

Report



MINISTRY OF SOCIAL
DEVELOPMENT
TE MANATŪ WHAKAHIAATO ORA

Date: 30 September 2024 **Security Level:** BUDGET SENSITIVE

To: Hon Louise Upston, Minister for Social Development and Employment

Reference: REP/24/9/906

Draft MSD Performance Plan and policy savings

Purpose

- 1 You requested to see a copy of the draft MSD Performance Plan on 30 September 2024 before submission to the Treasury on 17 October 2024. This report includes a copy of the draft Performance Plan, along with a summary of further work undertaken to support development of policy savings options.

Recommended actions

It is recommended that you:

- 1 **note** the attached draft Performance Plan (Appendix One)
- 2 **note** that slide 4 of the Performance Plan template titled: *Managing within baselines: Current and Future drivers*, was discussed at your meeting with officials on 9 September 2024, and submitted to the Treasury on 12 September 2024.
- 3 **indicate** whether you would like to discuss your feedback on the draft Performance Plan with MSD officials prior to submission to the Treasury on 17 October 2024

Yes / No

- 4 **note** that MSD has also been considering policy changes that may result in cost savings, and we expect to be able to update you in the next month.
- 5 **note** that policy changes are a component of our plan to manage cost pressures

- 6 **note** MSD will provide detailed advice by the end of October 2024 related to the following three areas of Jobseeker Support settings:

6.1 age of eligibility for Jobseeker Support

6.2 s9(2)(f)(iv)

6.3

- 7 **note** that advice at the end of October will provide an indication of potential savings across these areas alongside implementation considerations

- 8 **note** that implementation of Jobseeker Support proposals will need to be balanced against other Ministerial priorities, s9(2)(f)(iv)

- 9 **note** that MSD will also provide you with advice at the end of October on the potential for social security agreements (SSAs) s6(a)



Sacha O'Dea
Deputy Chief Executive, Strategy and Insights

30/9/24

Date



Hon Louise Upston
Minister for Social Development and Employment

20/10/24

Date

Draft Performance Plan

- 2 MSD is required to complete and submit a draft Performance Plan to the Treasury. The Performance Plan brings together information which demonstrates how MSD will achieve results while managing within fixed baseline funding over the forecast period, including associated risks and opportunities for improving fiscal sustainability.
- 3 The Performance Plan is developed using an iterative process set out by the Treasury. Two check-ins with the Treasury are planned as part of this process.
- 4 Check-in One required MSD to submit slide 4 of the Performance Plan template titled: Managing within baselines: Current and Future drivers, along with:
 - 4.1 the associated data to support this
 - 4.2 a summary of MSD's approach and timeline to developing the Performance Plan
 - 4.3 any early insights and emerging challenges including where additional support from Central Agencies may be useful.
- 5 The information for Check-in One was discussed at your meeting with officials on 9 September 2024, and submitted to the Treasury on 12 September 2024.
- 6 For Check-in Two, MSD is required to submit a full draft of the Performance Plan to the Treasury on 17 October 2024. As part of this check-in, the Treasury will be interested in understanding:
 - 6.1 any barriers to getting the Performance Plan completed and/or signed off by the Responsible/Lead Minister
 - 6.2 the aggregate level challenges which may impact Budget 2025.
- 7 You requested to see a copy of the draft MSD Performance Plan on 30 September 2024 before submission to the Treasury on 17 October 2024. This report includes a copy of the draft Performance Plan, attached as Appendix One.

Potential areas for Jobseeker Support cost savings proposals

- 8 As indicated in advice provided at the beginning of September [REP/24/9/825], MSD is developing options for potential cost savings proposals related to Jobseeker Support settings and to support the Jobseeker Reduction target.
- 9 MSD have considered potential options for Jobseeker Support cost savings proposals using the 'five levers' framework. This framework helps us to think

about a range of changes to welfare settings to achieve desired outcomes. It identifies five core levers that affect different elements of client access to, and behaviour in the benefit system, where each lever can be pulled in respect of a particular outcome. The five levers include:

Lever	Example
Gateways	Eligibility criteria and eligibility conditions
Obligations and Sanctions	Requirements to seek, prepare for or accept suitable employment and consequences for not meeting these requirements.
Financial incentives to work	The rate of benefit relative to in-work incomes and other financial assistance, abatement regimes, incentive payments.
Case management style and allocation	Cohorts for case management and ratio of case managers to clients.
Services	Non-case management interventions

- 10 Recent changes to the welfare system to support the Jobseeker Support Reduction target have focused on changes to the Obligations and Sanctions and the Case Management levers. MSD considers that policy proposals related to the Jobseeker Support Gateway will have the biggest impact in terms of potential savings and support for the Jobseeker Support target.
- 11 MSD have identified three areas that we will provide detailed advice on by the end of October. These areas represent broad settings related to entry onto Jobseeker Support and options related to these areas are likely to have the greatest contribution to the Jobseeker Support target. These areas include:
 - age of eligibility for Jobseeker Support
 - s9(2)(f)(iv)
 - [REDACTED]
- 12 Alongside reducing the numbers of Jobseeker Support grants, these areas will also likely contribute to reduced costs to Government. However, while there may be savings as a result of reduced number of Jobseeker Support grants, advice will consider flow on impacts to other areas of MSD administered support and other areas of Government.
- 13 Implementation of Jobseeker Support proposals would need to be balanced against existing items on the work programme other priority initiatives and may require trade-offs. Due to the nature of these change, most proposals

are likely to require primary legislation amendment and therefore will be dependent on availability of House time. Realisation of savings will be dependent of when changes can be implemented.

- 14 These proposals would sit alongside cost savings related to housing – and advice will continue to go to Housing Minister's on those matters.

- 15 We have previously advised you that we can provide further advice [REP/24/7/655 refers]. We are not in a position to progress for Budget 2025 timing; however, we can provide you with advice by mid-2025

MSD is also looking at social security agreements

- 16 MSD is currently working through a range of considerations in response to your request for advice

- 17 We are working through these issues in more detail and will provide you with advice by the end of October.

Next steps

- 18 Subject to your feedback, MSD will finalise and submit the draft MSD Performance Plan to the Treasury on 17 October 2024. MSD will also provide you with an update on policy savings options by the end of October.

Appendices

- Appendix One: Draft MSD Performance Plan

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