

# Report



MINISTRY OF SOCIAL  
DEVELOPMENT  
TE MANATŪ WHAKAHIATO ORA

**Date:** 1 November 2024 **Security Level:** BUDGET SENSITIVE  
**To:** Hon Louise Upston, Minister for Social Development and  
Employment  
**File Reference:** REP/24/10/982

## Budget 2025 – Performance Plan and Savings Overview

### Purpose of the report

- 1 The purpose of this report is to:
  - seek your approval of the following documents ahead of submission to the Treasury/Minister of Finance on 7 November 2024:
    - the Ministry of Social Development's (MSD) main Performance Plan
    - the separate draft Disability Support Services (DSS) Performance Plan
    - a Performance Plan submission letter addressed to the Minister of Finance
  - provide you with MSD's initial Budget 2025 Savings Overview based on work to date, for discussion at your Officials' meeting on 4 November 2024.

### Recommended actions

It is recommended that you:

- 1 **note** this report provides you with advice about both MSD's Performance Plan and MSD's Budget 2025 Savings Overview

*Performance Plan*

- 2 **note** that agencies are required to submit final Performance Plan templates, approved by the Responsible or Lead Minister, to the Treasury on 7 November 2024
- 3 **note** that we have prepared the following documents:
- MSD's main Performance Plan (attached as Appendix One)
  - a separate draft Performance Plan for the DSS portfolio (attached as Appendix Two)
  - a draft Performance Plan submission letter addressed to the Minister of Finance (attached as Appendix Three)
- 4 **discuss** the draft DSS Performance Plan at your Officials' meeting on 4 November 2024
- 5 **discuss** the Performance Plan submission letter at your Officials' meeting on 4 November 2024
- 6 **approve** the final version of MSD's main Performance Plan for submission by 7 November 2024
- Yes / No
- 7 **approve** the draft version of the DSS Performance Plan for submission by 7 November 2024
- Yes / No
- 8 **note** we will continue to work on the DSS draft plan and incorporate any changes you may discuss at your Officials' meeting, ahead of submission to the Treasury on 7 November 2024
- 9 **note** that MSD will prepare an updated DSS Performance Plan, for approval and submission, in the first quarter of 2025 (ahead of final Budget decisions)
- 10 **sign** the Performance Plan submission letter addressed to the Minister of Finance (subject to your amendments) by 7 November 2024
- Yes / No

*Savings Overview*

- 11 **note** that MSD previously provided you with advice on a Budget 2025 strategy on 21 August 2024 (REP/24/8/776 refers)
- 12 **note** that MSD has since developed an initial Budget 2025 Savings Overview for Vote Social Development based on work to date (attached as Appendix Four), for discussion at your Officials' meeting on 4 November 2024

- 13 **note** that we are also providing you with separate advice on Policy savings options (REP/24/10/983 refers)
- 14 **note** we understand that the Minister of Finance will be issuing Budget 2025 invitation letters to Ministers in the coming weeks, and the Treasury will provide detailed guidance to agencies – we will provide you with further advice when these are received.



Sacha O'Dea  
Deputy Chief Executive  
Strategy and Insights

11/11/24

Date



Hon Louise Upston  
Minister for Social Development and Employment

22/11/24

Date

## Performance Plan

### ***Agencies are required to submit final Performance Plan templates to the Treasury on 7 November 2024***

- 2 As part of the Performance Plan process, MSD provided you with a draft Performance Plan template on 30 September 2024 (REP/24/9/906 refers). This template was discussed at your Officials' meeting on 14 October 2024, and was submitted to the Treasury as part of Check-in Two on 17 October 2024.
- 3 Agencies are required to submit final Performance Plan templates, approved by the Responsible or Lead Minister, to the Treasury on 7 November 2024. We have attached the final version of MSD's main Performance Plan as Appendix One for your approval.
- 4 In line with the Treasury's guidance, we have updated the Performance Plan to reflect our October Baseline Update (OBU) submission so that Ministers have the latest data at hand. As OBU will not be confirmed until mid-November, the Performance Plan is based on the submitted OBU letter.
- 5 In addition, we have made other minor improvements, and have also updated the FTE information to reflect 30 September data.

### ***Draft Disability Support Services Performance Plan***

- 6 In addition to MSD's main Performance Plan, we have prepared a separate draft plan for the DSS portfolio. This is attached as Appendix Two for discussion at your Officials' meeting on 4 November 2024.
- 7 Whilst the Treasury's assessment of MSD's main Performance Plan at Check-in Two was "on-track", MSD has not had sufficient time to develop a final DSS plan before the Treasury's 7 November 2024 deadline, given:
  - MSD is still in the discovery phase with DSS, and
  - there are still significant policy decisions to be taken by Cabinet.
- 8 MSD has, however, included key impact areas for DSS in the draft plan (as requested by the Treasury). Note that the performance framework for DSS is yet to be developed (including the outcomes measures), so the measures outlined in the key impact areas are therefore from the Estimates.
- 9 We will continue to work on this plan and incorporate any changes you may discuss at your Officials' meeting, ahead of submission to the Treasury on 7 November 2024.
- 10 We recommend that the DSS plan be submitted as a draft at this stage, to then be updated in the first quarter of 2025, ahead of final Budget decisions. We have discussed this with the Treasury, and they are broadly supportive of this approach.

## ***Performance Plan Submission Letter to the Minister of Finance***

- 11 MSD has prepared a draft Performance Plan submission letter to the Minister of Finance. This is attached as Appendix Three for discussion at your Officials' meeting on 4 November 2024.

## ***Next Steps***

- 12 Upon your approval, MSD will submit the Performance Plans to the Treasury on 7 November 2024. It is recommended that you also provide the Performance Plan submission letter to the Minister of Finance.
- 13 Following this submission, the Performance Plan will go through a Central Agency assessment through November and December 2024. After this assessment, the Performance Plans will be provided to the Cabinet Expenditure and Regulatory Review Committee (EXP).

## **Budget 2025 Savings Overview**

### ***Background***

- 14 The Treasury have reiterated that the challenging fiscal and economic environment means that most agencies will have to manage cost pressures by reprioritising within baselines.
- 15 The Minister of Finance has set out her expectation that the Government take a careful approach that delivers value for money from very limited spending. Savings will be a continued feature of this year's Budget and will include savings options to be returned to the centre, rather than being available for internal reprioritisation.
- 16 MSD previously provided you with advice on a Budget 2025 strategy on 21 August 2024 (REP/24/8/776 refers). MSD's strategy for Budget 2025 includes:
  - Securing funding for Ministerial priorities
  - Securing funding for the Te Pae Tawhiti Programme (TPT)
  - Maintaining funding for employment and managing MSD's cost pressures and gap due to declining baseline
  - Contributing savings as part of the fiscal sustainability programme.
- 17 Ensuring sufficient funding for Disability Support Services is also a key priority.
- 18 Since our previous advice, we have developed an initial overview of savings for Vote Social Development to support Budget 2025, the Performance Plan and the TPT investment work. The Budget 2025 Savings Overview is attached as Appendix Four, for discussion at your Officials' meeting on 4 November 2024.



19 The Savings Overview sets out the following four sources of savings based on work to date, including decisions that were made during Budget 2024, as well as work which is currently underway or planned:

- Invest to save
- Policy choices
- s9(2)(f)(iv)
- Ad-hoc savings.

20 s9(2)(f)(iv)

21 The Savings Overview also includes a summary of potential policy savings. We have provided you with separate advice regarding these options (REP/24/10/983 refers).

### **Next Steps**

22 The Treasury has indicated that we can expect the Minister of Finance to issue Budget 2025 invitation letters to Ministers in the coming weeks, along with the Treasury's guidance and initiative templates to agencies. As in previous years, initiative submissions will be due in December. We will provide further advice when the invitation letter and guidance are received.

### **Appendices**

Appendix One – MSD's Performance Plan

Appendix Two – Draft Disability Support Services Performance Plan

Appendix Three – Performance Plan Submission Letter

Appendix Four – Initial Budget 2025 Savings Overview

File ref: REP/24/10/982

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