

Report



**MINISTRY OF SOCIAL
DEVELOPMENT**
TE MANATŪ WHAKAHIATO ORA



Date: 22 August 2024 **Security Level:** In Confidence
To: Hon Louise Upston, Minister for Child Poverty Reduction
File Reference: REP/24/8/758

Positioning the Child and Youth Strategy as an Investment framework

Purpose of the report

- 1 You have indicated your intention to position the Child and Youth Strategy (the Strategy) as a framework and mechanism to facilitate prioritised, coordinated, evidence-based investments to improve outcomes for children and young people, in line with Government priorities.
- 2 This briefing provides advice and seeks direction on key elements of the Strategy as an investment framework to achieve these objectives, which are closely aligned with the objectives of the Government's social investment approach.

Executive summary

- 3 In broad terms, the purpose of an investment framework or strategy is to support best use of resources by prioritising, planning and effectively organising work in complex areas. This aligns well with the purpose of the Strategy, and your intention that it to identify a small number of priority areas that address common risk factors and key intervention points across the life course.
- 4 Social investment is one aspect of the Strategy as an investment framework. The Strategy can provide a vehicle to apply the social investment approach to the priorities, including informing cross-government efforts to improve the impact of investments for children and young people.
- 5 The Minister for Social Investment has clarified that social investment is the consistent, rigorous, and systematic application of data and evidence to improve the impact of social sector spend, and identified the elements that

form the build blocks of social investment. § 9(2)(f)(iv)

6 § 9(2)(f)(iv)

- 7 It is common practice for public sector investment frameworks to identify investment principles. The adoption of a set of investment principles for the Strategy could help give effect to the policy and child-related principles in the legislation, which you (as responsible Minister) are required to have regard to when adopting or changing the Strategy.
- 8 In practical terms, we consider that the Strategy provide an effective framework to guide investment if it: focuses cross-government efforts on a small number of priority areas; drives a data and evidence-based approach to informing and targeting investment; specifies investment principles that are given due consideration; identifies the how it will give practical effect to the key elements of the Government's social investment approach, and measuring and reporting on progress towards identified outcomes.
- 9 We are seeking your feedback on a range of matters, including: the purpose and elements of the Strategy as an investment framework; whether you support the inclusion of investment principles in the Strategy; identified opportunities to build existing work to drive more effective investment; and whether you want the October Cabinet paper to seek agreement to the detailed aspects of the Strategy as an investment framework.
- 10 We would welcome the opportunity to discuss the contents of this briefing with you at our next officials meeting on 26th August. We recommend that you refer this briefing to the Minister for Social Investment for her information and consider meeting with the Minister to discuss the interface between the social investment approach and this work.

Recommended actions

It is recommended that you:

- 1 note** that you have previously indicated that you want to position the refreshed Child and Youth Strategy as an investment framework to drive a joined-up, evidence-based approach to action and investment in a small number of priority areas that sit across sectors and Ministerial portfolios

2 note that there is a high level of congruence between your intentions (as per recommendation 1), the key elements of public sector investment frameworks, and the Government's social investment approach

3 note that positioning the Strategy as an investment framework also provides a way of having regard to the policy and child-related principles in Part 1 of the Children's Act 2014

4 agree that the Strategy identify investment principles (as set out in Appendix 1) taking account of the social investment checklist developed by the Social Investment Agency, and the policy and child-related principles in the Children's Act 2014.

Agree / Disagree

5 agree that a key purpose of the Strategy as an investment framework is to provide a vehicle through which Ministers and agencies will apply elements of the social investment approach (as appropriate) and wider investment principles to the priorities established under the Strategy

Agree / Disagree

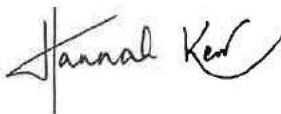
6 note that Child Wellbeing and Poverty Reduction Group officials are working closely with Social Investment Agency officials to ensure that approach to implementing the Strategy as an investment framework is effectively integrated with the social investment work programme that is currently under development

7 refer this briefing to the Minister for Social Investment and Finance, for information and discussion

Agree / Disagree

8 agree to discuss the content of this briefing at your next meeting with Child Poverty Reduction officials

Agree / Disagree



Hannah Kerr
Director, Child Wellbeing and Poverty
Reduction Group

21/08/2024

Date



Hon Louise Upston
Minister for Child Poverty Reduction

20240825

Date

Background

- 11 At our initial meeting with you when you took up the role of Minister for Child Poverty Reduction, you indicated that you wanted to position the Strategy as an investment framework to drive investment and joined up action across government to improve outcomes for children and young people.
- 12 We subsequently provided you with advice in December 2023 (DPMC-2023/24-569 refers) that the Strategy lends itself well to acting as an investment framework because it: establishes a strategic framework to align efforts across government; provides flexibility to identify more specific priorities and groups of children and young people on which to focus efforts; and requires measurement and reporting on progress towards outcomes.
- 13 We also noted the opportunity to use the Strategy to focus and coordinate government efforts to address common risk factors and key intervention points across the life course.
- 14 You discussed your proposal to use the Strategy as an investment framework at the 1 February meeting of the Child and Youth Ministerial Group. In a memo provided to support that discussion, you noted that you saw a role for the Strategy as a framework and mechanism to facilitate prioritised, coordinated, evidence-based investments to improve outcomes for children and young people, in line with Government priorities. You also identified the opportunity for the Child and Youth Ministerial Group to be a key mechanism for driving this approach, and for providing oversight and accountability.
- 15 Child Wellbeing and Poverty Reduction Group (CWPRG) officials have subsequently had discussions with the Social Investment Agency (SIA) about the interface between the Strategy as an investment framework, the Government's social investment approach, and other key processes that drive Government investment.
- 16 We are now seeking further direction on key elements of the Strategy as an investment framework. This will enable us to confirm this approach in your October paper to Cabinet, draft the relevant content of Strategy, and confirm any processes and mechanisms that may need to be established.
- 17 This advice sits alongside a briefing that seeks confirmation of the priorities for the Strategy and identifies in-principle focus areas within each priority which present opportunities for further work (including potential reprioritisation and investment) [REP/24/8/745 refers]. The supporting attachment (Attachment A) sets out how the refreshed Strategy is intended to function as a communications tool and investment framework.

What is the purpose and function of an investment framework?

- 18 We have looked at investment frameworks and investment strategies already in place in MSD and other agencies, to understand what an investment framework might include and how it is best given effect. Examples include MSD's Employment Investment Strategy for 2024 (due to be released shortly; see footnote 1 for link to previous employment investment strategy¹); Sport New Zealand's investment approach²; and the Tertiary Education Commission's Investment Framework for Learner (Delivery) Funds.³
- 19 In broad terms, we have determined that the purpose of an investment framework or strategy is to support best use of resources by prioritising, planning and effectively organising work in complex areas. In considering the best use of resources, we would note that this can include the allocation and reprioritisation of existing resources, as well as new investment (such as through Budget processes).
- 20 Common elements of public sector investment frameworks and strategies include:
- Government priorities for the area under consideration
 - core elements of the investment approach (e.g. decision-making and delivery approaches, funding mechanisms)
 - principles that will be applied when making investment decisions
 - target groups for investment
 - actions that are being progressed, and strategic actions that will be undertaken to support future investment (e.g. identification of information and service gaps and work to address these)
 - the outputs and outcomes sought, and
 - the approach to monitoring and reporting on progress and outcomes.
- 21 We would also note that an investment strategy or framework is different to an 'investment plan', which is a more detailed document with a high degree of specificity about the quantum and nature of investments that will be pursued or implemented to achieve a particular project, programme or deliverable.

¹ [investment-strategy-2022-to-2025-a3.pdf \(msd.govt.nz\)](https://msd.govt.nz/assets/Uploads/investment-strategy-2022-to-2025-a3.pdf)

² <https://sportnz.org.nz/resources/investment-approach/>

³ [Our investment framework for learner \(delivery\) funds | Tertiary Education Commission \(tec.govt.nz\)](https://tec.govt.nz/investment-framework-for-learner-delivery-funds)

The Strategy as an investment framework can help give effect to the Government's social investment approach

- 22 It will be important that the Strategy as an investment framework takes account of the Government's social investment approach. The Minister for Social Investment has clarified what social investment under this Government means. It is described as the consistent, rigorous, and systematic application of data and evidence to improve the impact of social sector spend.
- 23 A set of elements form the building blocks of social investment: clarity about the outcomes of interest; understanding the needs and characteristics of the populations being served; understanding the value and impact of current interventions; using evidence to inform further changes to the mix of interventions; commissioning and delivering differently; and monitoring and evaluating to understand effectiveness of interventions.⁴
- 24 The Minister for Social Investment has been invited to report back to Cabinet Social Outcomes Committee by 1 September 2024, with a work programme for how social agencies will implement social investment.

s 9(2)(f)(iv)

• s 9(2)(f)(iv)

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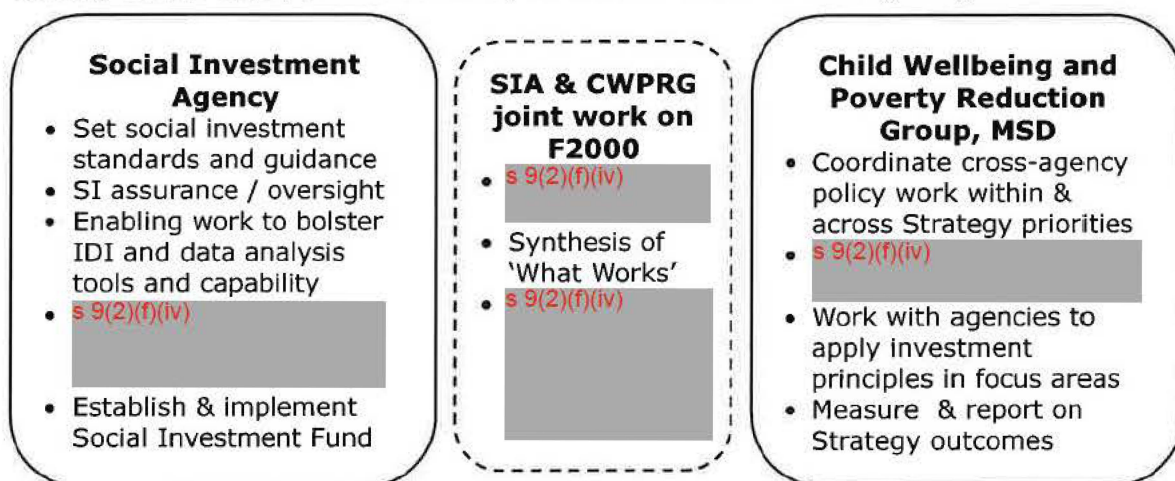
- 25 We see a high level of congruence between the key elements of public sector investment frameworks (as outlined in paragraph 20) and the elements of the social investment approach (as per paragraph 24). The Child and Youth Strategy provides a vehicle through which these elements can be applied in order to drive improved investment in key cross-cutting areas of child and youth policy.

⁴ From the Social Investment Checklist provided to Social Investment Ministers Group on 22 July.

⁵ s 9(2)(f)(iv)

26 s 9(2)(f)(iv)

- 27 There are a number of ways in which positioning the Strategy as an investment framework can add value to the Government's overarching social investment approach. It provides a statutory vehicle through which the social investment framework can be given effect, focusing on areas of spending that have the potential to significantly improve child and youth outcomes. Additionally, there are existing cross-agency coordination and oversight mechanisms in place through the Strategy, which can be used to support the application of the social investment approach.
- 28 Social investment is one aspect of an investment approach under the Strategy, and the SIA and CWPRG have distinct and complementary roles in taking these approaches forward, as shown in the following diagram:



The Strategy can provide a framework for investment in a number of key ways

- 29 There are a number of things that the Strategy needs to do to provide an effective framework for investment. It needs to give effect to your intentions to provide a prioritisation and coordination mechanism for evidence-based actions aimed at improving outcomes for children and young people. It also needs to help operationalise the Government's social investment approach and incorporate the core elements of public sector investment frameworks. Finally, the Strategy also needs to meet key legislative requirements under the Children's Act 2014 (the Act).

30 These considerations suggest that the Strategy as an investment framework should:

- identify a small number of priority areas that address common risk factors and key intervention points across the life course, and support wider government targets and objectives (***when and what to invest in***)
- use existing data analytics and insights (or outline further work) to identify groups of children and young people with greater needs or at risk of poor outcomes, as a basis for informing and targeting investment (***who to invest in***)
- set out principles that will inform investment decisions and have regard to the policy and child-related principles in the Act (***discussed further in paragraphs 33-37 below***)
- specify the ways in which the Government's social investment approach will be implemented under the Strategy, the types of interventions and approaches to funding and commissioning (***how to invest***)
- establish mechanisms for aligning and joining up efforts across government in these priority areas (***how investment is planned and coordinated***)
- identify how progress towards outcomes will be systematically measured and reported.

31 The specific ways in which the Strategy can address each of these elements is discussed in further detail below (see paragraphs 37-38).

32 We note that it is not the intention for the investment framework to be applied across all investment decisions relating to children and young people, but only to the three priorities identified in the Strategy. Each of the three priorities encompasses policies and interventions that sit across multiple Ministerial portfolios, sectors and agency responsibilities and would benefit from an agreed and coordinated investment approach.

We propose that the Strategy identify investment principles

33 As noted in paragraph 20, investment principles are often included in investment frameworks and strategies. Such principles can help inform investment and reprioritisation discussions and decisions by officials and Ministers. They are not intended to be binding or rigidly applied, but to establish an agreed set of considerations that will be taken into account as appropriate.

34 We asked stakeholders about investment principles as part of the targeted consultation process we undertook to support the refresh of the Strategy. Stakeholders identified areas that made for a successful investment

framework such as enabling investment in longer-term interventions, prioritising early years investment, investing directly in families, supporting innovation, and recognising investment may look different for iwi, hapū and whānau Māori and across different regions or communities.

- 35 The inclusion of investment principles in the Strategy may also help give effect to the policy and child-related principles in the legislation, which the responsible Minister is required to have regard to when adopting or changing the Strategy. There are three policy-related principles and three child-related principles in the Act as follows:

Policy-related principles⁶

- policies should be informed by evidence about their expected effectiveness in achieving the social and economic outcomes sought by the Strategy
- policies should prevent or minimise negative social outcomes and, if they do occur, should address them as early as possible
- the Government should evaluate the effectiveness of policies.

Child-related principles⁷

- children's intrinsic value and inherent dignity should be acknowledged:
 - children's rights in New Zealand law (including those derived from the UNCROC or the UNCRPD) must be respected and upheld:
 - children should be viewed in the context of their families, whānau, hapū, and iwi, other culturally recognised family groups, and communities.
- 36 We propose that the Strategy identifies investment principles that reflect the social investment checklist and the principles outlined in the legislation. A table of possible principles is provided in Appendix 1.

What does the Strategy need to include to operate as an investment framework?

- 37 In practical terms, positioning the Strategy as an investment framework means specifying the mechanisms the Government is putting in place to support a prioritised, coordinated evidence-based investment approach, and highlighting how these will be applied in relation to the priorities in the Strategy. Some of these mechanisms are being progressed through the social investment approach, and the Strategy can articulate how these apply with respect to the priorities. The Strategy can also identify other ways in which it will drive more effective investment aimed at improving outcomes for children and young people.

⁶ Section 6B of the Children's Act 2014.

⁷ Section 6C of the Children's Act 2014.

- 38 The following table identifies the key elements of the Strategy as an investment approach (as outlined in paragraph 30), wider work across government that is already happening in these areas, and further ways in which the Strategy can strengthen and add-value to this existing work.

Table 1: Key elements of Strategy as investment framework

Element of Strategy as Investment Framework	Relevant existing work	Opportunities for the Strategy to strengthen and complement existing actions
Identify a small number of priority areas that address common risk factors and key intervention points across the life course, and support wider government targets and objectives	<p>Three Government targets are specific to children and young people</p> <p>Other Government and portfolio targets are relevant for children and young people (e.g. reducing serious offending, housing, health targets)</p> <p>Child and youth-related supporting measures for some targets</p>	<p>Identification of three priority areas in the Strategy</p> <p>Intention to set new Child Poverty Related Indicators (CPRIs), aligned with Government targets</p> <p>Intention to make changes to child poverty targets and measures, to reduce complexity and ensure a primary focus on reducing material hardship</p>
Identify how progress towards outcomes will be systematically measured and reported	<p>Quarterly public reporting on progress on govt targets (and supporting measures), including those for children and young people</p> <p>Legislative requirements to report annually on child poverty, CPRIs and progress towards outcomes in the Strategy</p>	<p>Streamlined annual reporting on child poverty, CPRIs and the Strategy</p> <p>Monitoring and regular reporting to Ministers on key (and lead) indicators of progress in priority areas in the Strategy</p>
Use data and evidence to identify groups of children and young people with greater needs or at risk of poor outcomes	<p>Establishment of SIA, with central role in systematising use of data and evidence to inform policy and investment</p> <p>s 9(2)(f)(iv)</p>	<p>Identify population groups with greatest needs or risk of poor outcomes, and/or further work to identify and understand the needs of these groups</p> <p>s 9(2)(f)(iv)</p>

Set out principles that will inform investment decisions and have regard to principles in the Act	The legislation identifies policy-related and child-related principles the Minister must have regard to.	Identify principles that are aligned with and help give effect to the identified elements of the social investment approach (proposed)
Specify how the Government's social investment approach will be implemented under the Strategy	<div>§ 9(2)(f)(iv)</div> <div></div>	<div>A range of inputs(e.g. § 9(2)(f)(iv)</div> <div>data analytics and investment principles) are used to inform reprioritisation and investment in priority areas and identify areas for further work.</div> <div>§ 9(2)(f)(iv)</div> <div></div>
Establish mechanisms for aligning and joining up efforts across government in priority areas	Child and Youth Ministerial Group as key oversight, coordination mechanism Officials-level mechanisms	CWPRG leadership and coordination role in ongoing application of investment framework to Strategy priority areas <div>§ 9(2)(f)(iv)</div> <div></div> Clarify links to other Ministerial forums (e.g. Social Investment Ministers, Family Violence and Sexual Violence Ministers) (proposed)

Next Steps

39 We are seeking feedback on the contents of this briefing, including:

- whether the purpose and elements of the Strategy as an investment framework, as set out in this briefing, align with your expectations
- whether you support the inclusion of investment principles in the Strategy, and have any feedback on the principles outlined in Appendix 1

- which of the proposed opportunities identified in the table at paragraph 40 you wish officials to undertake further work on. We can then consider the process and timing of this further work
 - the extent to which you want the October Cabinet paper to address and seek agreement to the detailed aspects of the Strategy as an investment framework. One option would be to test these matters at the next meeting of the Child and Youth Ministerial Group (scheduled for 24 September).
- 40 We would welcome the opportunity to discuss the contents of this briefing with you at our next officials meeting on 26th August.
- 41 As noted above, there is a high level of congruence between the identified objectives and elements of the Government's social investment approach, and the Strategy as an investment framework. There is also close alignment between the priorities in the Strategy s 9(2)(f)(iv)
- Given these considerations, we recommend that you refer this briefing to the Minister for Social Investment for her information and consider meeting with the Minister to discuss the interface between the social investment approach and the Strategy as an investment framework.

Appendices

Appendix 1: Possible investment principles for the Child and Youth Strategy

Attachments

Attachment A: Child and Youth Strategy as a communications tool and investment framework

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Responsible manager: Hannah Kerr, Director, Child Wellbeing and Poverty Reduction Group

Appendix 1: Possible investment principles for the Child and Youth Strategy

Investment principle	Basis for this principle
Investment decisions are informed by government priorities and strategic context	<ul style="list-style-type: none"> • Key purpose of the Strategy is to set out the policies the government is implementing to improve child and youth outcomes
Investment decisions are informed by data and evidence	<ul style="list-style-type: none"> • Social investment checklist • Policy-related principle in Children's Act 2014
Where evidence is lacking, consideration is given to innovative approaches that will improve the evidence base	<ul style="list-style-type: none"> • Social investment checklist
Investment aims to deliver long-term value for money, taking into account wider benefits and costs to government and society	<ul style="list-style-type: none"> • Social investment checklist
Investment will improve outcomes for those children and young people who data and evidence identifies have the greatest needs and / or are at risk of poor long-term outcomes	<ul style="list-style-type: none"> • Social investment checklist • Children's Act 2014 requirement for Strategy to have a focus on improving outcomes for children with greater needs
Investments will seek to prevent and minimise negative outcomes for children and young people	<ul style="list-style-type: none"> • Policy-related principle in the Children's Act 2014 • Life-course approach as underpinning framework for the Strategy
Investment will provide opportunities for decision-making, design and delivery of services and interventions to occur at local and iwi level.	<ul style="list-style-type: none"> • Social investment checklist (delivering and commissioning differently)
Data and evidence will be used to monitor and evaluate the effectiveness of investment	<ul style="list-style-type: none"> • Social investment checklist • Policy-related principle in the Children's Act 2014
Investment to improve outcomes for children and young people will give due consideration to importance of family, whānau and community	<ul style="list-style-type: none"> • Child-related principle in the Children's Act 2014
Investment will seek to address disparities in outcomes	<ul style="list-style-type: none"> • Children's Act 2014 requirement for Strategy to address mitigating the impacts of socio-economic disadvantage
Investments respect and uphold the rights of children in NZ law and acknowledge their intrinsic value and inherent dignity	<ul style="list-style-type: none"> • Child-related principles in the Children's Act 2014

REFRESHED CHILD AND YOUTH STRATEGY

COMMUNICATIONS TOOL

What is its purpose?

- Enable the Government to tell a story about what it is doing for children and young people.
- Provide a child and youth lens over Government priorities and targets
- Provide transparency and accountability through measuring and reporting on progress / against targets.

What does it need to do?

- Plain English.
- Public-facing - easily understood by the public, who are the primary audience.
- Small number of key priority areas and actions.
- Streamlined measurement framework.
- Clear line of sight to Government Targets and sector-specific targets.

What does this mean for what is included?

INVESTMENT FRAMEWORK

- Provide a framework for cross-government decision-making
- Focus on investment:
 - *early in the life course*
 - *to build protective factors*
 - *to address early risk.*
- Guide Ministerial decision-making about re-prioritisation and new investment
- Support Government to partner with other funders around common investment priorities.

- Ministerial/agency-facing
- Provide guidance on:
 - *What* to invest in – key priority areas, areas of focus within priorities, system investment.
 - *Who* to invest in – demographics, persistent disadvantage, multiple risk factors, age cohorts, regions/localities.
 - *When* to invest – key development stages, emergence of early risk.
 - *How* to invest – whānau-centred approaches, powering up communities, social sector commissioning, agile implementation (test, monitor, adjust), role of Government investment/role of other investment.