



7 AUG 2018

Dear [REDACTED]

On 18 June 2018, you emailed the Ministry requesting, under the Official Information Act 1982, information relating to the Individual Placement and Support (IPS) Prototype and the Five Principles of Government Procurement.

For the sake of clarity, I will address each of your questions in turn.

- 1. With reference to The Five Principles of Government Procurement (please refer to the Government Rules of Sourcing) how did the Ministry of Social Development meet the second principle, Be Fair To All Providers, within the IPS Prototype procurement?*

The Ministry of Social Development (the Ministry) believes the Five Principles of Government Procurement, including the second principle, have been met as the Ministry applied Rule 13.3 of the Government Rules of Sourcing to opt-out of procurement. The Ministry purchased a service from a Public Service Department, Waitemata District Health Board, and consented to a Provider sub-contracting employment specialists for the provision of the prototype.

In 2016 the Ministry received a proposal from the Waitemata District Health Board (DHB) with a case to implement an IPS service in New Zealand, to support people with severe mental health to find and stay in work.

Their proposal was unique and represented value for money; an IPS service was not readily available in the market place and the proposal aligned with the Government's priorities at the time, namely to:

- increase investment in the mental health cohort,
- provide more support to the health and disability cohort to get them into sustainable work and off a benefit, and
- employ a cross-agency integrated approach to create a more effective service and better experience for clients, as well as efficiencies and savings for the government.

Through Budget 2017, the Ministry received funding of \$4.106 million to partner with Waitemata DHB and Odyssey House Christchurch, two providers who were ready to implement the IPS service. These initiatives provide a spread across people with severe to mild/moderate mental health conditions and in secondary and community settings.

- 2. On what grounds did the Ministry of Social Development opt-out of a procurement process for the IPS Prototype in Waitemata DHB?*

The Ministry purchased a service from Waitemata District Health Board. As such the Ministry applied Rule 13.3, (opt-out procurement between government agencies) of the Government Rules of Sourcing to opt-out of procurement.

- 3. On what grounds did the Ministry of Social Development exempt itself from openly advertising of the IPS Prototype?*

The IPS service with Waitemata DHB will begin as a small scale prototype over a nine month period, supporting up to 50 people aged 18-35 with severe mental health conditions who access mental health through Waitemata DHB.

A prototype enables the Ministry to first test the feasibility of the service in implementation and an opportunity to use the learnings of what is working and what needs to be improved to inform the development of a full trial.

The Ministry applied Rule 15.9.e of the Government Rules of Sourcing; a valid exemption from open advertising through the purchase of a 'prototype' for research/study in which the Ministry intends to carry out field tests and incorporate the findings before an intended expansion to a full trial.

- 4. Please provide any internal policies, principles, rules or guidelines used by the Ministry of Social Development to make its decisions to opt-out of a competitive procurement process and exempt itself from openly advertising the IPS Prototype.*

As previously stated above, the Ministry applied Rule 13.3, an opt-out procurement between another government agency to purchase goods/services or works from each other, and Rule 15.9e of the Government Rules of Sourcing, a valid exemption from open advertising through the purchase of a 'prototype' for research/study in which the Ministry intends to carry out field tests and incorporate the findings before an intended expansion to a full trial.

- 5. What is the total value of the IPS Prototype?*

The total value of the revenue contract between the Ministry and Waitemata DHB for the purposes of this prototype is between \$180,000 and \$220,000. The exact value of Waitemata DHB's contracts with the Ministry and Workwise is withheld under section 9(2)(b)(ii) of the Official Information Act as if released, it would be likely to prejudice the commercial position of the person who supplied or who is the subject of the information. The greater public interest is in ensuring that the commercial position can be maintained.

- 6. What is the expected total whole-of-life value of the larger study to be established between the Ministry of Social Development and Waitemata DHB?*

The expected total whole of life value of the full trial to be established between MSD and Waitemata DHB is \$2.23 million (inclusive of the total value of the prototype and evaluation costs).

As part of Budget 2017 the Ministry received funding of \$4.106 million. This funding provides 1000 places over four years across the two regions (Auckland and Christchurch) to support clients with mental health conditions to improve their mental health and find and maintain employment. Employment services will be delivered within mental health or primary care settings, avoiding the need for people to navigate multiple systems.

7. *What are the Ministry of Social Development's future plans and/or intentions for the IPS development following the IPS Prototype and larger study? What is the expected total whole-of-life value of these future plans and/or intentions?*

A requirement of the Budget 2017 funding process was that the initiative should be evaluated as it is implemented with a focus on understanding and demonstrating effectiveness in improving outcomes. Through the prototype, the Ministry will analyse the effectiveness of the IPS service to help develop and improve the services provided to people with mental health conditions.

The overall evaluation work programme is to understand the impact of IPS when delivered in a New Zealand setting. The Ministry intends to use the findings from the evaluation to determine whether IPS should be expanded further, and capture lessons learned that can be used for future initiatives within the wider mental health and supported employment sector.

An evaluation report of the prototype will be available in early 2019 which will provide insight into what is working and where improvements can be made. These findings will be used to inform the Ministry's intended expansion to a full trial for up to 500 people over the remaining four year period. The Ministry and Waitemata DHB are committed to publishing the evaluation report in full.

Before expansion to trial, there will be an opportunity for expansion to the wider mental health supported employment sector to participate as a provider of the supported employment service in collaboration with the Waitemata DHB. It is expected that a request for proposal will be advertised on the Government Electronic Tenders Service (GETs) by the Waitemata DHB for the trial period; ensuring to align with the Government Rules of Sourcing. The learnings and evidence from the full trial study will also help inform future directions.

8. *Please provide meeting agendas and minutes that includes the procurement or optout procurement, and/or includes Workwise or the Wise Group (including Wise Management Services).*
9. *Please provide copies of any communication that includes the procurement or optout procurement, and/or includes Workwise or the Wise Group (including Wise Management Services).*

The Ministry does not hold any information relating to meeting agendas and minutes or communications that include the procurement or opt-out procurement, and/or includes Workwise or the Wise Group (including Wise Management Services). The decision to subcontract with Workwise for them to provide the IPS Prototype service was made by Waitemata DHB, and as such, the Ministry does not hold any information regarding this decision. As such, your request is refused under section 18(g) of the Official Information Act as the information you have requested is not

held by the Ministry and I have no grounds to believe that the information is held by another department or Minister of the Crown or organisation.

Please note, the Ministry has not transferred your request to Waitemata DHB as we are aware you have also made a duplicate request to the DHB.

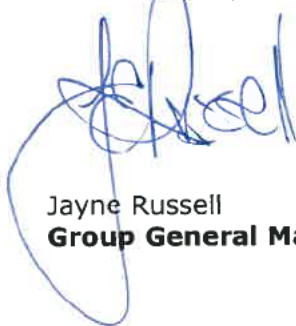
- to create greater openness and transparency about the plans, work and activities of the Government,
- to increase the ability of the public to participate in the making and administration of our laws and policies and
- to lead to greater accountability in the conduct of public affairs.

This Ministry fully supports those principles and purposes. The Ministry therefore intends to make the information contained in this letter and any attached documents available to the wider public shortly. The Ministry will do this by publishing this letter on the Ministry of Social Development's website. Your personal details will be deleted and the Ministry will not publish any information that would identify you as the person who requested the information.

If you wish to discuss this response with us, please feel free to contact [OIA\\_Requests@msd.govt.nz](mailto:OIA_Requests@msd.govt.nz).

If you are not satisfied with this response, you have the right to seek an investigation and review by the Ombudsman. Information about how to make a complaint is available at [www.ombudsman.parliament.nz](http://www.ombudsman.parliament.nz) or 0800 802 602.

Yours sincerely



Jayne Russell  
**Group General Manager, Client Experience and Service Design**