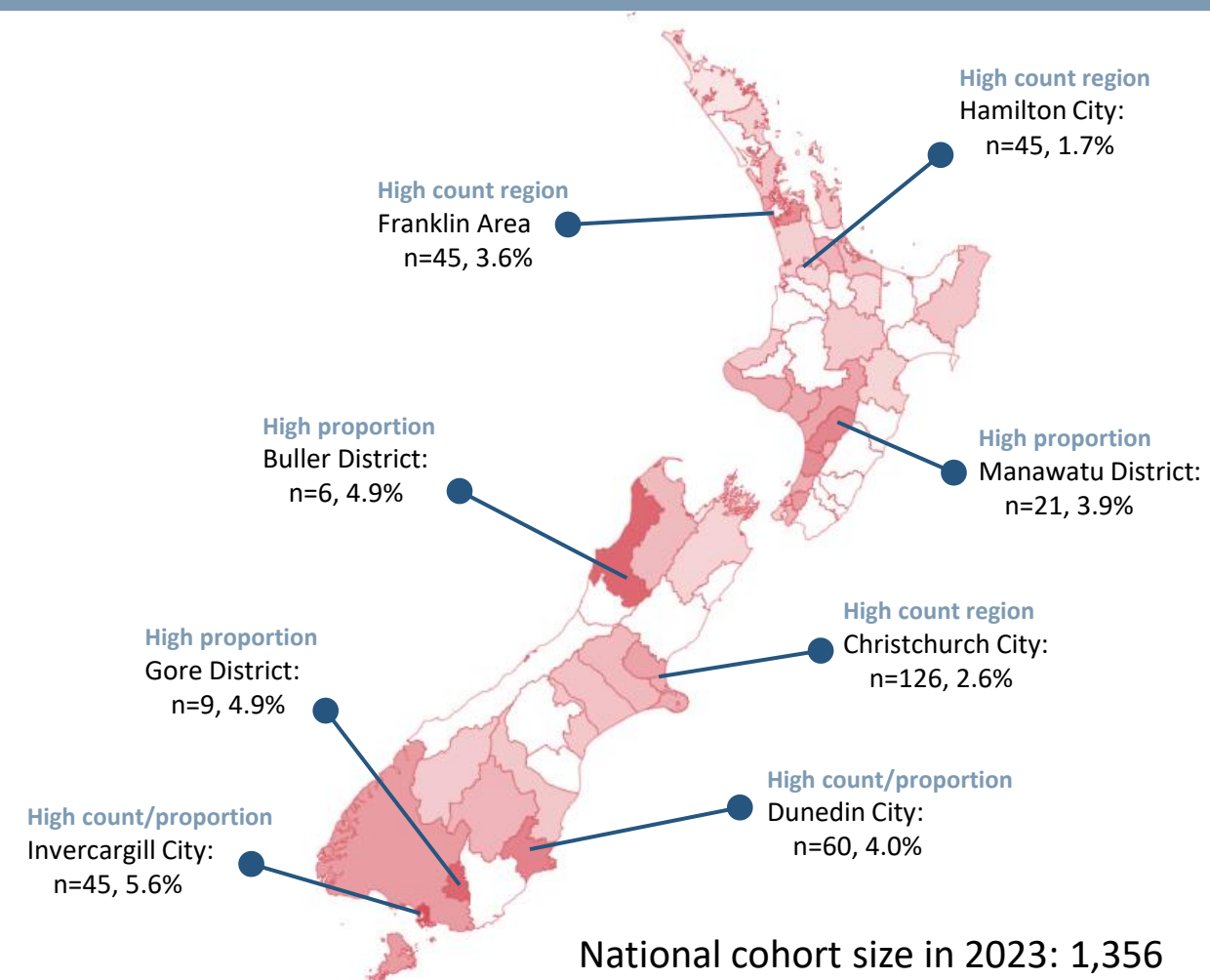


250 more of the cohort in employment at age 21

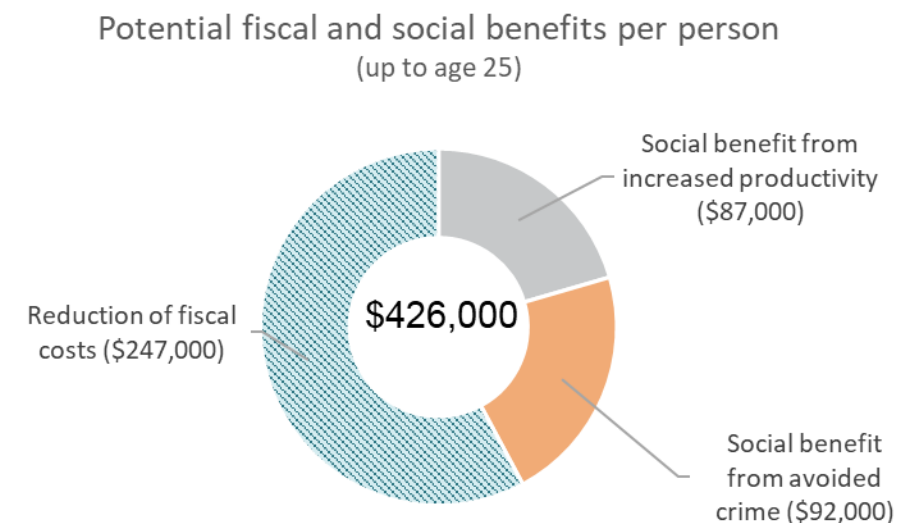
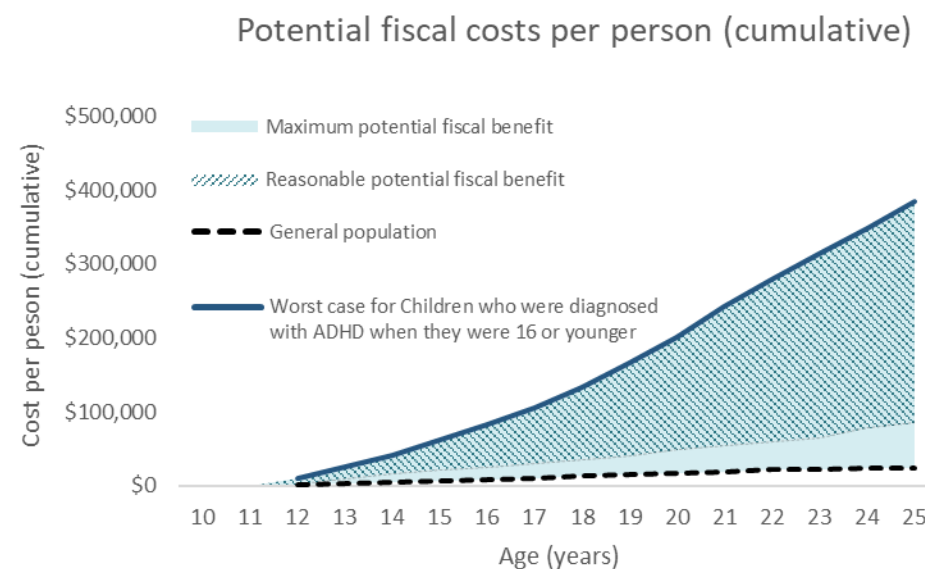
110 fewer of the cohort committing violent offences at age 16

630 fewer of the cohort committing non-violent offences at age 16

80 fewer of the cohort experiencing violent crime at age 16



Improved outcomes could avoid fiscal costs and generate wider societal benefits



Youth transitioning out of care and youth justice

Early intervention could support better outcomes

Previous analysis (in 2019) shows that this group is between 20 and 80 times more likely to be involved in serious offending, 12 to 30 times more likely to access substance abuse services, between nine and 20 times more likely to be involved in low-level offending, five to seven times more likely to be on a benefit, three to seven times more likely to access mental health services, and half as likely to achieve a tertiary qualification. The Transition Support Service supports this cohort, though the evaluation of this service indicates that housing remains a barrier.

Getting youth transitioning out of care and youth justice on a different trajectory, could lead up to the following per year:



10 more of the cohort in compulsory schooling at age 16
160 more of the cohort enrolled in tertiary education at age 19

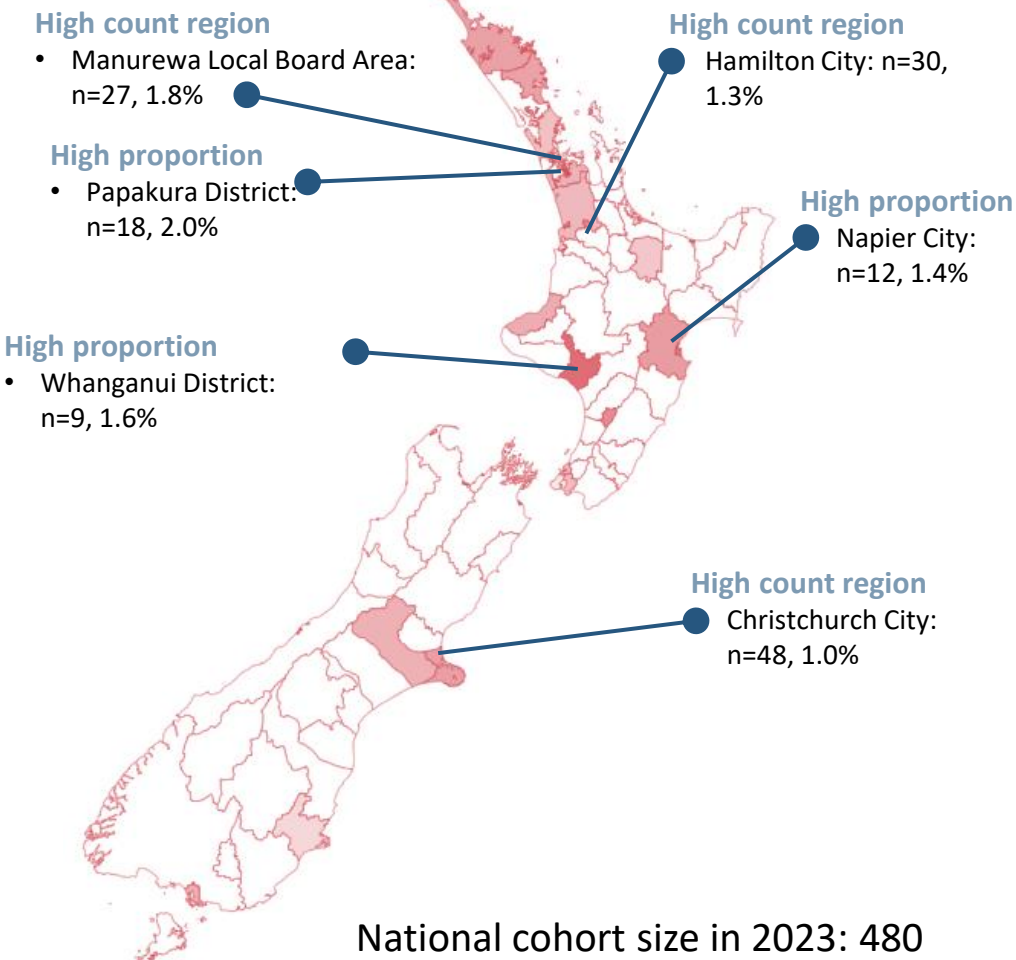


130 more of the cohort in employment at age 21

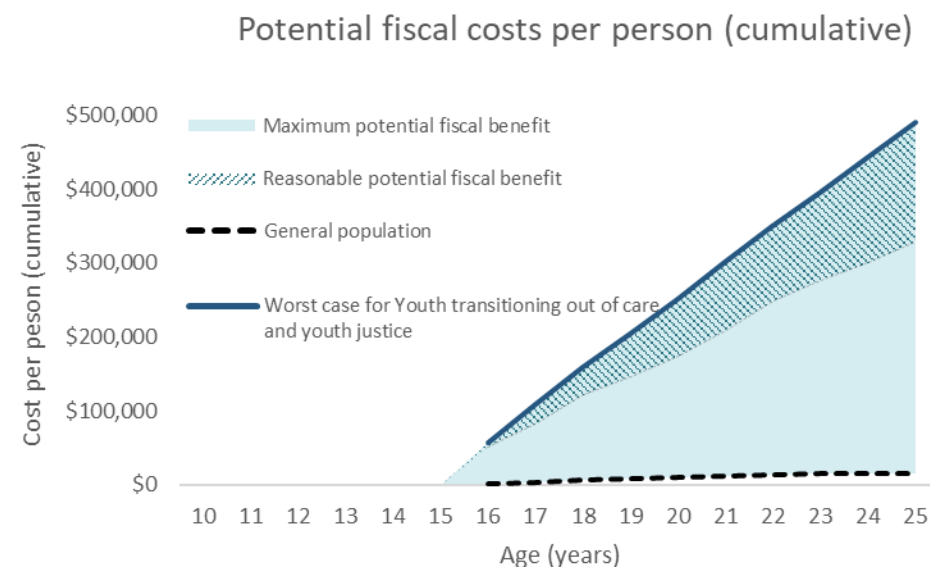


200 fewer of the cohort committing violent offences at age 16
810 fewer of the cohort committing non-violent offences at age 16
30 fewer of the cohort experiencing violent crime at age 16

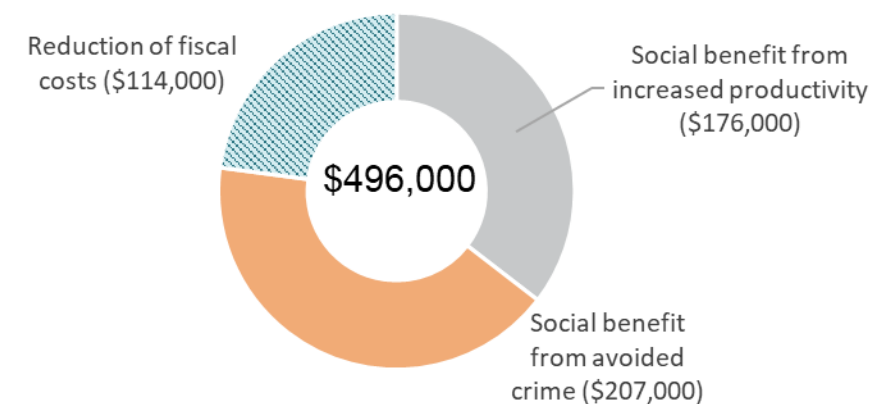
Regional distribution

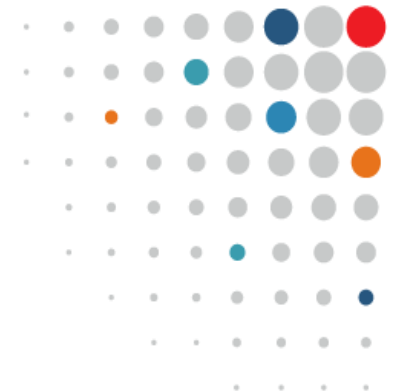


Improved outcomes could avoid fiscal costs and generate wider societal benefits



Potential fiscal and social benefits per person (up to age 25)





IDI disclaimer

These results are not official statistics. They have been created for research purposes from the Integrated Data Infrastructure (IDI) which is carefully managed by Stats NZ. For more information about the IDI please visit <https://www.stats.govt.nz/integrated-data>.

The results are based in part on tax data supplied by Inland Revenue to Stats NZ under the Tax Administration Act 1994 for statistical purposes. Any discussion of data limitations or weaknesses is in the context of using the IDI for statistical purposes, and is not related to the data's ability to support Inland Revenue's core operational requirements.

Access to the data used in this study was provided by Stats NZ under conditions designed to give effect to the security and confidentiality provisions of the Data and Statistics Act 2022. The results presented in this study are the work of the author, not Stats NZ or individual data suppliers.