




**MINISTRY OF SOCIAL
DEVELOPMENT**

TE MANATŪ WHAKAHIATO ORA

- 6 DEC 2016



On 8 November 2016 you emailed the Ministry  requesting, under the Official Information Act 1982, the following information:

- *A copy of the Ministry's briefing regarding the closure of the Kaiapoi Service Centre.*

The Ministry of Social Development is relocating the Kaiapoi Community Link Centre to the Rangiora Service Centre. A review has shown demand for face-to-face services at Kaiapoi is low – only around 12 hours a week. No jobs have been affected, with staff relocating to the Rangiora office.

The Ministry will provide a one-day-per-week transition service from the current site until January 2017. The service will serve as a temporary measure to help clients transition to the Rangiora Community Link, and will provide education and training about how clients can access services through other channels.

Enclosed is a copy of the report titled '*Reconfiguration of the XXXXX and Kaiapoi Service Centres*', dated 13 September 2016. Information not related to the Kaiapoi Service Centre has been removed as it is out of scope of your request, including the title of the document.

Some information is withheld under section 9(2)(ba)(ii) of the Act as, if released, 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.

Some information contained in the table on page six is withheld under section 9(2)(a) of the Act in order to protect the privacy of natural persons. The need to protect the privacy of these individuals outweighs any public interest in this information.

The principles and purposes of the Official Information Act 1982 under which you made your request are:

- 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 after ten working days. The Ministry will do this by publishing this letter and attachments 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.

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 or 0800 802 602.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Ruth Bound', with a large, stylized flourish at the end.

Ruth Bound

Deputy Chief Executive, Service Delivery



Report

Date: 13 September 2016

Security Level: IN CONFIDENCE

To: Hon Anne Tolley, Minister for Social Development

Reconfiguration and Kaiapoi Service Centres

Purpose of the report

- 1 This report provides you with information about our plans to close two small service centres in and Kaiapoi (Canterbury) on 30 November 2016.
- 2 This report includes information about the site, planned actions and timeframes related to the closure, and how we plan to communicate this and ensure that clients continue to have access to the services that they need.

Recommended actions

It is recommended that you:

- 1 **note** that the Ministry of Social Development (MSD) regularly makes decisions about how it allocates limited resources, to best provide effective and responsive services to clients through its network of regional sites, including reconfiguring and opening and closing sites when required

Yes / No
- 2 **note** that the needs of clients are central to these decisions, and that decisions are underpinned by a principle that all clients will continue to have access to the services they need, when they need them

Yes / No
- 3 **note** that MSD plans to close sites at Kaiapoi on 30 November 2016, and accommodate existing staff and services within the nearby Rangiora Service Centres

Yes / No
- 4 **note** that this decision follows the application of business principles that MSD has developed to determine whether/when a site closure or reconfiguration may be appropriate

Yes / No
- 5 **note** that both of these sites:
 - 5.1 are small, and are located relatively near to larger Service Centres (and Rangiora) with good public transport access
 - 5.2 provide limited services, which can already require clients with work obligations to travel to and Rangiora Services Centres

5.3 service a small number of clients, and are experiencing reducing demand, as most clients use the larger neighbouring service centres, and uptake of digital and telephone services continues to increase

6 **note** that closing these site is not expected to have an adverse effect on clients given the relatively low service demand, the close proximity of larger full-service sites, and the availability of alternative service options

Yes / No

7 **note** that the process to close these sites will include:

7.1 a short consultation with key internal stakeholders including: staff, the Public Services Association, and formal engagement and notification of key external stakeholders including: local MPs, Mayors, Beneficiary Advocates, the Ministry's National Media team and impacted communities

7.2 the assessment of all property and IT requirements including: IT, furniture relocation/removal and decommissioning of sites

7.3 the redirection of clients to the alternative service centres (from two weeks prior to the formal closure)

7.4 decommissioning of the sites from 30 November 2016

Yes / No

8 **note** that full communication plans are being drafted to support each of the closures, with key stakeholders identified and key messages prepared, and that we will consult on these with your office and confirm key messages before they are finalised

Yes / No

9 **note** that we will provide you with regular updates as the closures are progressed.

Yes / No

Ruth Bound
Deputy Chief Executive
Service Delivery

Date

Hon Anne Tolley
Minister for Social Development

Date

Background

- 3 As part of its role as the Government's key provider of social services, MSD manages a large network of regional sites, covering the length and breadth of New Zealand. This network incorporates approximately 140 sites, operated by 3,300 staff.
- 4 Managing this network requires MSD to regularly make decisions about how it allocates limited resources, to best provide effective and responsive services to clients. This includes considering how changes in demand, the needs of clients, and the wider environment (e.g. technology changes) impact on how we provide services to clients.
- 5 MSD regularly shifts resources to respond to changing needs, including moving staff between sites, changing the location of sites, opening and closing or reconfiguring sites when required.
- 6 The needs of clients are always central to these decisions for example: reprioritising resources from regional offices to online services recognises that many clients increasingly want to complete transactions online, rather than visiting a physical site.
- 7 Underpinning decisions about changes to our network is a principle that all clients should continue have access to the services they need, when they need them.

Planned closures

- 8 MSD is planning to close two sites in November 2016 – Out of scope
[redacted] the Kalapoi Community Link in Canterbury, with services to be delivered from larger service centres located nearby, and using alternative channels.
- 9 These decisions follow analysis underpinned by five business principles that MSD uses to determine whether/when a site closure or reconfiguration may be appropriate.

Principle	Metrics
Client volumes and/or face-to-face assistance requirements	Total number of clients Total work-tested clients
The site's ability/need to deliver a full range of services	Forecasted future clients Number of personnel
Additional costs associated with site operations	Property costs per client Security costs Admin costs Property costs total
Proximity to other sites	Site proximity (km) Public transport cost Public transport frequency
Availability of services through online and contact centre channels	N/A – services available nationwide

- 10 Out of scope
- 11 [redacted]

Information about the Out of scope

- 12 Out of scope
- 13 [redacted]

Out of scope

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RELEASED UNDER THE
OFFICIAL INFORMATION ACT

Out of scope

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Out of scope

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Information about the Kaiapoi Community Link

25 Kaiapoi Community Link is a small site operated by two permanent staff, and supported by three security guards. The permanent staff are attached to the

Out of scope

Rangiora Service Centre, and the site is operated by Rangiora staff on rotation (meaning no staff member is required to be permanently located at Kaiapoi).

- 26 The site currently services 505 clients, with the majority in receipt of Supported Living Payment benefits. The table below provides a breakdown of current clients using this site, by benefit type.

Benefit type	Number of clients
Jobseeker Support	81
Supported Living Payment	213
Sole Parent Support	86
Non-beneficiary	102
New Zealand Superannuation	22
Other (includes OB, UCB, EMA, EB)	Section 9(2)(a) Privacy of Natural Persons

- 27 The site doesn't provide any work-focused case management services, so clients with work obligations already visit the Rangiora Service Centre for work-focused interviews and to access job search services.
- 28 The site currently manages low client volumes, and the number has been falling, reducing by a quarter over the past year. The average number of appointments attended in the 13 week period from 1 June 2016 to 30 August 2016 was 23.5 per week, amounting to (11.75 hours per week).
- 29 Most clients in the area now receive services from the Rangiora Service Centre, which is located 11km away. The two sites are shown below with Rangiora top left, and Kaiapoi bottom right.



- 30 Regular public transport is available for clients that need to travel from Kaiapoi to the Rangiora Service Centre (at a cost of \$5.50 one way). SuperGold Card holders are able to travel for free during off-peak periods.
- 31 Due to the small number of permanent staff, the site closes every day between 12pm and 1pm to allow lunch breaks. Seniors services are only available from the site one day per week and generate very little activity, with an average 4.5 appointments per week. There is no permanent Seniors staff member on site.
- 32 The table below captures information about operating costs for the site.

Service Costs		
Client Population (end of June 2016)	Working Age	381(1.6% of Region)
	Seniors	22 ⁵
Lease	Cost per annum	s 9(2)(ba)(ii) Commercially sensitive
	Term / Expiry	
	Annual Operating Cost (A)	
Guards	Number of Guards	
	Estimated Cost per annum (B)	
Staff	Staff Numbers	
	Additional Support	
	Estimated Staff Costs per annum (C) ⁶	
Estimated total service cost (A+B+C)		
Estimated cost of service per working age population and/or seniors client per annum		

33 Given the relatively low service demand at the Kaiapoi Community Link, and the close proximity of the Rangiora Service Centre, we consider that closing this site is unlikely to have a materially adverse effect on clients.

34 Clients living in the Kaiapoi area will also be able to access Work and Income services through:

- telephone services, including voice-enabled technology
- the Service Support Team (a phone-based case management service for clients in hardship who need urgent support)
- access to online services including MyMSD, including through community provision⁷, with good network reliability.⁸

⁵ Seniors Clients generally have their needs met by the Rangiora Service Centre – however, a Seniors staff member continues to visit the Kaiapoi site from Rangiora one day each week which is why there are still some Seniors clients registered to Kaiapoi.

⁶ Staff Costs based on average Case Manager salary, plus additional costs including ACC and Superannuation (this figure does not include the cost associated with providing Additional Support staffing)

⁷ Refers to community provision of access to online services (for example, public computers available at local library)

⁸ Network Reliability based on coverage identified on National Broadband Map; Fibre, Cable, VDSL, Wireless, ADSL

35 Permanent staff will be accommodated at the Rangiora Service Centre at minimal additional cost, with expected lease and security guard savings of around \$249,000 per annum.

Planning and communication

36 It is our intention not to renew the current leases for Kaiapoi sites, and close these services from 30 November 2016.

37 Indicative timelines for the closure of these sites, are summarised below:

Action	<input type="text" value="Out of scope"/>	Date – Kaiapoi
Inform owner of the site that MSD will not be renewing its lease	<input type="text" value="Out of scope"/>	First week of October 2016
Communicate with key internal stakeholders including: staff, PSA, <input type="text" value="Out of scope"/> , Property, IT, etc	<input type="text" value="Out of scope"/>	Late September
Consult with your office on our communications plan, including agreeing key messages	<input type="text" value="Out of scope"/>	Mid-late September
Formal engagement and notification of key external stakeholders including: local MPs, Mayors, Beneficiary Advocates, the Ministry's National Media team and impacted communities	<input type="text" value="Out of scope"/>	First and Second week of October 2016
Consider and respond to submissions from consultation	<input type="text" value="Out of scope"/>	Mid October 2016
Begin to redirect clients to alternative service centre	<input type="text" value="Out of scope"/>	Mid November 2016
Relocate all staff to new premises, and decommission old site	<input type="text" value="Out of scope"/>	30 November 2016

38 A full communications plan is being drafted to support each of the closures. We will consult on each of these plans with your office, and confirm key messages before they are finalised.

39 External stakeholders include Mayors, MPs, advocacy groups, and support groups. We will provide information to stakeholders about the change, including how clients can access our services over the phone and online.

Next steps

40 We will provide you with regular updates on these closures as they progress.

Author:

Responsible manager: Ruth Bound, DCE Service Delivery

Appendix A – Principles and analysis to inform closure decisions

MSD has developed five business principles that it is using to determine whether/when a site closure or reconfiguration may be appropriate.

Each of the principles is considered on its respective merits, and then in combination (e.g. access to extended services through online and Contact Centre channels will lead to further reductions in clients visiting sites for face-to-face interactions).

Client volumes and/or face-to-face assistance requirements

Transactional services offered by Service Delivery are being streamlined so that clients may not need to present at sites to receive assistance (for example, Hardship Assistance).

MSD is moving towards offering more services via digital streams, online, through transactional processing centres or via phones. Streamlined services are leading to a reduced need for clients to present at some sites for face-to-face assistance.

Face-to-face services will be prioritised for clients who need additional support to overcome barriers to work and/or independence (for example, Work Focused Case Management and Work Search Support).

The site's ability/need to deliver a full range of services

Service Delivery's frontline regional services cover a wide range of complex products and services with more intensive work focused case management required. Some sites do not have the resource (staffing expertise, office layout) to provide a full service offering.

Sites offering predominantly transactional services will continue to see a reduction in face-to-face assistance as more services are offered through the online and Contact Centre channels.

Additional costs associated with the site operations (including security and property)

Operational costs to run a site include Security Guards, property leases, power and water costs which creates high overhead costs for sites offering reduced services. It is considered more appropriate to merge these services into larger sites to reduce this footprint.

Small site overheads are disproportionately higher than larger sites. Where consolidation is suitable, the small site overheads can be eliminated or minimised.

Close proximity to other sites

There are many cases where a locality is serviced by more than one site within a short distance.

Public transport options are often available and are a suitable option for clients to use, taking into account cost, frequency and accessibility.

Expanded services provided through online and Contact Centre channels

Online and digital services (including voice enabled technology) are being expanded so that clients can manage simple transactions (such as updating details or managing appointments) without needing to visit a site. Further functionality of online and digital services continues to be deployed and will lead to a further reduction in face-to-face transactions.

Contact Centre services have been expanded to allow clients in certain circumstances to receive assistance over the phone (for example, hardship assistance). Further work is underway to reduce walk-in referrals through the Service Support Team pilot, and allow Contact Centre staff additional functionality for working with clients.

Understanding site evaluation scores

The site evaluation assigns scores of between 1 and 5 to each site for each category based on data values associated with that site. Generally, the greater the score, the higher the potential impact involved in closing the site. The relationship between values and scores for each category is described in the table below.

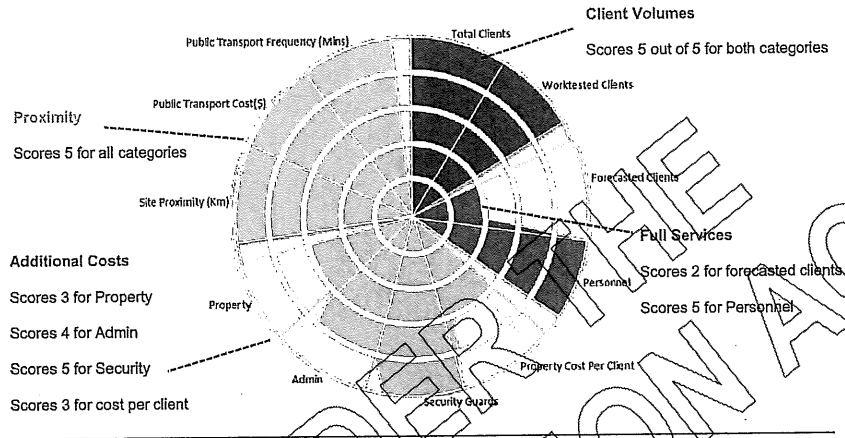
Site Name

Client volumes:
Total clients and Work-tested clients

Full services:
Forecasted future clients, and personnel costs

Additional costs:
Property cost per client, admin, security, and property costs

Proximity:
Site proximity, public transport cost, public transport frequency



Metric		1	2	3	4	5
Client volumes	Total clients	< 1,500	1,500 – 3,000	3,000 – 6,000	6,000 – 15,000	> 15,000
	Work-tested clients	< 500	500 – 900	900 – 1,700	1,700 – 3,000	> 3,000
Full services	Forecasted future clients	< 495	495 – 990	990 – 1,980	1,980 – 4,950	> 4,950
	Personnel costs (\$) per annum	< \$45k	\$45k – \$105k	\$105k – \$155k	\$155k – \$210k	> \$210k
Additional costs	Property costs per client (\$) p/annum	< \$80	\$45 – \$80	\$30 – \$45	\$20 – \$30	< \$20
	Security costs (\$) per annum	< \$80k	\$80k – \$120k	\$120k – \$137k	\$137k – \$200k	> \$200k
	Admin costs (\$) per annum	< \$15k	\$15k – \$35k	\$35k – \$50k	\$50k – \$65k	> \$65k
	Property costs (\$) per annum	< \$105k	\$105k – \$175k	\$175k – \$220k	\$220k – \$320k	> \$320k
Proximity	Nearest site proximity (km)	< 3km	3km – 5km	5km – 10km	10km – 20km	> 20km
	Public transport cost (\$)	< \$3	\$3 – \$5	\$5 – \$10	\$10 – \$20	> \$20
	Public transport frequency (mins)	< 30min	30 – 60 min	60 – 120min	120 – 240min	> 240 min

Evaluation metrics informing the closure Out of scope **Kaiapoi**

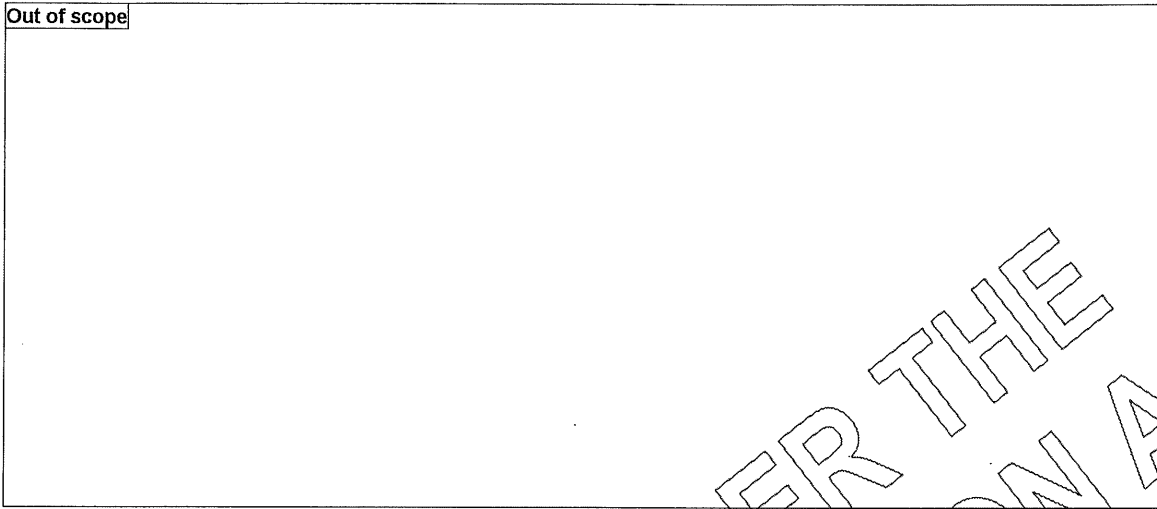
Within each business principle outlined previously, and taking into account the Site Evaluation Scores, two to four site-level metrics have been identified which can be evaluated to provide a comparative and objective view of the service delivery viability of a site.

Principle	Metrics
Client volumes and/or face-to-face assistance requirements	Total number of clients Total work-tested clients
The site's ability/need to deliver a full range of services	Forecasted future clients Number of personnel
Additional costs associated with site operations (including security & property: see Appendix D)	Property costs per client Security costs Admin costs Property costs total
Proximity to other sites	Site proximity (km) Public transport cost Public transport frequency
Availability of services through online and contact centre channels	N/A – services available nationwide

For each metric, sites are evaluated on a range of 1 to 5, with 1 representing least valuable/viable. For example, a site scoring 1 on *Site Proximity* will have another service centre within 3 kilometres, while a site scoring 5 has no other sites within 20 kilometres.

<p>Out of scope</p>

The following charts show the 'metrics evaluation scores' for: Out of scope
 Kaiapoi (Canterbury Region).



Kaiapoi

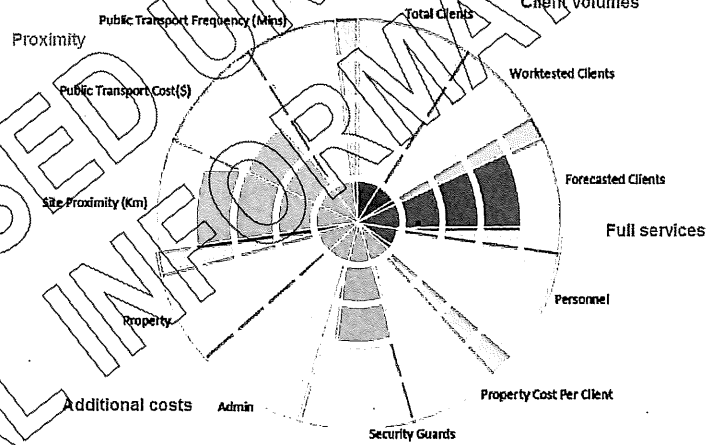
Client volumes:
2/10

Full services:
5/10

Additional costs:
6/20

Proximity:
8/15

Score:
21/55



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