



**MINISTRY OF SOCIAL
DEVELOPMENT**

TE MANATŪ WHAKAHIATO ORA

23 NOV 2016

On 26 August 2016 you emailed the Ministry requesting, under the Official Information Act 1982, information regarding the funding model for supported employment services.

The Ministry of Social Development has reviewed and is making changes to the Employment, Participation and Inclusion (EPI) services to improve outcomes for disabled people and people with health conditions. The proposals were consulted on with disability sector stakeholders. In November 2015, the Ministry consulted on the proposals for changes to Employment Services with representatives of Disabled People's Organisations and service providers.

The Ministry engaged with the three umbrella organisations for service providers (New Zealand Disability Support Network, Inclusion New Zealand and Platform) on the details of a proposed outcome-based funding structure in early 2016. The structure was initially based on the payment model for the existing Mental Health and Employment Services.

The Ministry made changes to its proposed funding structure and milestone payments in response to information and suggestions provided by the umbrella groups. The Ministry accepted the advice of the umbrella groups that some providers could have difficulty moving to an outcomes based payment model. It was agreed that there would be a one-year transition period (2016/2017) for providers to adapt and prepare for the new funding model and revise it as needed.

The following 12 documents have been identified as within scope of your request and provide a fulsome story of the funding model for supported services:

1. *'Original MHES Payment Schedule/Methodology'* dated 19 March 2013
2. *'Employment, Participation and Inclusion Services: Draft Proposals for Change Discussion document for service providers'* dated March 2015
3. *'Update on Employment, Participation and Inclusion work'* dated 14 July 2015
4. *'Employment, Participation and Inclusion Services'* dated 23 July 2015.
5. *'Employment, Participation and Inclusion Services summary of feedback received on draft proposals'* 23 July 2015
6. *'Employment, Participation and Inclusion Notes from Workshop on Employment Services'* 23 October 2015
7. *'Meeting to discuss Employment Service Specification – Version 2'* dated 14 January 2016
8. *'Employment Services Service Specification Handover Version'* dated 24 February 2016

9. *'Outcomes Framework for Employment, Participation and Inclusion Services'* dated 7 March 2016.
10. *'Employment Participation and Inclusion – Implementing Proposals for Change'* dated 21 March 2016
11. *'Changes to Employment, Participation and Inclusion Services'* dated 24 March 2016
12. *'Additional Information on Employment, Participation and Inclusion Services'* dated 1 April 2016.

The names of some individuals are 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 proposed funding model is expected to be introduced in 2017/18. Information on Employment Services and clients by region is therefore not available until July 2017 at the earliest. As such, this part of your request is refused under section 18(e) of the Official Information Act as the information does not exist.

If you wish to discuss this response with us, please feel free to contact OIA_Requests@msd.govt.nz.

You have the right to seek an investigation and review by the Ombudsman of this response. Information about how to make a complaint is available at www.ombudsman.parliament.nz or 0800 802 602.

Yours sincerely



Sacha O'Dea
General Manager, Working Age National Office

Section 9(2)(a) Privacy of Natural Persons

From: Section 9(2)(a) Privacy of Natural Persons
Sent: Tuesday, 13 September 2016 1:18 p.m.
To: Section 9(2)(a) Privacy of Natural Persons
Cc:
Subject: FW: Original MHES payment schedule / methodology
Attachments: MHES fees framework.xls; Contracting overview mental health rev.ppt

Hi

Here's the calculation for the original MHES arrangements that we based our ES pricing on.

Section 9(2)(a) Privacy of Natural Persons

The amount was based on an analysis of existing employment contracts that focussed on a similar cohort:

	Contract reference	Description	Contract type		Start date	End date
1	BOPY1200168	Youth Employment - Mental Health Clients	Participant - Referral	Active	1/07/2011	30/06/2012
2	WKTO1200089	REACH	Participant - Referral	Active	1/07/2011	30/06/2012
3	CTBR1200397	PATHS Supported Employment (MH)	Participant - Referral	Active	1/07/2011	30/06/2012
4	CTBR1200398	Work Confidence	Participant - Referral	Active	1/07/2011	30/06/2012
5	CTBR1200599	Support to Work (Youth)	Participant - Referral	Active	1/09/2011	30/06/2012
6	TRNK1200222	Outcome Based Contract	Participant - Referral	Active	1/07/2011	30/06/2012

This was then modelled as to how the cost might be split across various tasks/outcomes (docs attached).

Kelvin Moffatt
General Manager Housing Contracts
Ministry of Social Development

Section 9(2)(a) Privacy of Natural Persons

Bowen State Building | Level 1 | Bowen Street | P O Box 1556 | Wellington 6140 | New Zealand

Out of Scope

Our proposed new SE contract was based around the original MHES and I wondering if you have any papers or data from IA that was used to develop the contract docs.

Section 9(2)(a) Privacy of Natural Persons

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Mental Health Service Overview

Independent Assessment

- * Ability to work
 - Current
 - Following service intervention
- * Agreement of primary physician
- * Intensity of service required
 - Low
 - Med
 - High

Wrap Around Service

- * Employment placement
- * Liaise with physician
- * Psycho / social rehab
 - Benefits counselling
 - motivation & confidence
 - resilience & personal development
- * Support & facilitation to address other barriers to work
- * Skills & techniques counselling
- * Employer support

Funding Streams

	Low	Med	High
Independent Assessment	500	500	500
Service			
Enrolment & Support	1000	1500	2000
Job Placement	1400	2100	2800
6 Months	800	1200	1600
12 months	800	1200	1600
Service Total	4000	6000	8000
Total Budget	4500	6500	8500

Evidence Based Supported Employment is based on Several Key Principles:

- * Setting competitive employment as the goal
- * Helping people find work quickly
- * Working in an integrated way with the persons' health treatment and support teams
- * Providing high levels of support for workers and employers once a job is secured

Levels of Support should include:

- benefits counselling
- motivation & confidence
- resilience & personal development

Attention to client preferences is important

Employment specialists should develop relationship with employers based upon a person's work preferences

Longer term individualised support for the person and their employer

Ministry of Social Development

Mental Health Employment Services - Proposed Fees Framework

Hours of Employment	Medium Category Client			High Category Client			Very High Category Client - no subsidy			Very High Category Client - subsidy accessed		
	5-20 hours per week	21-30 hours per week	30+ hours per week	5-20 hours per week	21-30 hours per week	30+ hours per week	5-20 hours per week	21-30 hours per week	30+ hours per week	5-20 hours per week	21-30 hours per week	30+ hours per week
Enrolment	\$500	\$500	\$500	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
Employment Placement	\$750	\$1,125	\$1,500	\$1,250	\$1,875	\$2,500	\$2,300	\$3,750	\$5,000	\$1,000	\$1,500	\$2,000
Continuous employment at 6 months	\$500	\$750	\$1,000	\$1,000	\$1,500	\$2,000	\$1,300	\$2,250	\$3,000	\$1,500	\$2,250	\$3,000
Continuous employment at 12 months	\$500	\$750	\$1,000	\$1,000	\$1,500	\$2,000	\$1,300	\$2,250	\$3,000	\$1,500	\$2,250	\$3,000
Accrued subsidy at \$150 per hour	\$2,250	\$3,125	\$4,000	\$4,250	\$5,875	\$7,500	\$5,500	\$9,250	\$12,000	\$5,000	\$7,000	\$9,000
OUTCOMES												
Employment Placement	70.00%	70.00%	70.00%	60.00%	80.00%	60.00%	40.00%	40.00%	40.00%	40.00%	40.00%	40.00%
Client numbers in each category				200			400			100		
Split between hours of work	20.00%	20.00%	70.00%	14.3%	20.00%	30.00%	50.00%	23.8%	30.00%	50.00%	20.00%	64.0%
Client numbers	20	40	140	200	80	120	200	40	50	20	100	640
Placed in employment	14	28	98	140	48	72	120	240	12	20	8	250
Move at 6 months	-7	7		-24	24		-6	6		-18	18	
Move at 6 months	-7	-8	-8	-22	22		-8	8		-18	18	
Drop off at 6 months	-3	-2	-7	-5	-7	-12	-2	-3	-1	-12	-19	-6
Net at 6 months	6	25	90	130	19	150	215	4	17	34	27	215
Move at 12 months	-3	3		-10	10		-2	2		-13	13	
Move at 12 months	-3	-7	-7	-20	20		-8	8		-13	13	
Drop off at 12 months	0	-2	-7	-1	-3	-10	-1	-3	-2	-4	-16	-12
Net at 12 months	3	18	89	120	8	82	200	1	11	16	9	185
Fees Data												
Enrolment	\$10,000	\$10,000	\$70,000	\$100,000	\$50,000	\$120,000	\$200,000	\$400,000	\$30,000	\$50,000	\$20,000	\$100,000
Employment Placement	\$10,500	\$11,500	\$147,000	\$189,000	\$60,000	\$135,000	\$300,000	\$485,000	\$50,000	\$75,000	\$40,000	\$145,000
Continuous employment at 6 months	\$2,975	\$4,375	\$58,050	\$120,400	\$19,200	\$100,800	\$259,200	\$379,200	\$6,300	\$10,250	\$38,400	\$82,850
Continuous employment at 12 months	\$1,284	\$3,716	\$48,974	\$113,951	\$8,560	\$77,400	\$280,080	\$365,640	\$2,700	\$4,750	\$17,900	\$37,500
Subsidies	\$24,789	\$30,391	\$415,021	\$523,521	\$167,360	\$430,200	\$1,039,280	\$1,839,840	\$98,500	\$189,010	\$146,340	\$405,858
										\$192,000	\$320,000	\$128,000
										\$76,500	\$152,000	\$102,400
										\$40,120	\$244,800	\$245,760
										\$14,112	\$162,860	\$308,826
										\$123,292	\$911,680	\$782,976
										\$186,000	\$720,000	\$336,000
												\$1,392,000
												\$5,936,937

Hours of Employment	Medium Category Client			High Category Client			Very High Category Client - no subsidy			Very High Category Client - subsidy accessed		
	5-20 hours per week	21-30 hours per week	30+ hours per week	5-20 hours per week	21-30 hours per week	30+ hours per week	5-20 hours per week	21-30 hours per week	30+ hours per week	5-20 hours per week	21-30 hours per week	30+ hours per week
Enrolment	\$500	\$500	\$500	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
Employment Placement	\$750	\$1,125	\$1,500	\$1,250	\$1,875	\$2,500	\$2,300	\$3,750	\$5,000	\$1,000	\$1,500	\$2,000
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Continuous employment at 12 months	\$500	\$750	\$1,000	\$1,000	\$1,500	\$2,000	\$1,300	\$2,250	\$3,000	\$1,500	\$2,250	\$3,000
Hours of Employment												
Enrolment	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
Employment Placement	\$1,250	\$1,875	\$2,500	\$1,250	\$1,875	\$2,500	\$1,250	\$1,875	\$2,500	\$1,250	\$1,875	\$2,500
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Continuous employment at 12 months	\$1,000	\$1,500	\$2,000	\$1,000	\$1,500	\$2,000	\$1,000	\$1,500	\$2,000	\$1,000	\$1,500	\$2,000
Hours of Employment												
Enrolment	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
Employment Placement	\$1,250	\$1,875	\$2,500	\$1,250	\$1,875	\$2,500	\$1,250	\$1,875	\$2,500	\$1,250	\$1,875	\$2,500
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Continuous employment at 12 months	\$1,000	\$1,500	\$2,000	\$1,000	\$1,500	\$2,000	\$1,000	\$1,500	\$2,000	\$1,000	\$1,500	\$2,000
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Enrolment	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
Employment Placement	\$1,250	\$1,875	\$2,500	\$1,250	\$1,875	\$2,500	\$1,250	\$1,875	\$2,500	\$1,250	\$1,875	\$2,500
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Continuous employment at 12 months	\$1,000	\$1,500	\$2,000	\$1,000	\$1,500	\$2,000	\$1,000	\$1,500	\$2,000	\$1,000	\$1,500	\$2,000
Subsidy available	\$3,750	\$5,625	\$7,500									

	Q1	Q2	Q3	Q4	Q5	Q6	Q7	Q8
In service		1000		950	250	239	122.5	124.3
Employment placement		0		950	0	175	124.5	61.25
Exit service - no placement					950	130	122.5	124.5
Exit service - pre 6 months post placement						79	0	17.85
Exit service - pre 12 months post placement							0	64
Exit service - success	0	1000	1000	1000	1000	1000	1000	1000
	300	134	422					
	300	134	422					
	300	134	422					
	100	134	184					
			1340					

Employment, Participation and Inclusion Services: Draft Proposals for Change

Discussion document for service providers

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

March 2015

Introduction

The Ministry of Social Development (MSD) currently spends about \$89 million a year on Employment, Participation and Inclusion services¹ aimed at increasing disabled people's participation in paid employment and in their communities. This funding needs to be used as effectively as possible to get the best possible employment and social inclusion results for disabled people and people with a health condition.

We are seeking the views of national Disabled People's Organisations (DPOs), service providers, providers' organisations and selected service users/families on proposals for changes to these services.

The proposed changes are aimed at getting better results for disabled people and people with a health condition within the available funding.

This discussion document is intended for service providers and providers' organisations. It covers:

- the reasons for the proposed changes
- five draft proposals for change, including a draft Outcomes Framework
- implications of the draft change proposals for people using the services
- implications of the draft change proposals for services
- timeframes and next steps
- questions for your feedback (page 15).

How to provide feedback

We are having a number of meetings to discuss these proposals. If you wish to provide any additional feedback please email us by 2 April 2015 at:

participation_inclusion_services@workandincome.govt.nz

¹ Formerly called Vocational Services.

Purpose and scope

The purpose of the draft proposals for change outlined in this document is to improve the effectiveness of Employment, Participation and Inclusion services, and to align these services with the objectives of the *Enabling Good Lives* approach and the Government's welfare reforms.

The draft proposals apply to:

- Supported Employment services
- Employment Placement services
- Community Participation services
- the Very High Needs Scheme.

Business Enterprises, Transition Services, and the Support Funds are not included in the draft proposals outlined in this document. The Government has also already agreed that MSD will apply the Investment Approach to Specialist Employment Services and that eligibility for these services will be governed by the Employment and Work Readiness Assistance Programme – this is explained later in the paper.

This document is to support the discussion we will be having with you as part of the engagement process. We will also be seeking feedback from national DPOs and selected service users/families. Once the engagement process has been completed, MSD will finalise the proposals taking into account the feedback received.

Following the completion of the decision-making process, we envisage that implementation of the changes would be phased-in between late 2015 and the end of 2016.

Why change?

The Government has agreed that the long-term direction for disability supports is to make them more person-centred, focused on ordinary life outcomes, and better integrated across government. This reflects the intent of the *Enabling Good Lives* approach, which aims to ensure that disabled people and their families have control of their lives, including having a say in the services they receive.

A three-year demonstration project is under way in Christchurch, and a second demonstration project will start in July 2015 in the Waikato, to develop and test the *Enabling Good Lives* approach. The outcomes of the demonstration projects will inform future reforms of the disability support system. In the meantime, however, we need to look at what changes we can make to Employment, Participation and Inclusion services now, in order to align them with the direction of change.

There are a number of factors that have prompted us to review Employment, Participation and Inclusion services. These include the need to align the objectives and operation of these services with:

- the *Enabling Good Lives* principles, the *United Nations Convention on the Rights of Persons with Disabilities*, the *Disability Action Plan 2014 – 2018*, and the *Human Rights Act 1993*
- the Government's broader welfare reforms, which aim to develop a welfare system that:
 - reflects that work is good for people's health and wellbeing
 - ensures that people do not remain on benefit longer than is needed
 - continues to support people who are not in work or may never be able to work.

The demand for Employment, Participation and Inclusion services must also be managed within on-going budget constraints. It is therefore important that we identify more efficient and effective ways to achieve the best possible employment and social inclusion outcomes through these services within available funding.

There are issues with the current arrangements

We've had a clear message that disabled people and people with a health condition want to work on an equal basis with others, and to fully participate and be included in their communities.

Most disabled people and people with a health condition have the same barriers to employment as other Work and Income clients and can get assistance to gain work through universal services. Some disabled people and people with a health condition need support in addition to that provided through universal Work and Income services.

MSD currently spends about \$89 million a year on specialist Employment, Participation and Inclusion services for disabled people and people with a health condition aimed at increasing their participation in employment and in their communities.

In 2013, MSD, the *Improving Existing Employment Services Working Group*² and disability sector representatives identified a range of issues with current arrangements, including:

- a lack of clarity about what outcomes the funding is intended to support people to achieve
- services are not always being accessed by the intended people, people are not always receiving the right services, and there is a lack of equity and fairness in access to services
- people are staying in services rather than being supported to build greater independence
- funding is not always being directed to where it will get the best outcomes for people

² The *Improving Existing Employment Services Working Group* was comprised of representatives from the disability and mental health sectors, as well as officials from MSD and ACC.

- a need to improve alignment with the *Enabling Good Lives* principles, in particular the person-directed, mainstream first and ordinary life outcomes principles
- increasing demand for new places for people with high support needs, particularly from school leavers with very high support needs
- only a small funding increase for many years
- a need to better co-ordinate and resource transition from school, provide more work experience opportunities, and increase options available post-school
- a need to work with employers to make them more 'disability confident'.

In addition:

- families have said people with higher support needs do not have enough support and choices about what they do and with whom
- provider representatives have said increased funding and flexibility are needed to enable more individualised services, and they want more recognition of the pre-employment support they provide.

It will not be possible to resolve all of the above issues over the next two to three years. However, the draft proposals aim to better prioritise and target these services, in order to achieve more effective outcomes within available funding.

There are five draft proposals for change...

1. Introduce a new Outcomes Framework to clarify the outcomes the funding supports.
2. Improve support for people to get and stay in work.
3. Improve support for people to participate and be included in employment and their communities.
4. Ensure services are accessed by the people for whom they are intended, and the available funding is used more fairly.
5. A trial of Work and Income matching people to services to ensure that people receive the assistance that is right for them.

Draft change proposal 1: Introduce a new Outcomes Framework

A draft Outcomes Framework has been developed to clarify the outcomes for disabled people and people with a health condition that Employment, Participation and Inclusion services support. For a colour presentation of this framework please see the attached A3: *Draft Outcomes Framework for Employment, and Participation and Inclusion services*.

The three proposed high level outcomes are:

- **Sustainable Employment** – a person obtains and/or maintains sustainable paid employment in an open work environment with the same employment rights as other New Zealanders or sustainable self-employment (including pay or income at or above the minimum wage). Sustainable Employment would be interpreted as paid work of 15 or more hours per week that results

in a person being able to either stop receiving a benefit or receive reduced benefit payments because of the income they earn.

- **On a Pathway to Sustainable Employment** – a person is building work-related skills, work-readiness, and capabilities that are in demand in the labour market and is on a pathway towards a Sustainable Employment outcome. This outcome recognises that some people need to build their work-related skills and capability in incremental steps to achieve Sustainable Employment. People would have a plan to achieve Sustainable Employment within an agreed timeframe.
- **Participation and Inclusion** – a person is enabled to have a good everyday life, in every day places as others do at similar stages of life, by being part of, and contributing to, their communities through paid or voluntary work, self-employment or other valued roles. There would be a focus on supporting people to work to the extent they are able, or contribute to their communities in other ways. People would be supported to access universal and community-based services and activities.

It is recognised that people may move from one outcome to another, for instance from Participation and Inclusion to being On a Pathway to Sustainable Employment, or into Sustainable Employment, reflecting the individual circumstances and developments in people's lives.

What we are trying to achieve with the proposed Outcomes Framework...

The proposed Outcomes Framework is intended to achieve:

- increased clarity and transparency about the outcomes people are seeking and what MSD is funding
- a focus on people being supported to move towards, find or stay in ongoing employment that results in them being less dependent on a benefit for their income
- people having increased opportunity to do paid work or voluntary work, and contribute to their communities as part of having a good life
- more flexibility and tailoring of the approaches used to support people to move towards, find and stay in work
- more employers becoming 'disability confident'
- services changing over time in line with the *Enabling Good Lives* principles.

Outcome setting and service matching

We propose that people would be funded for support to achieve only one of the three outcomes at a time. They would, however, be able to move from outcome to outcome over time as their circumstances and aspirations change.

An outcome setting decision support tool would be developed for Work and Income and service providers to use with clients. This tool will be used to agree the outcome the person is seeking to achieve and what services MSD will fund for them.

Once the outcome has been agreed, people will be matched to services that are appropriate to their current preparedness for work and the desired outcome. Identifying the appropriate service will include consideration of all general Work and Income services available to address barriers to employment or participation.

Providers would be responsible for working with the client to identify the appropriate outcome and service/support needs. Work and Income would be responsible for reviewing and accepting outcomes and service matching for:

- all new referrals to Specialist Employment Services
- all current clients being transitioned from Participation and Inclusion support to Specialist Employment Services.

The new tools and processes would be developed by Work and Income with the sector.

Draft change proposal 2: Improve support for people to get and stay in work

MSD proposes to:

- apply the Investment Approach to the funding available for the new Specialist Employment Services
- focus funding investment, service specifications and provider contracts for Specialist Employment Services on supporting people to achieve Sustainable Employment outcomes
- improve the incentives for providers by introducing an outcome-based payment structure for Specialist Employment Services.

The Investment Approach means funding is focused on supporting people to become financially independent of a benefit, or on reducing their long-term dependence on a benefit. It allows MSD to take a more individualised approach to allocating funding, so that support can be tailored to people to help them achieve sustainable employment. Over time, MSD will direct funding to where it is more effective in supporting people to achieve Sustainable Employment outcomes.

Draft change proposal 3: Improve support for people to participate and be included in employment and their communities

People benefit from being able to do some paid work or voluntary work where possible. They also want frequent opportunities for genuine participation and inclusion in their communities according to their personal interests. Many providers are already adapting their services along these lines.

MSD proposes to change service specifications and provider contracts to:

- increase expectations that people receiving Participation and Inclusion support will have opportunities to participate in paid or voluntary work - with support where required

- align services with *Enabling Good Lives* principles, by encouraging providers to:
 - work towards their services being more person-directed
 - focus on supporting people to achieve ordinary life outcomes such as employment, and being part of and contributing to their communities
 - support people to access universal services, activities and places.

Participation and Inclusion funding will not be available for services and supports that are the responsibility of other agencies.

Draft change proposal 4: Ensure services are accessed by the people for whom they are intended, and the available funding is used more fairly

The funding for Employment, Participation and Inclusion services is limited, so we need to make sure that the services are accessed by the people for whom they are intended.

MSD is proposing to update the current eligibility criteria in line with the proposed Outcomes Framework. The current core eligibility criteria would be retained, but some new criteria would be added to target the services where the outcomes will be greatest. The new criteria are outlined below.

Support for Sustainable Employment would be targeted

Disabled people and people with a health condition on any working age benefit (including Supported Living Payment) may be eligible for support to get Sustainable Employment or be On a Pathway to Sustainable Employment.

To be eligible for this support, the person must meet the criteria set for employment and work readiness assistance funded through MSD under the Employment and Work Readiness Assistance (EWRA) Programme. The criteria are similar to the current eligibility criteria.

The priority for this support would be people who are seeking and likely to get part-time or full-time sustainable employment within an agreed period of time. MSD would review and accept applications for support to obtain, maintain or be On a Pathway to Sustainable Employment.

Only people receiving Supported Living Payment or equivalent would be eligible for Participation and Inclusion support

People who need support so they are not isolated from the wider community would be the priority for Participation and Inclusion support. Support would also be available to people who want to do some work but are not seeking or expected to be able to work 15 or more hours a week now or within the next two years.

It is proposed that only people receiving Supported Living Payment (due to a disability or a health condition) would be eligible for Participation and Inclusion funding. MSD would consider on a case-by-case basis the eligibility of any other person who (due to health condition or disability) is unable to regularly work 15 hours or more per week in open employment for two years or more.

Currently, around 18 percent of people accessing services under the Participation and Inclusion outcome are not on the Supported Living Payment

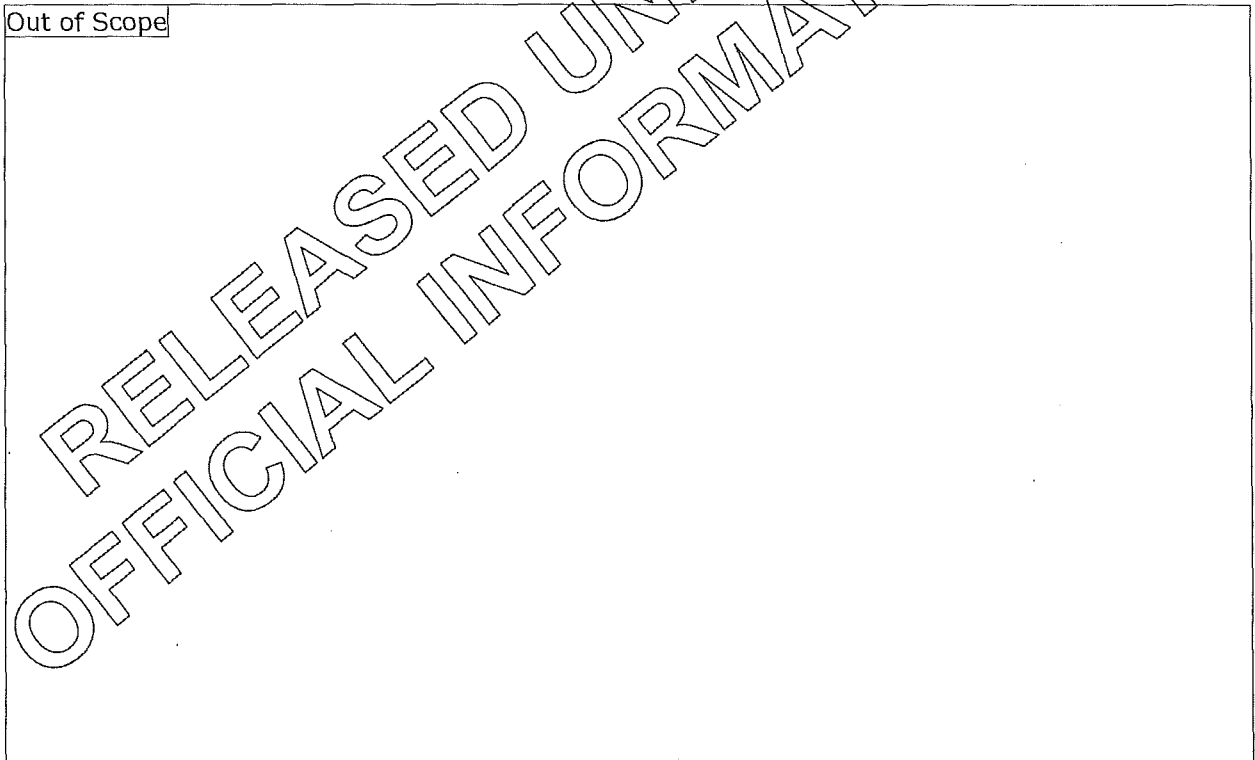
and are likely to need to transition to another service type. People no longer eligible for Participation and Inclusion support would need to transition to another service type within 6 months of the start date for new Participation and Inclusion Services.

People would be eligible for one funded Participation and Inclusion place at a time

To use the funding more fairly, it is proposed that people would be able to access one funded Participation and Inclusion place at a time. Currently approximately eight percent of people are registered with more than one vocational service during a financial year. This may be due to people changing service provider during the year or because they are receiving multiple services.

The new eligibility criteria would apply to all new people seeking Participation and Inclusion support or changing providers from when new services are introduced. MSD would work with providers to determine which existing participants are affected and agree a transition arrangement for them. It is expected that the transition would be completed within 6 months of the start date of new Participation and Inclusion Services.

Out of Scope



Draft change proposal 5: A trial of Work and Income matching people to employment services to ensure that people receive the assistance that is right for them

Currently people self-refer to services, and providers determine who can access services. Establishing a referral process would assist in:

- ensuring the right people are accessing the right service
- encouraging a focus on supporting people into paid employment, where relevant
- encouraging the use of universal services first, and specialist support when needed, or a combination of supports.

Under this proposal, Work and Income would trial, in selected area(s), matching people to all three outcomes. The trial would involve new clients or clients transitioning to a new outcome. It is intended that this trial would occur from late 2015.

If the client is matched to:

- a Sustainable Employment or On a Pathway to Sustainable Employment outcome, Work and Income would refer them to appropriate general and/or Specialist Employment Services
- a Participation and Inclusion outcome, Work and Income would inform them of available providers, but the client would choose which service provider to approach.

The trial may then be rolled out for all locations in late 2016.

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OFFICIAL INFORMATION ACT

Possible Implications of the proposals for change

This section considers the potential implications for people and for services of the proposals for change we are considering.

What are the implications for people?

The proposed changes are likely to result in the following impacts for people accessing these services:

- greater focus and increased investment in people who are seeking Sustainable Employment only
- increased opportunities for people to engage in paid or voluntary work
- an increased focus on people accessing generic and community services and natural supports before specialist disability services, where appropriate
- increased choice and control for participants with emphasis on person-directed services and supports
- a new person-directed process to determine what the desired outcome is for clients and to identify the appropriate services and supports
- people would be referred to employment services (initially in one selected trial area) through Work and Income
- people would only be able to access one funded Participation and Inclusion place at a time
- new eligibility criteria for people in Participation and Inclusion with people currently in services who are not receiving Supported Living Payment being transitioned from Services.

What are the implications for services in 2015 – 2017?

Once we have final proposals and decisions, we would phase in the changes over time. Currently it is intended to start implementation in late 2015, with late 2015 to late 2016 being a period of transition from the current arrangements to the new approach.

The proposed changes would have implications for employment placement, supported employment, community participation and the Very High Needs Scheme.

Service types	Implications
Supported Employment & Employment Placement	<ul style="list-style-type: none">• One new service specification that includes services currently delivered under both supported employment and employment placement, called Specialist Employment Services• Focus on Sustainable Employment and On a Pathway to Sustainable Employment outcomes

	<ul style="list-style-type: none"> • New clients for Specialist Employment Services must be: <ul style="list-style-type: none"> ◦ seeking Sustainable Employment or On a Pathway to Sustainable Employment ◦ reviewed and accepted for this service by Work and Income • Current clients working fewer than 15 hours per week would be matched to an outcome using a new outcome decision support tool and transitioned to an appropriate service during a transition year • Time limits for how long people can be On a Pathway to Sustainable Employment • Transition to an outcomes-based funding model for Sustainable Employment and On a Pathway to Sustainable Employment • New outcome indicators, and reporting requirements and processes. Current funding arrangements would continue for a transition year then outcomes-based funding payments would be introduced • Specialist Employment Services would be included in Work and Income referral trial in a selected area
Community Participation	<ul style="list-style-type: none"> • Included in new Participation and Inclusion service specification • Expectations that: <ul style="list-style-type: none"> ◦ people have opportunities to do some paid or voluntary work or other valued roles ◦ services align with EGL principles over time • Current clients not receiving Supported Living Payment on health or disability grounds would have to transfer out of Participation and Inclusion services within 6 months of the start date of new Participation and Inclusion Services (MSD will consider exceptions on a case-by-case basis) • Current clients accessing more than one funded place must be transitioned to one funded place within 6 months of the start date of new Participation and Inclusion Services • New outcome measures

Out of Scope

Further review work is underway or proposed for Transition Services, Business Enterprises, and Support Funds in 2015 - 2017

Transition Services (funded by MSD)	<ul style="list-style-type: none">• Update contracts, but no other changes until Ministry of Education work on building on current best practice for transition services is completed under the <i>Disability Action Plan 2014-2018</i>
Business Enterprises	<ul style="list-style-type: none">• Update contracts but no other changes until further work below is completed• Further work with Business Enterprises to:<ul style="list-style-type: none">◦ understand how Business Enterprises fit under the proposed Outcomes Framework◦ implications of Minimum Wage Exemption Review (led by Ministry of Business Innovation and Employment) on Business Enterprises
Support Funds: <ul style="list-style-type: none">• Job Support (including Productivity Allowance)• Training Support• Self Start	<ul style="list-style-type: none">• Separate work is underway on:<ul style="list-style-type: none">◦ where the Support Funds align with the proposed Outcomes Framework◦ a review of employer incentives including Productivity Allowance as one of the actions under the Health and Disability Long Term Work Programme

Next Steps and Timelines

Due date/s	Actions
April 2015	Providers will be offered a five month extension to current contract arrangements from 1 July 2015 to 30 November 2015 (and equivalent pro-rata funding), so that any changes to agreements (to be confirmed following engagement) can be implemented from 1 December 2015
From June 2015	Outcomes Framework and other policy change proposals finalised and circulated to stakeholders, along with timeframes for implementation
By late 2015	Outcome and referral decision tools developed by Work and Income with the disability sector
1 December 2015	<p>New service specifications offered to existing providers (changes to be confirmed following engagement):</p> <ul style="list-style-type: none"> • Participation and Inclusion agreements (including VHN) for a term from 1 December 2015 to 30 June 2017, to allow for any further changes following the EAL Demonstrations to be considered • Specialist Employment Services transitional arrangements offered for a 1 year term from 1 December 2015 to 30 November 2016 under current funding model • Business Enterprises and Transition for a term from 1 December 2015 to 30 November 2016, to allow for further work to be completed as outlined earlier and changes considered for 1 December 2016 implementation
Mid-2016	MSD anticipates running a tender process for Specialist Employment Services in mid-2016 for services to be delivered from 1 December 2016
1 December 2016	Following tender process, new Specialist Employment Services implemented with successful providers, under outcome-based funding model

Questions for providers:

- What are your thoughts about the draft outcomes for Employment, and Participation and Inclusion:
 - are these the outcomes that MSD should fund for disabled people?
 - what groups of people should be funded under each outcome?
 - how should MSD determine which outcome to fund for each person?
 - how should progress in each outcome be measured?
- Will these proposals achieve our objectives of:
 - improving employment outcomes for disabled people and people with a health condition?
 - better aligning the services and supports with the *Enabling Good Lives* vision and principles?
- What improvements would you suggest to what MSD is proposing?
- What would you do differently?
- How do we ensure we get the best value from available funding?



memo

To: Service Delivery Operational Committee

From: Sacha O'Dea, General Manager, Ageing, Disability and International
Mark Henderson General Manager, Contracts

Date: 14 July 2015

Security level: IN CONFIDENCE

Update on Employment, Participation and Inclusion work

This memo provides you with an update on the Employment, Participation and Inclusion (EPI) work, and seeks your agreement to the submission of a suite of material to the Minister for Social Development on this work:

- a report to the Minister for Social Development proposing next steps with the EPI work
- a summary of the feedback from the EPI engagement process, which we propose to send to engagement participants
- a draft covering letter to engagement participants, to go with the summary of feedback.

We received a large volume of feedback on the EPI change proposals

The Ministry of Social Development (MSD) currently spends about \$89 million per year on EPI services, which are aimed at increasing disabled people's participation in paid employment and their communities.

Over March and April 2015, MSD sought feedback on a suite of five draft proposals to implement a more outcomes-focused framework for these services. The five draft proposals were intended to:

- make more effective use of available EPI funding, in order to get better results for the target population
- give effect to Welfare Reform objectives
- progressively align EPI services with the principles of the *Enabling Good Lives*¹ approach.

We held fourteen meetings across the country with a range of groups – including service providers, provider organisations, client and family focus groups, Disabled People's Organisations (DPOs), the National Enabling Good Lives Leadership Group, and the New

¹ *Enabling Good Lives* is a partnership between government agencies and the disability sector aimed at long term transformation of how disabled people and families are supported to live everyday lives. Three year demonstrations of *Enabling Good Lives* are running in Christchurch and the Waikato.

Zealand Public Service Association. We also received over 80 written submissions on the draft proposals from DPOs, provider organisations, service providers, employers, families and individuals.

There was general support in principle from DPOs and providers for the desired outcomes for EPI services, but significant opposition to many aspects of the draft proposals, and widespread concerns about the process and timeline, including the proposed implementation of decisions on 1 December 2015.

We propose to work with the sector on some key elements of the original proposals, and not proceed with other proposals

In light of the EPI engagement feedback, we consider the overall purpose of the EPI work remains valid. We want to work with the sector to do further work to progress three of the original five proposals. Two of the proposals that we engaged on should not be progressed, as outlined in the table below.

Proposal	OVERVIEW	Proposed response
1: Introduce a new Outcomes Framework to clarify the outcomes the funding supports		<i>Work with sector to explore proposal further</i>
2: Improve support for people to get and stay in work		<i>Work with sector to explore proposal further</i>
3: Improve support for people to participate and be included in employment and their communities		<i>Work with sector to explore proposal further</i>
<p>4: Ensure services are accessed by the people for whom they are intended, and the available funding is used more fairly;</p> <p>4.1 access to Sustainable Employment services would be targeted to people on working age benefits who are seeking and likely to get part-time or full-time sustainable employment within an agreed period of time</p> <p>4.2 only people receiving Supported Living Payment (SLP) or equivalent would be eligible for Participation and Inclusion (P&I) support</p> <p>4.3 people would be eligible for one-funded P&I place at a time</p> <p>4.4 Very High Needs funding eligibility would be amended to remove eligibility for people not needing very high levels of support (to participate and be included in the community) post-school</p>		<i>Do not progress proposal engaged on</i>
5: A trial of Work and Income matching people to services to ensure that people receive the assistance that is right for them		<i>Do not progress proposal engaged on</i>

The intention is to retain the overall focus on increasing employment and supporting people to move closer to financial and social independence. We propose to do further work with the sector to consider progressing proposals 1-3. We want to work with the sector to:

- develop an outcomes framework that is less rigid and more progressive, and that recognises people can aim for more than one outcome at the same time
- develop a new *Specialist Employment Service* description that covers all specialist employment support, regardless of the hours of work people are seeking, and a new payment structure
- develop a new service specification for *Participation and Inclusion* services with a strengthened focus on opportunities to contribute through employment and other valued roles, aligning with *Enabling Good Lives* principles.

In addition, we would like to work with the sector to consider:

- improved information provision to clients, to enable them to determine the outcome they are aiming for and the type of supports available to them
- clearer information and criteria in contracts and service specifications regarding the expectations we have of providers accepting people into services
- greater reporting requirements on providers to help us better understand funding results/the impact of funding for individuals, and to inform future policy development.

The above approach means we have decided not to proceed with the proposals to:

- target *Specialist Employment Services* to people likely to get sustainable employment within a defined period of time
- restrict eligibility for support to participate and be included in the community to people receiving SLP only
- limit people to being funded for only one outcome and one funded service place at a time
- change the eligibility criteria for the Very High Needs Scheme
- trial Work and Income referring people to EPI services in one region.

We will re-engage with targeted stakeholders

We propose to re-engage with national DPOs and two national provider associations through a series of workshops between August and October 2015.

The proposed workshops would focus on the three proposals outlined above. We will be working with the national DPOs and two national provider associations, proposals may therefore evolve, based on issues identified as part of this process.

We expect to make decisions on final proposals by November 2015.

We have revised the timeframe for the EPI work

As more time will be needed to work on proposals, variations for current contracts have been offered to extend the term for 12 months to 30 June 2016, rather than the previously planned 5 months to 30 November 2015. Any changes to services would be implemented from 1 July 2016.

On 8 June 2015, we notified engagement participants that we will get back to them with summary of themes from the engagement and proposed next steps in July 2015.

A detailed outline of next steps and timeline is in Appendix 1.

A report to the Minister and material for engagement participants is attached for your consideration

i) Report to Minister for Social Development

This summarises the outcome of the sector engagement and outlines our proposed next steps.

ii) Summary of engagement

This summarises the feedback from the workshops and written submissions on the original EPI draft change proposals. We propose to send this out to all the engagement participants who have made submissions.

iii) Covering letter

This will go out to all engagement participants along with the summary of engagement. It will also explain our proposed next steps to develop and finalise the EPI policy proposals.

Decisions

1 Agree to the proposed approach to work with DPOs and provider associations to:

- develop an outcomes framework that is less rigid and more progressive, and that recognises people can aim for more than one outcome at the same time
- develop a new Specialist Employment Service description that covers all specialist employment support, regardless of the hours of work people are seeking, and a new payment structure
- develop a new service specification for Participation and Inclusion services with a strengthened focus on opportunities to contribute through employment and other valued roles, aligning with Enabling Good Lives principles

Agree / Disagree

2 Agree that the attached report, summary of engagement and covering letter be sent to the Minister for Social Development for her information

Agree / Disagree

3 Agree that the attached summary of engagement and covering letter be sent to engagement participants, following review by the Minister.

Agree / Disagree

Appendix 1: Proposed next steps: Employment, Participation and Inclusion: June 2015

TIMELINE
JULY 2015

Report to Minister

- advising Minister of proposed next steps (Health and Disability Policy lead)
- attaching summary of engagement and covering letter to engagement participants

- Preliminary GM-level meeting with National DPOs and leadership of provider associations: NZDSN and Inclusion NZ - explaining outcomes from engagement and next steps (Health and Disability Policy and Service Delivery)

- Engagement summary & covering letter setting out next steps - sent to all engagement participants

develop revised proposals with national DPOs and/or sector reps ...

AUGUST

Proposal 1: Outcomes Framework

Develop outcome descriptions (Health and Disability Policy lead), information provision (Service Delivery lead), and guidance/ criteria for referrals (Service Delivery lead)

Proposed approach:

- 1 x 2 day (or 2 x 1 day) workshop with DPOs/provider associations (with summary/notes)
- parallel meetings with MoH to explore alignment of proposals with MoH's DSS and mental health services model

Proposal 2: Improving Employment Services

Develop an outcomes payment model and service specs for Specialist Employment Services (Service Delivery lead)

Proposed approach:

- 2 x 1 day workshops with DPOs/provider associations (with summary/notes)
- parallel meetings with MoH to explore alignment of proposals with MoH's DSS and mental health services model

Proposal 3: Improve support for people to participate and be included in employment and their communities

Develop new service specifications, and strengthened focus on employment opportunities and EGL (Service Delivery lead)

Proposed approach:

- 1 day workshop with DPOs/provider associations (with summary/notes)

- Finalise policy (Health and Disability Policy lead)
- Approval by SDOC / Minister

NOVEMBER

Service design and contract negotiation (Service Delivery lead)

DECEMBER

IMPLEMENTATION

JULY 2016



Report

Date: 23 July 2015

Security Level: IN CONFIDENCE

To: Hon Anne Tolley, Minister for Social Development

Employment, Participation and Inclusion services

- 1 This report provides you with an update on the engagement on draft proposals for changes to Employment, Participation and Inclusion services and proposed next steps.

We will be working with Disabled People's Organisations and provider associations to develop final proposals from August 2015

- 2 In December 2014, we informed you that we would be engaging with the disability sector on draft proposals for Employment, Participation and Inclusion services (REP/14/11/885 refers).
- 3 The engagement has been completed and the feedback received has been summarised. This will inform the next stage of policy development.
- 4 A significant amount of feedback was received. Based on the feedback the Ministry of Social Development (the Ministry) has decided not to progress some of the proposals we engaged on. We will be working with representatives from national Disabled People's Organisations (DPOs) and two provider associations from August 2015 to develop those proposals we have decided to progress.

Recommended actions

It is recommended that you:

- 1 **Note** that the Ministry for Social Development engaged with Disabled People's Organisations, provider associations, providers and a number of key stakeholders on five draft proposals for Employment, Participation and Inclusion services

YES/NO

- 2 **Note** that the draft proposals engaged on were to:

2.1 Introduce a new Outcomes Framework to clarify the outcomes the funding supports

2.2 improve support for people to get and stay in work

2.3 Improve support for people to participate and be included in employment and their communities

2.4 ensure services are accessed by the people for whom they are intended, and the available funding is used more fairly

2.5 trial Work and Income matching people to services to ensure that people receive the assistance that is right for them

YES/NO

3 **Note** that a summary of the themes from feedback received on the draft proposals and a covering letter are attached

YES/NO

4 **Note** that we will send the summary of engagement and cover letter out to all engagement participants

YES/NO

5 **Note** that the Ministry for Social Development has taken into account the feedback and is proposing to work with sector representatives to progress:

- Proposal 1: introduce a new Outcomes Framework to clarify outcomes the funding supports
- Proposal 2: improve support for people to get and stay in work
- Proposal 3: Improve support for people to participate and be included in employment and their communities

YES/NO

6 **Note** the Ministry for Social Development will not progress at this time:

- Proposal 4, to:
 - target specialist employment support for those likely to get part-time or full-time work within defined timeframes
 - allow only people receiving Supported Living Payment to access Participation and Inclusion funding
 - limit individual's access to one funded Participation and Inclusion place at a time
 - remove Very High Needs scheme access for people not needing very high levels of support to participate in employment or the community
- Proposal 5: trial Work and Income matching people to services to ensure that people receive the assistance that is right for them

YES/NO

7 **Note** that the Ministry for Social Development will re-engage with Disabled People's Organisations and provider associations to develop:

- the outcomes framework
- a new service specification for Specialist Employment services and an outcomes-based payment model
- a new service specification for Participation and Inclusion services

YES/NO

8 **Note** that we propose that this engagement takes place from August 2015, with final proposals to be designed by December 2015

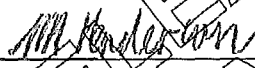
YES/NO

9 **Note** that the Ministry for Social Development will implement proposals from July 2016

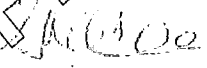
YES/NO

10 **Agree** to forward this report, the attached cover letter, and summary of engagement to the Minister for Disability Issues.

YES/NO


Mark Henderson
General Manager
Contracts

23/7/15.
Date


Sacha O'Dea
General Manager
Ageing, Disability, and International Policy

23/7/15
Date

Hon Anne Tolley
Minister for Social Development

Date

The Ministry engaged on draft proposals for Employment, Participation and Inclusion services

- 5 The Ministry currently spends about \$89 million annually on Employment, Participation and Inclusion services, which are aimed at increasing disabled people's participation in paid employment and their communities.
- 6 The Ministry informed you on 1 December 2014, that we were going to engage with the disability sector on five draft proposals for change to Employment, Participation and Inclusion services (REP/14/11/885 refers).

~~We engaged on five draft proposals~~

- 7 We engaged on the five draft proposals that were outlined in the 1 December 2014 report. The five draft proposals are outlined below – please see appendix (A) for further detail:
 1. introduce a new policy framework to align the funding to the outcomes we want
 2. improve support for people to get and stay in work
 3. improve support for people to participate and be included in employment and their communities
 4. ensure available services are accessed by those for whom they are intended, and the available funding is used more fairly
5. trial Work and Income matching people to outcomes and services to ensure that people receive the assistance that is right for them.

We engaged with DPOs, provider associations, providers and a number of other key stakeholders

- 8 We held 14 meetings between March and April 2015. Following the engagement meetings further feedback on the draft proposals was received via email up until 24 April 2015.
- 9 Between March 2015 and April 2015, we held:
 - eight meetings in Wellington, Whanganui, Dunedin, Christchurch, Auckland, and Rotorua with national providers, providers, and provider associations
 - three meetings, one in Auckland and two in Wellington, with client and family focus groups
 - one meeting in Wellington with DPOs
 - one meeting with the National Enabling Good Lives Leadership Group
 - one meeting with the New Zealand Public Service Association.
- 10 Engagement meetings were attended by approximately 400 people and we received over 80 submissions on the draft proposals from DPOs, the Enabling Good Lives Leadership Group¹, provider associations, providers, employers,

¹ *Enabling Good Lives* is a partnership between government agencies and the disability sector aimed at long term transformation of how disabled people and families are supported to live everyday lives. Three year demonstrations of *Enabling Good Lives* are running in Christchurch and the Waikato.

families, and individuals.

We have summarised the feedback from the engagement process

- 11 The engagement process has been completed and the feedback received has been summarised. A summary of the engagement feedback and cover letter explaining what will be happening next are attached. These will be sent out to engagement participants in July 2015.
- 12 Feedback from engagement participants identified the need for the Ministry to work more closely with DPOs and provider associations moving forward. This supports government obligations under the United Nations Convention on the Rights of Persons with Disabilities (UNCRPD).

The feedback received included the following themes

- 13 The feedback received focused on the following overarching themes:
 - services and supports should take a whole of life, person centred approach
 - the approach and process for developing outcomes needs to reflect Government's obligations under Article 4.3 of the UNCRPD
 - agreement in principle to the outcomes, but not the approach or measures
 - the proposed outcomes approach will involve new assessment processes and greater complexity, resulting in further barriers for people
 - eligibility and access to services should be person-driven and based on what the person wishes to achieve
 - the draft proposals will result in less choice and control for people
 - the draft proposals seem to establish a two tier eligibility system
 - Work and Income does not currently have the capacity or capability to make referrals to services
 - moving to an outcomes-based payment could result in increased competitive behaviour and place providers under further financial strain
 - without on going support people will be vulnerable to change and employers will lose confidence in the Supported Employment process
 - the draft proposals are unlikely to have any impact without addressing employer confidence
 - the draft proposals need to consider the labour market and be realistic about the employment opportunities for people
 - the draft proposals need to reflect the principles of Enabling Good Lives
 - the draft proposals need to reflect the varying levels of support required by people with high needs
 - the draft proposals need to be looked at from the perspective of people with mental health conditions
 - the draft proposals need to consider the wider context and take a whole of government approach.

The Ministry has taken into account the feedback and reconsidered the five draft proposals and likely impacts

- 14 The engagement provided the Ministry with a significant amount of valuable feedback and input from the sector on the draft proposals for Employment, Participation and Inclusion services and wider issues within the disability support system.
- 15 In light of the feedback, the Ministry has decided to progress three of the proposals and not progress with two of the proposals at this time.

Options the Ministry has decided to progress

Proposal 1: Introduce a new outcomes framework to clarify the outcomes the funding supports

- 16 There was agreement in principle with the three outcomes and the need for clarity and transparency about what outcomes people were achieving and what services they are accessing. However, we need to work with the sector to develop the outcomes framework and to respond to the issues raised including:
 - amending the rigid three-outcomes structure, and outcomes based on Ministry-linked boundaries (e.g. 15 hours for a Sustainable Employment outcome), and reframe them to be more flexible and person-centred
 - reframing outcomes as a continuum for moving all service users towards independence – recognising the value of employment for what it is (regardless of hours worked), together with the value of participating in the community
 - enabling person-driven access to services, which means allowing people to access a mix of services.
- 17 We also want to engage with the sector on how to improve accuracy of reporting on client outcomes to inform future policy development and decision-making.

Proposal 2: Improve support for people to get and stay in work

- 18 We propose to work with the sector to improve employment support to recognise the range of situations that people may be working in.
- 19 We propose that a new Specialist Employment Service description is developed with the sector that covers all specialist employment support regardless of the hours of work people are seeking.
- 20 We will also work with provider associations to develop a new outcomes payment model to incentivise sustainable employment outcomes including off-benefit or benefit abatement outcomes.
- 21 The funding that sits within the Multi Category Appropriation will still be subject to the Investment Approach and aimed at achieving off benefit or benefit abatement outcomes. The new outcomes payment model will be developed to support the investment approach. Eligibility for this assistance will in accordance with the Employment and Work readiness assistance programme.

Proposal 3: Improve support for people to participate and be included in employment and their communities

- 22 We propose to work with provider organisations to identify changes that could be made to service specifications to:
- improve alignment with the principles of Enabling Good Lives over time
 - strengthen the focus on giving people opportunities to contribute through employment and other valued roles.

Options the Ministry will not progress at this time

Proposal 4: ensure services are accessed by the people for whom they are intended, and the available funding is used more fairly

Targeting support for those likely to get part-time or full-time work within defined period

- 23 The feedback received provided a view that this proposal would disadvantage people who are unable to achieve part-time or full-time sustainable employment. This is because they would not be able to receive specialist employment support. As part of proposal two, we will ensure that people regardless of hours worked are able to access some specialist employment support.

Only people receiving Supported Living Payment are eligible for Participation and Inclusion support

- 24 Feedback highlighted the proposal would be too restrictive and inflexible. The Ministry acknowledges that there are some people not receiving a Supported Living Payment for whom access to a Participation and Inclusion service is part of a return to, or preparation for work. We will work with national DPOs and provider associations, as part of the next phase on proposal three, to work through what supports will best suit the needs of this group.

Limit access to one Participation and Inclusion place at a time

- 25 It was evident in the engagement that it is unclear why service users are accessing multiple funded places. We propose not to progress this proposal until we can identify and understand more clearly why this is occurring, and who it would affect.
- 26 We are proposing to work with providers to understand the drivers for people accessing multiple funded places and what options there are to ensure equity and fairness for clients.

Remove Very High Needs eligibility for people not needing very high levels of support post school

- 27 The feedback identified that adopting this proposal would likely require opening up Very High Needs scheme access for people who do not meet the criteria at school, but have very high needs as adults and need access to services.
- 28 We propose not to progress this proposal at this time as we do not have enough information to understand the potential funding implications.

Proposal 5: Trial Work and Income matching people to services

29 We will not progress this proposal because:

- of the significant level of concern from the sector that Work and Income do not currently have capacity and capability to refer clients; and
- it is not timely to develop and take on this referral process until the capability of Work and Income has been further developed.

30 Work and Income are developing the capability to work more effectively with disabled people and people with health conditions to support them to gain work and stay in work.

31 Service users will continue to self-refer to providers with Work and Income providing better information to help service users identify services available to support them.

The Ministry will reengage with a targeted stakeholder group to develop final policy proposals

32 The Ministry will take a targeted reengagement approach using workshops to develop and implement final proposals. Where we decide to proceed with change we will work with DPOs and provider associations on developing the policy.

33 The Ministry will discuss with DPOs and provider associations (NZ Disability Support Network and Inclusive NZ), the proposed approach for developing proposals in August 2015.

34 We will not reengage on proposals that are not being progressed.

We propose to reengage with DPOs and provider associations from August 2015 with final decisions on proposals to be made by November 2015

35 The Ministry will work with DPOs and provider associations from August 2015. The reengagement will include:

- July: the engagement summary and letter setting out next steps for reengagement with the DPOs and provider associations being sent to all engagement contributors (attached).
- August/September: develop revised proposals with the DPOs and provider associations through a series of workshops that will include:
 - developing the outcomes framework
 - developing an outcomes payment model and service specification for Specialist Employment services
 - developing new service specifications for Participation and Inclusion services.
- December: the Ministry's National Contracts team will work on service design and begin contract negotiations with providers to implement any changes.

36 Proposals may evolve, based on issues identified as part of this process. We will inform you of changes once final proposals have been developed with DPOs and provider associations.

Appendix A: Draft proposals for Employment, Participation and Inclusion services

Proposal 1: Introduce a new policy framework to align the funding to the outcomes we want

- 37 The draft framework defined the outcomes that the Ministry expected from services:
- **Sustainable Employment** for people who are seeking open employment of 15 hours or more per week, or who are already in open employment of 15 hours or more per week and need support to retain that employment
 - **On a Pathway to Sustainable Employment** for people who, within an agreed timeframe, will have moved through to a sustainable employment outcome
 - **Participation and Inclusion** for people who may work part time but are not expected in the next two years to be able to work 15 hours or more a week in open employment.
- 38 The Ministry proposed to develop tools with the sector to be used by clients, providers and Work and Income, to agree the outcome the person is seeking to achieve, and what support/services are needed.

~~*Proposal 2: Improve support for people to get and stay in work*~~

- 39 The most significant change for specialist employment services (Health and Disability) was to increase the focus on achieving sustainable employment outcomes that lead to a reduction in benefit dependence, or off benefit outcome, in line with the Investment Approach.
- 40 At the same time changes included:
- encouraging best practice for all specialist employment services (Health and Disability) supporting people into employment
 - better incentivising the outcomes we want by moving to outcomes-based funding.

~~*Proposal 3: improve support for people to participate and be Included in employment and their communities*~~

- 41 The Ministry proposed to change service specifications and contracts to:
- increase expectations that people who are being supported to participate and be included in their communities will participate in some paid or voluntary work with support where required
 - better align services with Enabling Good Lives principles, by encouraging providers to:
 - work towards their services being more person directed
 - focus on supporting people to achieve ordinary life outcomes such as employment, and being part of and contributing to their communities
 - enable and/or support people to access mainstream services, activities and places.

Proposal 4: ensure available services are accessed by those for whom they are intended, and the available funding is used more fairly

Targeting support for those likely to get part-time or full-time work within defined timeframes

- 42 It was proposed that the priority for specialist employment support would be people who are seeking and likely to get part-time or full-time sustainable employment within an agreed period of time.

Only people receiving Supported Living Payment (or equivalent) would be eligible for Participation and Inclusion support

- 43 It was proposed that only people receiving Supported Living Payment (due to a disability or a health condition) would be eligible for Participation and Inclusion funding. The Ministry would consider on a case-by-case basis the eligibility of any other person who (due to health condition or disability) is unable to regularly work 15 hours or more per week in open employment for two years or more.

One funded place

- 44 It was proposed that people would be able to access one funded Participation and Inclusion place at a time. Currently approximately eight percent of people are registered with more than one vocational service during a financial year.

Out of Scope

Proposal 5: trial Work and Income matching people to outcomes and employment services to ensure that people receive the assistance that is right for them

- 47 It was proposed that Work and Income would trial matching disabled people in one location to all three outcomes.

- 48 If the client is matched to the:

- Sustainable Employment or Pathway to Sustainable Employment outcome, Work and Income would refer the client to appropriate general and/or specialist employment services
- Participation and Inclusion outcome, Work and Income would inform the client of available providers, but the client would choose which service provider to approach.

File ref: A8246863

[Draft letter to people who participated in the engagement on EPI]

Employment Participation and Inclusion – response to feedback on draft proposals for change

We are writing to let you know about the feedback that the Ministry of Social Development (MSD) received on our five draft proposals for change to Employment, Participation and Inclusion (EPI) services, our response to your feedback, and the next steps.

We received a large volume of feedback

Thank you very much for your feedback. In addition to the comments provided at the 14 meetings we held across the country in March and April 2015, we received more than 80 written submissions. We greatly appreciate the time, effort and thought that went into the submissions.

We have taken some time to consider all of the feedback. We have heard and have taken into account your comments about the:

- aims and content of the proposals
- process being used to develop the proposals
- timeframe for implementation of changes.

Attached is the copy of a summary of the key themes that came out of the engagement feedback.

We are not proposing to progress some of the draft proposals

Based on the strong feedback we received, we have decided not to progress some of the proposals and that further work is needed on the others.

We have decided not to progress the proposals to:

- target Specialist Employment Services to people likely to get sustainable employment within a defined period of time
- limit people to being funded for only one outcome and one funded service place at a time
- restrict eligibility for support to participate and be included in the community to people receiving Supported Living Payment
- change the eligibility criteria for the Very High Needs Scheme
- trial Work and Income referring people to EPI services in one region.

We want to work with the sector to progress three proposals

We want to work with the national Disabled People's Organisations and the two national provider associations to:

- develop an outcomes framework that is less rigid and more progressive, and that recognises people can aim for more than one outcome at the same time

- develop a new *Specialist Employment Service* description that covers all specialist employment support, regardless of the hours of work people are seeking, and a new payment structure based on outcomes for these services
- develop a new service specification for Participation and Inclusion services with a strengthened focus on opportunities to contribute through employment and other valued roles, and Increasing alignment with Enabling Good Lives principles.

Proposed next steps

We are planning to organise a series of workshops with the national DPOs and the two national provider associations between August and October 2015 as follows:

- the first workshop will be about developing the outcome framework, information for people about outcomes and available services, and guidance on criteria for referrals and choosing the most appropriate service type
- the second workshop will work on the Specialist Employment Service specification and payment structure
- the third workshop will focus on developing new specifications for services to support people to participate in employment and/or their community

The workshops will focus on the three proposals outlined above, taking into account the views expressed in the feedback on the draft proposals. The proposals may therefore evolve, based on issues identified as part of this process.

As many of you know, the existing agreements with service providers have been extended to 30 June 2016. This is to allow enough time to work with representatives of DPOs and provider associations on designing and implementing the new round of proposed changes.

We are aiming for the new outcomes framework and policies to be implemented from 1 July 2016.

We look forward to seeing the results of the next round of engagement.

Yours sincerely

Sacha O'Dea
General Manager
Ageing, Disability and
International

Mark Henderson
General Manager
Contracts

Employment, Participation and Inclusion Services

Summary of feedback received on draft proposals for
Employment, Participation and Inclusion services

July 2015



**MINISTRY OF SOCIAL
DEVELOPMENT**
TE HAKAHIATO WHAKAHIAO ORA

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Summary of feedback on draft proposals for Employment, Participation and Inclusion services

Introduction

The Ministry of Social Development (MSD) spends about \$89 million a year on Employment, Participation and Inclusion (EPI) services aimed at increasing disabled people's participation in paid employment and their communities.

MSD engaged on five draft proposals to improve the effectiveness of EPI services and to align the services with the objectives of the Enabling Good Lives approach and the Government's welfare reforms.

The draft proposals

1. Introduce a new Outcomes Framework to clarify the outcomes that funding supports.
2. Improve support for people to get and stay in work.
3. Improve support for people to participate and be included in employment and in their communities.
4. Ensure services are accessed by the people for whom they are intended, and the available funding is used more fairly.
5. Trial of Work and Income matching people to services to ensure that people receive the assistance that is right for them.

Engaging with the sector

MSD met with interested individuals and groups in March and April 2015.

Meetings were held in:

Auckland, Rotorua, Whanganui, Wellington, Christchurch and Dunedin. Sometimes several meetings were held in the same city e.g. Wellington, with a different focus group each time. Approximately 400 people participated.

MSD met with:

Disabled people and people with health conditions, family focus groups, Disabled People's Organisations, national providers, service providers, provider associations, the National Enabling Good Lives Leadership Group and the NZ Public Service Association.

Feedback MSD received:

In addition to feedback from the meetings, over 80 email submissions were received.

Themes from feedback

The feedback received covered the following main themes.

- Services and supports should take a whole of life, person centred approach.
- The approach and process for developing outcomes needs to reflect Government's obligations under Article 4.3 of the United Nations Convention on the Rights of Persons with Disabilities.
- There is agreement in principle to the outcomes, but not the approach or measures.
- The proposed outcomes approach will involve new assessment processes and greater complexity, resulting in further barriers for people.
- Eligibility and access to services should be person-driven and based on what the person wishes to achieve.
- The draft proposals will result in less choice and control for people.
- The draft proposals seem to establish a two tier eligibility system.
- Work and Income does not currently have the capacity or capability to make referrals to services.
- Moving to an outcomes-based payment could result in increased competitive behaviour and place providers under further financial strain.
- Without on going support people will be vulnerable to change and employers will lose confidence in the Supported Employment process.
- The draft proposals are unlikely to have any impact without addressing employer confidence.
- The draft proposals need to consider the labour market and be realistic about the employment opportunities for people.
- The draft proposals need to reflect the principles of Enabling Good Lives.
- The draft proposals need to reflect the varying levels of support required by people with high needs.
- The draft proposals need to be looked at from the perspective of people with mental health conditions.
- The draft proposals need to consider the wider context and take a whole of government approach.
- More time is needed to consider implementation.

More detail about each theme is provided on the following pages.

More detail about each theme

Services and supports should take a whole of life, person-centred approach

Views of engagement participants included:

- The long term direction for disability supports should be more person-centred and focused on ordinary life outcomes.
- The proposed changes are not related to this long term direction and are being driven by the benefit reform agenda and the investment approach. There is concern that the proposed changes will make disabled people's lives worse rather than better.
- The changes do not align with New Zealand's commitments under the United Nations Convention on the Rights of Persons with Disabilities, the Disability Strategy, and the Disability Action Plan.
- There is a lack of evidence to show that the changes will address the causes of the problem. The drivers for change seem to be that demand for services is greater than the available funding, making it necessary to restrict eligibility criteria.
- It would be better to take a 'whole of life' and whole of government approach to employment, participation and inclusion. If a social model of disability was used there would be far more emphasis on overcoming the environmental barriers to employment.

The approach and process for developing outcomes need to reflect government's obligations under Article 4.3 of the United Nations Convention on the Rights of Persons with Disabilities

Views of engagement participants included:

- Better engagement with the disability community is needed when developing these proposals.
- The feedback process could also be improved by providing:
 - more time to feedback
 - more information to fully understand the implications and respond meaningfully
 - information in plain English
 - guidelines on consultation with members
 - a clear/transparent process where everyone receives the same information in the same way.
- There is a lack of data to show how people's health, finances and social situation would be affected by proposed changes.
- More information on how existing services are being used would also be useful.
- It is recommended that MSD get together with representatives from Disabled Peoples Organisations, the Disability Employment Forum, Inclusive NZ, NZ Disability Support Network, and other relevant groups to analyse the feedback.

and look at potential improvements to the current system. This would work towards a collaborative approach for co-designing a framework.

- Close consultation is also required between government agencies, parents and families.

There is agreement in principle to the outcomes, but not the approach or measures

Views of engagement participants included:

- **Support for the outcomes in principle:** There is agreement with the overall direction because it feels like people are being supported to achieve employment and other life outcomes.

Engagement participants felt the model needs to:

- take into account that participation in the community varies from person to person
- support a person's right to participate and contribute
- help people move towards a living wage
- explore a broader range of choices.

- **Individuals and their circumstances should determine outcomes:**

Outcomes should be individually driven and allow for on-going changes in people's lives. The outcomes cannot be discrete from one another because things don't happen in isolation.

There needs to be more focus on people who are unlikely to gain employment. Employment and participation are very different outcomes. There needs to be as strong a focus on improving or maintaining a person's quality of life as there is on employment or pathways to employment.

- **Sustainable employment outcome:** The journey from pre-employment to employment is not always a straight line and it does not always move forward.

This outcome places considerable pressure on people to seek as much work as possible. It doesn't take into account that many cannot work 15 hours or more per week, or account for the economic benefits of people working fewer than 15 hours per week.

Clarity is needed around what happens with people who are unable to achieve the 15 hours. The 15 hour limit means some people will not get specialist support for employment if they are working less than that.

For many, work involves just a few hours a week. Many need long term support and intervention and some may never manage 15 hours per week or progress towards sustainable employment. The proposal will exclude many who have a valid goal to be employed for less than 15 hours per week.

- **Pathway to a sustainable employment outcome:** The increased focus on employment, skill development and the time it takes to become work ready is good.

It is unclear what will be provided under the pathway to a sustainable employment outcome and how people will experience these outcomes/services. The idea of 'work readiness' raises alarm bells for disabled people and their families. Supported Employment came about to help people get past always being on the 'work readiness' track.

- **Participation and inclusion outcome:** The model emphasises achieving paid employment and that people will move through each outcome towards sustainable employment. A holistic approach is needed so that people with a disability who are unable to find paid work do not feel like failures and are not condemned to a life of poverty. The outcomes need to reflect realistic goals for people with very high needs as many are unable to sustain a role akin to work.

It is important that, for some people, volunteer work is acknowledged as an outcome and as a stepping stone towards paid employment.

- **Measuring outcomes:** There are concerns around measuring outcomes:
 - Measures should include asking about satisfaction and quality of service e.g. did the person with a disability feel it was a quality service and did the employer feel it was a quality service.
 - The focus should be on comprehensive and detailed planning towards outcomes and people's goals, and progress reported against people's plans and movement towards outcomes.
 - Measures need to be holistic and flexible. They need to allow for goals of employment, participation and inclusion to be happening all at the same time – if that's what the person needs. They should be based on a person's needs, goals, feelings of self-worth and being a contributor to their community, not just on reducing their benefit.
 - The sustainable employment measure of 15 hours may cause unintended outcomes. People who reach 15 hours may have their benefit abated and a reduction of other supports, leading to an unsustainable living income.
 - Work should be healthy, safe, 'good work' which offers a sense of self-worth.

The proposed outcomes approach would involve new assessment processes and greater complexity, resulting in further barriers for people

Views of engagement participants included:

- It is essential that any changes do not increase unnecessary assessment, screening, eligibility testing and intrusion. Disabled people and their families already have to go through many layers of assessment to get the support they need.
- The draft proposals suggest that people will be constantly assessed and transitioned between service options, resulting in stress and uncertainty and people feeling like they have no control over their circumstances.
- Any changes should:
 - keep reporting and recording requirements to a minimum
 - not be considered in isolation or double up on processes already in place.

Eligibility and access to services should be person-driven and based on what the person wishes to achieve

Views of engagement participants included:

- It was felt the draft proposals will work if the system is person-driven and self-determined. Eligibility should be based on a disabled person's aspirations and goals.
- There is concern that the proposed outcome tool will be used to restrict eligibility to services based on a person's perceived level of disability.
- Restricting eligibility does not take into account the collaboration that happens between providers. Draft proposals do not support this collaboration.
- **One funded place:** Restricting access to one funded outcome or place limits choice. Any changes need to take into account the complex needs of individuals. A number of services may be contributing to different outcomes that are equally valuable.
The approach may result in unintended consequences for people including social isolation and discourage people from looking for work because they may lose other services.
The skills associated with providing supported employment and community participation services are significantly different and not every provider is equipped to provide both service types.
- **Access to Participation and Inclusion services limited to people on Supported Living Payment:** The criteria to qualify for support would mean that many people would be disadvantaged.
There would be little or no support for people who drop out of services because they are not on Supported Living Payment and won't meet the outcomes – particularly where mainstream services are unable to meet their needs.
People should not be penalised if they stop work for a period of time. The proposed changes could act as a disincentive for people to look for work because they know that if they get a job they may lose their benefit and will no longer be able to attend services. People may only attend once or twice during a fortnight, but their on going involvement in services contributes to their wellness and ability to maintain their employment.
- **Draft proposals need to consider geographical differences:** Whatever is designed must work effectively in all regions. A number of concerns were raised including:
 - there are significant issues with access to, and cost of transport
 - limited and/or seasonally variable labour markets
 - limited choice of services in small towns and rural areas
 - a limited number of culturally tailored services available.

The draft proposals will result in less choice and control for people

The views of engagement participants included:

- Engagement participants like the current situation where disabled people have the choice to pick and choose what services they would like from providers. They were concerned that the draft proposals would limit a person's choice because of eligibility limits.
- Reducing choice and moving individuals to new service providers would set people back considerably. They:
 - would need to build new relationships
 - would have to tell their stories to new people
 - may feel less supported and less confident
 - may feel socially isolated if they have part-time work but cannot attend participation and inclusion services as well.
- For people to have choice and influence over their services there needs to be competition in the market and a choice of providers.
- It was felt that MSD was suggesting that people could work or participate in the community, but not both. Limiting funding streams to one provider would restrict choice.
- People should not be penalised if they want to work and use a participation and inclusion service.
- The outcome decision making tools appear to be a way of restricting choice. It disregards the individualised nature of support.

The draft proposals seem to create a two tier eligibility system

The views of engagement participants included:

- The total focus on the future liability of the welfare system could lead to people being excluded from services because of how they are assessed. This could lead to fewer people having employment opportunities as it could gear services towards those who can work 15 hours or more per week.
- The tone of the draft proposals indicates:
 - a two tier eligibility system with the primary goal of reducing benefit
 - that MSD only sees value if a person is working towards employment of 15 hours per week or more
 - people working 15 hours or less would receive a lower level of support
 - more investment in employment outcomes and less in participation and inclusion
 - people requiring the greatest levels of support would receive less, and would be likely to cause demand pressures on other supports
 - people working between five and 15 hours a week would not be worthy of the investment approach. Their quality of life, their new networks and their feelings of self-worth within their community would be damaged.

Work and Income does not currently have the capacity or capability to make referrals to services

Views of engagement participants included:

- Without more skilled staff who understand the complexity of supports necessary, there is concern that going through Work and Income would result in:
 - additional layers of assessment
 - increased barriers to accessing services
 - people being referred to inappropriate services.
- Some people have had unhelpful or negative experiences with Work and Income. They report not being listened to, their needs not being understood, and feeling talked down to and inferior.
- There is concern about the increased involvement of Work and Income who will be gatekeepers to services.
- Providers have considerable expertise. It would be of great concern if the referral role saw Work and Income bypassing relationships that clients have with providers.
- It can take several months to establish a relationship that allows staff to see the real person. Investing time in building relationships and establishing rapport is where sustainable outcomes are usually achieved.
- If Work and Income is going to match people to outcomes and refer them to services, it needs to pay attention to:
 - how Work and Income interacts with other services
 - on-going development and training of staff around disability and the assessment process
 - ensuring staff know about existing services and challenges related to disability.

Moving to an outcomes-based payment could result in increased competitive behaviour and place providers under further financial strain

Views of engagement participants included:

- **Be realistic about what funding can achieve:** The draft proposals would increase the expectation on providers to offer a more individualised service. However they don't address current gaps in service, particularly in the high support needs area, due to funding limitations or partial funding for services.

There should be no changes to contracts unless increased expectations are met with increased funding.

Very few providers have the capacity to support anyone new. This means people are unable to shift to new providers if they are dissatisfied with their current service. This has led to:

- long waitlists and high entry thresholds for many services
- families looking at one parent needing to give up work, which in sole parent families means going onto benefit
- people, service providers and staff feeling undervalued and marginalised
- services struggling to provide the basics.

There needs to be transparency for providers about what funding can realistically include. This would help people to have realistic expectations about what support is available.

Providers are concerned that if funding is attached to an individual rather than a service it may be difficult to know what funding they will receive. Accessing funding for every person who attends would add a huge burden to providers' administration workloads and be complicated to implement.

- **Current funding constraints:** Providers strongly recommend:
 - a review of funding and the significant issues and constraints placed on the sector
 - that Work and Income works with providers and their national networks to develop a fairer and more sustainable funding model.

- **Challenges with the proposed payment model for employment services:** Providers are concerned with the concept of milestone payments. Their experience is that milestones do not provide them with incentives. Milestones result in cherry picking, increased competition between providers and no incentive to collaborate. They can have a detrimental effect on the financial viability of organisations, and cause providers to opt out of contracts.

When there is no outcome, there is no funding. There needs to be consideration given for work provided during times where there is no progress, e.g. because of the person's disability or health condition.

If funding is outcomes-focused there needs to be security for providers so that they have the capacity to plan and provide consistency for individuals. The model needs to ensure that the funding and payment structure can accommodate timeframes and investment needed. It needs to consider how levels of support and investment are different for individuals.

Change is required in the way funding is distributed. Funding clients per day might stop multiple service funding and result in more even distribution of funding. Funding could be tagged to individuals and be flexible enough to go with the person to their provider of choice.

- **Taking an investment approach:** The investment approach might result in people requiring the greatest levels of support receiving less. No evidence was provided to show that the approach would deliver better employment outcomes for the wider group of disabled people, including those with complex needs.

Draft proposals should support local solutions to prevent competition and ensure a full range of services and choice for individuals.

- **Transparency and equity of funding:** Under the present system people with identical levels of disability receive varying levels of funding, and providers are also funded at different rates. It would be impossible to provide person-centred support and positive outcomes with this level of unfairness built into the funding mechanisms.

Without on going support people will be vulnerable to change and employers will lose confidence in the supported employment process.

Views of engagement participants included:

- Post placement support and maintenance is required – finding employment is only part of the process.
- Providers support people for long periods of time; If they don't have this support they can often be vulnerable to change. Many employees would lose their employment without support and go back on benefit.
- On going support is of particular concern where people:
 - have mental health conditions
 - have long term support needs
 - are likely to move in and out of employment on a regular basis.
- Without on going support, many employers will lose confidence in the supported employment process and be less inclined to employ disabled people and people with health conditions.
- People who have reached 15 hours may need help to increase their hours of work.

The draft proposals are unlikely to have any impact without addressing employer confidence

Views of engagement participants included:

- Significant work is required to:
 - raise awareness, increase confidence and educate employers about the value and role that disabled people can play in the workforce
 - address employer attitudes and discrimination
 - ensure adequate resources are available to address discrimination, and increase opportunities for disabled people to gain employment
 - provide incentives for employers to take on disabled people.

The draft proposals need to consider the labour market and be realistic about the employment opportunities for people

Views of engagement participants included:

- For the proposed changes to have an impact they would need to address labour market issues. Employment opportunities for disabled people are extremely limited, even more so in rural areas.
- The government should take action to create jobs suitable for disabled people.
- The proposed changes need to improve accessibility to open employment.

The draft proposals need to reflect the principles of Enabling Good Lives

Views of engagement participants included:

- Draft proposals need to take a 'whole of life' approach, adopt a more individualised framework and move away from the narrow focus on employment and the benefit system.

- Many organisations have already adopted and support the Enabling Good Lives principles. People are actively involved with providers who offer opportunities for social participation and employment. These opportunities contribute to a person's wellbeing and an ability to live a full and meaningful life.
- There are two current Enabling Good Lives demonstrations that are in their infancy. It's concerning that change is being proposed at this stage when the results of the existing demonstrations may or may not support these proposals.

The draft proposals need to reflect the varying levels of support required by people with high needs

Views of engagement participants included:

- The On going Resourcing Scheme assessment is not designed for post-school use. Often there are people who are not assessed as Very High Needs, but do require a very high level of care post-school. The proposed changes need to take into account changes in life circumstances post-school e.g. deteriorating health and increasing support needs.
- The people in Participation and Inclusion services are a very broad group and recognition is needed of the varying levels of support required. Without this there is a potential for gaps in services.
- Outcomes would need to reflect very high needs people.

The draft proposals need to be looked at from the perspective of people with mental health conditions

Views of engagement participants included:

- People with mental health conditions make up a large proportion of people receiving Jobseeker Support or Supported Living Payment. It is therefore important to look at proposed changes from a mental health perspective.
- For some people Participation and Inclusion services are crucial in avoiding a relapse of mental ill health and further impediments to attaining a pathway to sustainable employment.

The draft proposals need to consider the wider context and take a whole of government approach

Views of engagement participants included:

- The wider context and the overlap between other government agencies are missing. The draft proposals would need to address:
 - the funding disparities between MSD and the Ministry of Health and gaps in service provision
 - better cross-Ministry agreements and a breakdown of how agencies are involved
 - the lack of clarity around who determines access and support

- where people in tertiary education fit within these outcomes
- alignment with employment legislation
- how health and safety requirements contribute to the barriers faced by disabled people
- how other services and supports fit in the framework, e.g. Mainstream or Support Funds
- conflicts between the draft proposals and the other sector trials including the Enabling Good Lives demonstrations.
- Some of the service providers are turning away people unless they come with another funding package which may mean families are being asked to pay a fee for a service.
- The Ministries of Health, Social Development and Education need to share resources, expertise, knowledge and understanding to collectively develop and provide the most effective, seamless services to people.

More time is needed to consider implementation

Views of engagement participants included:

- More time is needed to better understand the population, who needs to be transitioned, and the capacity and availability of services;
- There was concern with
 - the proposed timeframe for implementation being very tight, and the lack of clarity about how services would be funded
 - how little has been disclosed about referral to services and how the tools would be developed and used
 - people losing ground when having to transition to a new provider or new outcome



Employment, Participation and Inclusion

Workshop on Employment Services

10 am to 4 pm, 23 October 2015 at CQ Hotel, Wellington

Attendees and apologies

See Appendix A.

Introductions and scene setting

Sacha O'Dea and Mark Henderson welcomed everyone to the workshop.

The workshop participants were divided into two groups for each discussion – DPOs and family representatives in one group, and provider representatives in the other group. The two groups reported back to the whole group after each session.

Session 1: What would a new outcomes based employment service look like?

What are the design principles?

DPOs and family representatives suggested the following design principles:

- Responsive to different levels of complexity/ need of disabled people (payment)
- Skilled staff who respect and value disabled people
- Flexibility to meet fluctuations
- recognise holistic needs in context and address these
- Disabled people have trust/confidence in service – can reveal their actual needs
- Evaluation with service user – independent and confidential
- Service provider using disabled employees to build disability confidence
- People are treated as an individual
- Name of services needs to be in easy words
- Sufficient funding for services
- Best person for the job – skilled and paid
- Straightforward, easy processes at providers
- Empathy and understanding of disability in context of society
- Understand the person/good listener

- Service regularly contacts disabled people, including when they are in employment
- Universal access to services across the country
- Have a range of services catering for specific disabilities and pan-disability services
- Choice of service
- Talk to disabled person rather than employer
- Easy to use and understand
- Reduce compliance requirements
- sustainable employment, and ability to progress in their career
- Culturally responsive
- Meaningful relationships

Provider representatives suggested the following design principles:

- Easy access, not layers of referral, ability to self-refer
- Universal access – only criteria “I want a job”
- Range of employment options including:
 - self-employment, micro-enterprises, with employer
 - work experience, apprentices, rural seasonal work, internships
 - stair-casing within a job, progression, career development
- Recognition that hours build
- All work is valued, all hours contribute to health and well-being
- People with more intensive support needs don't miss out (need to watch how incentives impact on this)
- Outcomes need to recognise broad range of employment types including: less than five hours eg contract work
- Service needs to be able to be tailored/personalised
- Support for some people is highly specialised, and maybe intense and may be needed for a long period of time
- Take account of Productivity Commission's commentary on value add
- Ideally, people are financially better off as a result of their work
- Simplicity
- Model needs to recognise cost structure of services, including overheads/fixed costs and this differs for different providers
- Contract payments need to recognise the cost of providing and sustaining a workforce to deliver a quality service (eg wages, staff training/development)
- Outcomes only payments probably non-viable for some
- Some flexibility would be desirable, recognise local differences
- Remote, rural areas are tricky because of choice, travel, cost structures, local labour market including contract and seasonal work in horticulture and agriculture sectors
- Relationship between providers/employees (more than providers can do by themselves)
- There are broader social factors to be addressed
- Need government agencies to be joined up
- Single accountability standards for services for government and non-government – should be the same

- Across government agencies contracts – outcomes should be the same
- Need to be very clear about the role of Work and Income with the community and providers – roles clear and aligned, complementary, not double up
- How to give people access to full range of service available, including “twin track”
- Need
 - more information
 - more trust
 - less competition
 - more understanding of what the system looks like
- Need to be realistic with what can be achieved with available funds

What outcomes should attract an outcomes payment?

Provider representatives suggested the following outcomes should attract payment:

- Have a plan, Making progress, Employment (has a job), Increased income/financial independence

Other comments included:

- Continuum of payment – recognising progress over time of the person, where the individual is at eg training, progress, literacy
- Outcome payments should be based on progress, in terms of what it means for each person
- Work and Income will have their outcomes and providers will have theirs too
- Still learning about outcomes measures but not there yet – still evolving
- Sector providers have greater capacity to support people into work, above currently contracted services

Session 2: What would need to be put in place to successfully implement a new service?

DROs and family representatives suggested the following would be needed for successful implementation:

- Services to employ disabled people as staff, intensive training upfront
- Build confidence of disabled people
- Costs
- And providers “resource base”
- Encouraging organisations to understand (not special service)
- Request for Information process – skills of providers
- RFI process skills providers
- Disabled people can pick and choose services. Client directed budget/individualised funding. Flexible funding.
- Funding (sufficient) for services
- Support Funds need to be effective

- Cooperation between providers, locally driven contracts
- Support available to people seeking between 1 and 40 hours work
- Integrated contract across MOH and MSD for employment outcomes
- Information to help people to get employment
- Self-employment as a separate stream
- Pre-assessment to identify complexity of need/intensity of need
- Careerforce/Education as a partner
- Information about services available
- Low self-esteem – confidence/motivation building enabling independence.

Provider representatives suggested the following would be needed for successful implementation:

- Co-design – draw on expertise, respect experience
- Consensus-based: collective impact
- Trust
- Clarity of roles
- Transparency
 - facts and figures about services
 - who/profile people using services (vs those not using services 20,000/135,000)
- Need an employment strategy for disabled people; Be clear about the long-term plan, share it.
- Fair, transparent pricing framework
- Price increase needed, more funds needed if greater numbers, and for people with high support needs
- Consider financial viability
- Invest more for long-term outcomes
- Attract new funding, increase funding to pay for a quality service
- Realistic timeframe for contracts
- Recognition of the effort needed to establish relationships and build confident employers
- Period of transition
- Individual for each provider
- Support for change
 - analysis, information
 - guidance, assistance
 - capacity building for change
- Hold non-performing providers to account
- Fair, clear, procurement processes (not offshore)
- Access to services= no wrong door
- Build on experience today of contracting
- Clear about the funder/provider split
- Agreed good practice
- Try stuff and learn, evolve
- Apply a social change model
- Use technology to support this

- Workforce development plan for the sector now and for the future
- Employers, Ministries of Health and Education involved
- DEF = Disability Confident Employers Strategy
- Map the system and current work/initiatives underway
- Joined up approach to employment
- Coordinated efforts

Session 3: How could we measure the outcome statements we have developed for employment, training and skills development, and disability confident employers?

DPOs and family representatives suggested the following outcome measures:

- Employment
 - Satisfaction from the disabled person
 - No output measures
 - Generic measures:
 - ethnicity
 - age
 - gender
 - location
 - industries employed in
 - Stories/case studies
 - Customer satisfaction
 - Comparison with unemployment rate for other people
 - Person/employee weighted to experience
 - Cohort payment % over all
 - Sustainable employment – type of employment
 - There – working with provider – professional
 - Employment in 14 months
 - Maintain employment
 - Understanding reasons
 - No penalty for progression within sustainability
- Training and skills development
 - Training courses
 - Goals attained
 - Feedback from family members
 - Snapshot surveys, annual surveys
 - People are receiving training in areas with jobs
 - Link to last year transition
- Disability confident employers
 - Knowledge of reasonable accommodations
 - Building into survey "did interaction build my confidence?"
 - Where it does not – support provided
 - Employers taking on more disabled people in other jobs
 - Disabled people in leadership roles – valuing ability

- Hourly rates of roles, paid fairly at or above
- Have wages increased within a year?
- How do wages compare to others in other roles
- risk mitigation plan/scoping plan

Provider representatives suggested the following outcome measures:

- Employers offering repeat jobs
- Employers approach providers with vacancies (NB not for all)
- Pre-employment activity
 1. upfront payment
 2. person has a plan to achieve employment
 3. placement
 4. retention
 5. ongoing support

Different rates paid for complexity of barriers to employment e.g. three levels

- A milestone-based model of payment would work if we were paid the full cost of service
- Payment: currently 75% total contract value
future outcome payments % split x individual outcomes
- Pretty decent chunk of upfront money needed – probably around 60% of total contract value.

Milestones for payment Register

1. Plan
2. Place
3. Retain
4. Exit
5. Support

Name for the services

Suggestions on a name for the services were collected during the workshop. The suggestions were:

DPOs and family representatives suggested:

- "Andrew"
- Community employment
- Not specialist
- Not funds
- Employment Contracts
- Vocational Support
- Says what it is – paid employment
- Integrated Employment Options
- Employment – Disability – Vocational
- Keep the name simple

- Not benefit abatement contracts
- Employment Service – Disability
- Employment Service – for Persons with Disabilities
- Disability Employment Contracts
- What do we call ordinary employment services? Add disability
- Inclusive
- Equitable
- Employment supports

Provider representatives suggested:

- Design the services first, then think of a name

Written up on suggestion sheet

- Disability employment contract
- Other Employment Services
- Employment contracts

Next steps

- The notes from this workshop will be written up and circulated by 30 October 2015.
- Can people please provide feedback on the draft outcomes framework from the first workshop to Section 9(2)(a) Privacy of Natural Persons by 6 November 2015.
- Please send details of who will be attending the workshop on services to support participation and inclusion on 11 November 2015 to Section 9(2)(a) Privacy of Natural Persons by 4 November 2015.

Follow-up actions for MSD

- Provide a factsheet around clothing allowances and what support is available to whom (ie eligibility requirements).
- Follow up about lack of Ministry of Health attendance at workshop.
- Provide information for DPOs about supported employment, specifically what is available based on hours worked. This includes information about the different outcomes they aim to achieve for the person (eg life outcomes for someone working less than 10 hours).

Appendix A

Attended workshop

NZDSN
NZDSN
NZDSN
Inclusive NZ
Inclusive NZ
Inclusive NZ
CCS Disability Action
People First
People First
Parent2Parent
IHC Advocacy
IHC Advocacy
DPA
Deafblind NZ Inc
Balance New Zealand
Deaf Aotearoa
Deaf Aotearoa
Platform
Platform
Association of Blind
Citizens NZ
Association of Blind
Citizens NZ
Ngāti Kāpo o Aotearoa Inc
MSD
MSD
MSD
MSD
MSD
MSD
MSD
MSD

Section 9(2)(a) Privacy of Natural Persons

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Sacha O'Dea

Section 9(2)(a) Privacy of Natural Persons

--

Mark Henderson

Section 9(2)(a) Privacy of Natural Persons

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Apologies

NZDSN
Inclusive New Zealand
Ministry of Health
Ministry of Health
Ministry of Health

Section 9(2)(a) Privacy of Natural Persons

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MINISTRY OF SOCIAL
DEVELOPMENT
TE MANATŪ WHAKAHIATO ORA

To: Inclusive New Zealand, New Zealand Disability Support Network,
Platform

From: Sacha O'Dea, General Manager, Ageing, Disability and International
Mark Henderson, General Manager, National Contracts

Date: 14 January 2016

Security level: IN CONFIDENCE

Meeting to discuss Employment Service specification – Version 2

Action: For discussion

Purpose of meeting

1. We are meeting with you on 19 January 2016 to discuss and agree on the substance of the draft Employment Services specification which is set out below. Attached is a draft agenda to help structure the discussion.
2. The draft version of the service specification has been informed by the points raised at our meeting with you on 16 December 2015, and incorporates a number of suggestions in the paper provided by [redacted] just prior to Christmas.
Section 9(2)(a) Privacy of Natural Persons
3. The key features of the draft specification that have been revised are:
 - making the Individual Employment Plan central to determining the rate of payments for employment placement, and the continuing employment milestones
 - Support Level Indicators (we can change the name for the indicators if there is a better suggestion)
 - payment structure for ongoing support (based on the structure discussed at the 16 December meeting)
 - outcome statements and indicators.
4. Please note that we are sharing this draft specification on a confidential basis to seek your feedback.

Aims of the Employment Services

5. The aim of the Employment Service (the Service) is to support clients with a disability or health condition to gain work and achieve sustainable employment. This will be achieved through the provision of employment-related case management, placement

into employment, and any required post-placement support aligned with the client's current Individual Employment Plan.

6. The Service is intended to focus on assisting clients to find employment or to return clients to appropriate employment as quickly as possible, aligning with sector best practice. This is consistent with the evidence that there are improvements in people's health and wellbeing when they are engaged in appropriate employment with the right support.

Target Group

7. The target group for this service is people receiving Jobseeker Support or Supported Living Payment (or Sole Parent Support) registered with Work and Income, who are willing to undertake part or full-time employment, but face barriers to gaining and sustaining employment because of a disability or health condition.

Services Summary

Core Functions

8. The Provider will be responsible for the active case management of clients to support them to achieve employment outcomes that align with their individual aspirations, goals and/or benefit obligations.
9. The Provider will seek the client's consent to allow the sharing of client information between the Provider, the Ministry of Social Development and the client in order to more effectively deliver the services.

Pre-employment

10. The Provider will develop an Individual Employment Plan with each client that outlines:

- key strengths and skills, needs and barriers to employment
- job aspirations and goals/career plan
- supports and accommodations needed
- key agreed activities that need to be undertaken.

11. Activities in the plan will be described under the following headings:

- **Pre-employment** activities (developing a personal profile, career plan, job searching and matching)
- **Employment placement** (employer negotiations, accommodations, supports (formal and natural)
- **Continuing employment (for 6 months):** bedding in accommodations/supports, follow up, building employer confidence
- **Continuing employment (for 12 months):** monitoring supports, cementing employer confidence.

12. The Provider will allocate a Support Level Indicator rating based on the level and duration of activity, and the range of interventions and support needed identified in the Individual Employment Plan.

13. The Provider will provide support and mentoring to clients if needed including:

- counselling on the benefits of employment
- motivation and confidence building
- personal development and building resilience

- skills and techniques counselling, including identification and management of any exacerbation of a health condition and strategies for the management of these in the workplace.

14. The Provider will actively assist clients to find work quickly by:

- supporting the client's job search activities
- identifying employment opportunities that are appropriate to the client's work preferences and obligations
- brokering appropriate employment through their employer networks.

Employment Placement

15. When a suitable job opportunity is identified, the Provider will assist the client with the negotiation of any flexible working arrangements, reasonable accommodations, and any initial training required by the client.

Continuing Employment

16. Once a client has gained employment, the Provider will be responsible for providing support to the client and their employer to ensure any issues or barriers that might impede the client's ability to remain in employment are addressed. This should include the building of natural supports in the workplace by incorporating opportunities to up skill direct supervisors and co-workers, in their awareness of reasonable accommodations.

General approach

17. While the essential elements of the service will be similar for many clients, the Provider will ensure that the degree of engagement and support is appropriately tailored to the needs of the client, their skills and preferences.

18. The service will be delivered in an environment that is positive, respectful and encourages the client to take responsibility for their actions and builds their capacity for achieving realistic goals.

19. If the client agrees, the Provider will maintain a close working relationship with the client's health and support providers (if any) with regard to the client's Individual Employment Plan and their progress, and to ensure that service delivery is appropriate to their needs.

20. The Provider will develop and maintain positive working relationships with other services and organisations working with the client, including government agencies, community organisations, and the client's family/whānau. The Provider will facilitate access to other services that can help provide further support for clients to overcome barriers to successfully achieving and retaining employment outcomes.

Information Capture and Reporting

21. The Provider will capture and actively maintain client information, including client enrolment details and their Individual Employment Plan, as well as achievement of service milestones and outcomes. This information will be used to generate the reports required by the Ministry.

Enrolment and Plan Development

22. Clients may self-refer to the Employment Services. Work and Income may also advise clients of the availability of these services.

23. A client's enrolment into the Service will be deemed complete once the Provider has:

- had an initial meeting with the individual and confirmed their suitability to participate in the Service
- requested the client's consent to share information with their disability or health and support providers (if any) and recorded whether or not consent has been given; and
- developed an Initial Individual Employment Plan with the client.

Cessation of Services

24. Services to a client will be deemed to have ceased 12 months after the client's initial placement into employment under this Service where ongoing support is not required and agreed, or prior to this where the:

- provider has been unable to achieve an employment outcome for the client within 12 months of their enrolment; or
- client placed into employment, exits that employment and is unable to achieve another employment outcome within 12 months of their original employment commencing; or
- client has withdrawn their consent to participate in the service; or
- provider wishes to withdraw offering service to the client; or
- client is deceased or has permanently left the area that the Provider covers
- Ministry advises the provider that the client will no longer be funded to participate in the service.

Re-enrolment

25. If a client is at significant risk of losing their job after 12 months continuous employment, they may re-enrol with the service to get assistance to keep their job. The Ministry may pay the Provider an Ongoing Support Fee in this circumstance.

26. If a client loses their job after 12 months continuous employment, they may re-enrol with the Service for assistance to find another job. Providers may receive the Enrolment and Pre-Employment Fee, Employment Placement Fee, Continuous Employment Fee in this circumstance.

Service Volume

27. Negotiated with each Provider

Support Level Indicator

28. Each client enrolled in the Service will be assigned a Support Level Indicator rating of low, medium or high. The ratings will be based on:

- **Employment experience and skills** – eg client has little or no work history, has worked but is unable to work in a similar role anymore, has applicable work skills and experience.
- **Length of time on benefit**
- **Support required** – eg length of time the Provider will need to work with the client to get them into sustainable work.

Question – What factors/criteria should be used to determine the level of support a client will need to gain and maintain work?

29. A client's rating will affect the level of payment to the Provider for the achievement of milestones and outcome fees.

30. The Provider may request that a client's rating be amended if additional information is gathered which changes their known barriers to employment. Any request for a review to a client's Support Level Indicator rating must be made within one month of their enrolment in the Service.

General standards applied to services

31. To be developed, based on similar service specifications.

Cultural awareness

32. To be developed, based on similar service specifications.

Accommodation and equipment standards

33. To be developed, based on similar service specifications.

Payment Structure

34. We are proposing to introduce a new payment structure for the Employment Services from 1 July 2017. The current funding streams and payment structure will continue for 2016/2017, but providers will be asked to report against new outcome indicators so we can all see how the new structure would work and adjust it if necessary.

35. The payment structure would include:

- an Enrolment and Pre-employment Activity Fee
- an Employment Placement Fee
- a Continuous Employment Fee when clients reach 6 months and another when the client reaches 12 months continuous employment
- an Ongoing Support Fee if a client needs post placement support beyond the 12 months in employment milestone.
- higher payments for clients with higher support needs to encourage providers to work with these clients
- higher payments for placements of 20 hours or more and 30 hours or more.

36. The payments are described in more detail below:

Enrolment and Pre-employment Activity Fee

37. The Ministry will pay the Provider a one-off Enrolment and Activity Fee at the rate specified in Table 1 for clients enrolled in the service by Service Intensity rating:

Table 1 – Enrolment and Pre-employment Activity Fee (GST Exclusive)		
Low SLI Rating	Medium SLI Rating	High SLI Rating
\$500	\$1,000	\$1,000

Employment Placement Fee

38. The Ministry will pay the Provider an Employment Placement Fee where a client is confirmed as commencing employment, that is within New Zealand, 5 or more hours per week, and has a minimum expected term of 2 (two) months, at the rates specified in Table 2:

Table 2 – Employment Placement Fee (GST Exclusive)				
Hours of Employment	Low SLI Rating	Medium SLI Rating	High SLI Rating	Wage-subsidy accessed
5-19 hours per week	\$750	\$1,250	\$2,500	75% of applicable rate
20-29 hours per week	\$1,125	\$1,875	\$3,750	75% of applicable rate
30+ hours per week	\$1,500	\$2,500	\$5,000	75% of applicable rate

39. Payment of the Employment Placement Fee will be paid once only for each client, regardless of the number of employment placements achieved during the Service.
40. If a client is placed into employment by Work and Income while they are participating in the service, the Ministry will pay the Provider 50% of the Employment Placement Fee. The Provider will still be eligible to receive full payment of the 6 and 12 Month Continuous Employment Fees as set out below.
41. If the client is placed using a wage subsidy (under the Job Support programme, or Flexi-Wage, or any other Ministry funded wage subsidy) the level of Employment Placement Fee will be reduced by 75% as shown in Table 2 above.

Continuous Employment Fees

42. The Ministry will pay the Provider at the rate specified in Table 3 for clients by Service Intensity rating that have achieved 6 or 12 months continuous employment (defined as with an original or subsequent employer, no more than 10 working days out of employment and no interim return to benefit).

Table 3 – Continuous Employment Fee (GST Exclusive)			
Hours of Employment	Low SLI Rating	Medium SLI Rating	High SLI Rating
5-19 hours per week	\$500	\$750	\$1,500
20-29 hours per week	\$750	\$1,125	\$2,250
30+ hours per week	\$1,000	\$1,500	\$3,000

43. Payment of the Continuous Employment fee is payable once for each of the 6 and 12 month employment milestones per individual client.

44. The rate of payment will be based on the client's average weekly hours of employment in the previous month.
45. Where a client is unable to achieve continuous employment during the first 6 months, the provider is expected to continue working with the client to achieve subsequent employment prior to their initial 6 month milestone. If this is achieved, the provider may later be eligible to receive the 12 Month Continuous Employment Fee.
46. Where a client is unable to achieve continuous employment between their 6 and 12 month milestones, the provider is expected to continue working with the client to achieve subsequent employment prior to their initial 12 month milestone. If this is achieved and the participant is in employment at their 12 month milestone, the Provider will be entitled to receive 50% of the 12 Month Continuous Employment Fee.
47. Where a client has achieved 6 months continuous employment but an Employment Placement Fee was not paid to the Provider because the employment was not initially expected to reach the minimum term of two months (for example the position was casual) the Ministry will also pay the Provider the Employment Placement fee at the same time the Six Month Continuous Employment Fee is paid.

Ongoing Support Fee

48. The Ministry will also pay an Ongoing Support Fee if a client reaches 12 months continuous employment and requires significant ongoing support from the Provider. This support may include support to maintain natural supports, cement employer confidence, to increase hours of work and progress in job.
49. If the Provider identifies that significant ongoing support is still required after 12 months continuous employment, they will develop an Ongoing Support Plan that outlines:
- the activities/support that will be required – with both the client and the employer
 - reason that formal support services from the Provider are still needed
 - identify further milestones that will provide opportunities to further reduce/withdraw formal services/supports
 - set a review date at or within 12 months (the plan and payment of the fee would be reviewed at least every 12 months)
 - identify the Ongoing Support Level required as per below, based on the average level/frequency of ongoing support required.
50. Payment for ongoing support will be:
- No ongoing support - \$0
 - Low - \$720 (12 x \$60 (one hour a month))
 - Medium - \$1,440 (24 x \$60 (one hour a fortnight))
 - T High - \$2,880 (48 x \$60 (one hour a week))
51. It is expected that Providers will tailor any ongoing support to suit the client and the employer. Providers will not be required to adhere to schedule of weekly, fortnightly or monthly contact.

Question – What percentage of clients are expected to need ongoing support after 12 months in continuous employment?

Question – What factors/criteria should be used to determine the level of ongoing support a client will need?

Outcome Indicators

Employment outcome statements (including self-employment)

- I have a job and am paid on an equal basis with others for my skills and efforts
- My job matches my aspirations and abilities and is sustainable for me
- I have the support I need to do my job and participate fully in my workplace
- I am supported to work to the extent that I am able, as much like others as possible, and maintain my quality of life
- I am able to progress in my job and/or career

Outcome Indicators include:

- Individual Employment Plan completed
- Employment placement
- Continuous employment (6 months, 12 months)
- Hourly rate/salary
- Satisfaction with the service/support from the disabled person

Training and skills outcome statement

- I have gained skills that employers value
- I have the learning opportunities and support I need to get work skills and experience
- I have opportunities to try a range of things (work experience, volunteering internships, casual employment) if needed to identify my strengths and interests and develop skills for work
- While I am seeking work I am engaging in activities that will assist me to find paid work while I am looking for work (but I am making progress to employment and will not get stuck in training)

Outcome Indicators include:

- Employment-related training that has resulted in employment
- Types of work related training, skill development activities completed
- The disabled person's satisfaction with the support for training and skill development provided

Disability Confident Employers outcome statements

- My employer understands that employing disabled people can be good for their business, that all workers may need supports and accommodations and provides them if needed
- My employer values my skills and abilities, and the contribution I am making
- My employer supports me to do my best and gets the best out of me
- My employer understands

Outcome Indicators include:

- Employer satisfaction with the service
- Feedback from employers about increase in disability confidence
- Repeat business from the same employer

Appendix

Transition process

Year 1: Programme realignment (2016/2017)

52. We want to have a seamless transition from the current funding arrangement to the new proposed arrangement. In order to do this, the funding streams and levels will be maintained at the same level for the next fiscal year as they are currently, where appropriate. However providers will receive new contract documents that set out future outcome requirements. Client outcomes will be measured against the contract specifications in order to support and facilitate year 2 volumes, outcome and funding.
53. The Ministry may carry out some client outcome recording, placement verification and data entry for clients with higher levels of employment hours.

Year 2: New outcome agreements become operational (2017/2018)

54. The new outcomes agreements will become fully operational, including the new payment structure. In addition the Ministry expects the Service Outcome Reporting Tool (SORT) will be introduced. This will enable clients' details and outcomes to be recorded against their Work and Income files as appropriate. We will need to develop an appropriate "reverse referral" process to enable providers to engage with clients who self refer. That is, providers will need to be able to confirm that clients are eligible, and what their Service Intensity Rating is.
55. The Ministry will closely monitor providers, with a view to supporting them whilst operating the new arrangements.

Year 3: Tender for contracts (2018/2019)

56. In Year 3, the Ministry will be required to proceed to tender for these contracts. This will enable the Ministry to engage providers who have been performing at an appropriate level. In addition, we will be able to ensure that we develop services where they are required, so they are aligned with population level and needs.

RELEASED UNDER THE
OFFICIAL INFORMATION ACT

24 February 2016

Employment Services service specification Handover version (revised 24 February)

Context

1. The Ministry of Social Development seeks to fund employment services that contribute to realising the aims of the:
 - United Nations Convention on the Rights of Persons with Disabilities, particularly the rights of disabled people to work on an equal basis with others; this includes the right to the opportunity to gain a living by work freely chosen or accepted in a labour market and work environment that is open, inclusive and accessible to persons with disabilities (Article 27)
 - Disability Action Plan 2014 to 2018; Update 2015 to:
 - increase the number of disabled people, including long-term unemployed disabled people, in paid employment and self-employment on an equal basis with others (Priority 2) and
 - promote disabled people having choice and control over their supports/services, and make more efficient use of disability support funding (Priority 4)
 - Enabling Good Lives approach to work towards a future in which disabled people and their families will have greater choice and control over their supports and lives, and make more use of natural and generic supports.
2. These services also contribute to the following Ministry of Social Development outcomes:
 - more people into sustainable work and out of welfare dependency
 - more people are able to participate in and contribute positively to their communities and society.

Aims of the Employment Services

3. The aim of the Employment Service (the Service) is to support clients with a disability or health condition to gain sustainable employment and move closer to financial independence. This will be achieved through the provision of employment-related case management, placement into open and inclusive employment, and any required post-placement support aligned with the client's Individual Employment Plan.
4. The Service is intended to focus on assisting clients to find or return to sustainable employment as quickly as possible, aligning with sector best practice. This is consistent with the evidence that there are improvements in people's health and wellbeing when they are engaged in appropriate employment with the right support.

Target Group

5. The target group for this service is people receiving Jobseeker Support or Supported Living Payment (or Sole Parent Support) registered with Work and Income, who are willing to undertake part or full-time employment, but face barriers to gaining and retaining employment because of a disability or health condition.

Eligibility

6. People eligible to participate in these services will:

- be currently living in New Zealand, and
- be a New Zealand citizen or a permanent resident, or hold an appropriate open work permit, or a person recognised as a refugee or protected person, and
- be aged 16 to 64 inclusive, or over 65 and not qualified to receive New Zealand Superannuation (Note: people placed in employment before age 65 may continue to receive ongoing support from the Provider) and
- be one of the following:
 - be receiving a main benefit or their partner or
 - have applied for and been assessed as eligible for a main benefit or
 - have been receiving a main benefit that has been cancelled because they have moved into employment or
 - have applied for a main benefit but need to complete pre-benefit activities or
 - have contacted the Ministry of Social Development or the service Provider seeking assistance to obtain or retain employment ornot be receiving Supported Living Payment (sickness, injury or disability) because the client is undertaking an employment trial with the agreement of Work and Income for a period of time or be applying for Supported Living Payment (sickness, injury, or disability, or total blindness) **or**
 - be receiving New Zealand Superannuation or a Veteran's Pension as a non-qualified spouse or partner
- have a disability or health condition that is likely to impact on their ability to work for 6 months or more
- require support to obtain or remain in employment in addition to that provided by Work and Income service delivery.

7. Exceptions to the eligibility criteria are:

- when a person qualifies for vocational rehabilitation from the Accident Compensation Corporation
- when a person's vocational services are provided for through the Ministry of Health as a consequence of de-institutionalisation
- when a person is still enrolled at school.

8. Note: the funding cannot be used for employment, training, activity, or service located or provided outside New Zealand.

Services Summary

Core Functions

9. The Provider will be responsible for the active case management of clients to support them to achieve employment outcomes that align with their individual aspirations, goals and/or benefit obligations.
10. The Provider will seek the client's consent to allow the sharing of client information between the Provider, the Ministry of Social Development and the client in order to more effectively deliver the services.

Pre-employment

11. The Provider will develop an Individual Employment Plan with each client that outlines:
- key strengths and skills, needs and barriers to employment
 - job aspirations and goals/career plan
 - supports and accommodations needed
 - key agreed activities that need to be undertaken.
12. Activities in the plan will be described under the following headings:
- **Pre-employment** activities (developing a personal profile, career plan, job searching and matching)
 - **Employment placement** (employer negotiations, accommodations, supports (formal and natural))
 - **Continuing employment (for 6 months)**: bedding in accommodations/supports, follow up, building employer confidence
 - **Continuing employment (for 12 months)**; monitoring supports, cementing employer confidence.
13. The Provider will allocate a Support Level Indicator rating based on the level and duration of activity, and the range of interventions and support needed identified in the Individual Employment Plan.
14. The Provider will provide support and mentoring to clients if needed including:
- counselling on the benefits of employment
 - motivation and confidence building
 - personal development and building resilience
 - skills and techniques counselling, including identification and management of any exacerbation of a health condition and strategies for the management of these in the workplace.
15. The Provider will actively assist clients to find work quickly by:
- supporting the client's job search activities

- Identifying employment opportunities that are appropriate to the client's work preferences and obligations
- brokering appropriate employment through their employer networks.

16. The focus is expected to be on quickly placing then supporting people in paid employment. However, some people may benefit from time-limited work experience opportunities or training that is relevant to their interests, strengths, and future career aspirations:

- work experience placements need to be of sufficient duration to allow for the person to get to know the job, and to build relationships with work colleagues, and any unpaid work experience must be of limited duration
- mainstream education and training in skills that are demand in the labour market are preferred.

Employment Placement

17. When a suitable job opportunity is identified, the Provider will assist the client with the negotiation of any flexible working arrangements, reasonable accommodations, and any initial training required by the client.

Continuing Employment

18. Once a client has gained employment, the Provider will be responsible for providing support to the client and their employer to ensure any issues or barriers that might impede the client's ability to remain in employment are addressed. This should include the building of natural supports in the workplace by incorporating opportunities to up skill direct supervisors and co-workers, in their awareness of reasonable accommodations.

General approach

19. While the essential elements of the service will be similar for many clients, the Provider will ensure that the degree of engagement and support is appropriately tailored to the needs of the client, their skills and preferences.

20. The service will be delivered in an environment that is positive and respectful. The Provider will ensure that each client has the opportunity to participate as fully as possible in decisions about the service they receive

21. If the client agrees, the Provider will maintain a close working relationship with the client's health and disability support providers (if any) with regard to the client's Individual Employment Plan and their progress, and to ensure that service delivery is appropriate to their needs.

22. The Provider will develop and maintain positive working relationships with other services and organisations working with the client, including government agencies, community organisations, and the client's family/whānau. The Provider will facilitate access to other services that can help provide further support for clients to overcome barriers to successfully achieving and retaining employment outcomes.

Information Capture and Reporting

23. The Provider will capture and actively maintain client information, including client enrolment details and their Individual Employment Plan, as well as achievement of service milestones and outcomes. This information will be used to generate the reports required by the Ministry.

Enrolment and Plan Development

24. The Provider is responsible for identifying and recruiting eligible individuals to participate in the service. Clients may also self-refer to the Service.

25. Clients who have been receiving a Transition Service from the Provider funded by the Ministry in their last year of school may enrol in the Employment Service after they leave school.

26. Work and Income may provide information to the target group about Employment Services in their area that they might approach, but Work and Income is not responsible for referring clients to this Service.

27. A client's enrolment into the Service will be deemed complete once the Provider has:

- had an initial meeting with the individual and confirmed their suitability to participate in the Service
- requested the client's consent to share information with their disability or health and support providers (if any) and recorded whether or not consent has been given; and
- developed an initial Individual Employment Plan with the client.

Cessation of Services

28. Services to a client will be deemed to have ceased 12 months after the client's initial placement into employment under this Service where ongoing support is not required and agreed, or prior to this where the:

- provider has been unable to achieve an employment outcome for the client within 12 months of their enrolment (the 12 months does not include any time spent in a Transition Service with the Provider prior to leaving school); or
- client placed into employment, exits that employment and is unable to achieve another employment outcome within 12 months of their original employment commencing; or
- client has withdrawn their consent to participate in the service; or
- provider wishes to withdraw offering service to the client; or
- client is deceased or has permanently left the area that the Provider covers
- Ministry advises the provider that the client will no longer be funded to participate in the service.

Re-enrolment

29. If a client is at significant risk of losing their job after 12 months continuous employment, they may re-enrol with the service to get assistance to keep

their job. The Ministry will pay the Provider an Ongoing Support Fee in this circumstance.

30. If a client loses their job after 12 months continuous employment, they may re-enrol with the service for assistance to find another job. Providers will receive the Enrolment and Pre-Employment Fee, and may earn the Employment Placement Fee, Continuous Employment Fee in this circumstance.

Service Volume

31. Negotiated with each Provider

Support Level Indicator

32. Each client enrolled in the Service will be assigned a Support Level Indicator rating of low, medium or high by the Provider. The ratings will be based on the estimated number of support hours the provider will need to work with the client to get them into sustainable work or return them to sustainable work as shown in Table 1 below.

Table 1 – Support Level Indicators		
Low SLI Rating	Medium SLI Rating	High SLI Rating
13 hours	26 hours	39 hours

33. A client's rating will affect the level of payment to the Provider for the achievement of milestones and outcome fees.

General standards applied to services

34. The Provider will:

- deliver the services to a consistently high standard and have appropriate systems in place to ensure that outcomes are achieved
- have sound administrative systems in place and be able to provide accurate records and reports as required
- have sound processes in place for the resolution of client complaints
- ensure that all participants will have equal opportunity to access the services according to their needs
- ensure that each client has the opportunity to participate as fully as possible in decisions about the service they receive, and that where appropriate their family/whānau are also involved
- comply with all relevant legislation, including the Code of Health and Disability Consumer's Rights
- ensure that facilities where services are provided are accessible to all participants and that participants are fully briefed on emergency and any other evacuation procedures that apply to any premises in which services are provided.

- ensure that the personal privacy and dignity of participants is respected during the provision of the services, and the services are provided in a manner which respects and is appropriate to participants' religious and cultural beliefs and practices, age, gender and disabilities
- In providing services to Māori, ensure that where appropriate:
 - tikanga Māori is integrated into the services
 - local Iwi/hapu are consulted about how tikanga Māori is to be integrated into such services.

Payment Structure

35. We are proposing to introduce a new payment structure for the Employment Services from 1 July 2017. The current funding streams and payment structure will continue for 2016/2017, but providers will be asked to report against new outcome indicators so we can all see how the new structure would work and adjust it if necessary.

36. The payment structure would include:

- an Enrolment and Pre-employment Activity Fee
- an Employment Placement Fee
- a Continuous Employment Fee when clients reach 6 months and another when the client reaches 12 months continuous employment
- an Ongoing Support Fee if a client needs post placement support beyond the 12 months in employment milestone.
- higher payments for clients with higher support needs to encourage providers to work with these clients
- higher payments for placements of 20 hours or more and 30 hours or more

37. The payments are described in more detail below:

Enrolment and Pre-employment Activity Fee

38. The Ministry will pay the Provider a one-off Enrolment and Activity Fee at the rate specified in Table 1 for clients enrolled in the service by Service Intensity rating:

Table 2 – Enrolment and Pre-employment Activity Fee (GST Exclusive)		
Low SLI Rating	Medium SLI Rating	High SLI Rating
\$1,000	\$1,800	\$2,600

Employment Placement Fee

39. The Ministry will pay the Provider an Employment Placement Fee where a client is confirmed as commencing employment at the rates specified in Table 2. To qualify for the Employment Placement Fee the employment must:

- be 5 or more hours per week and ongoing

- be paid at the minimum wage rate or above and meet the minimum employment rights and entitlements (the worker cannot have a Minimum Wage Exemption)
- be within New Zealand
- not be as a client of a business enterprise funded by the Ministry
- not be as an employee of the Provider
- consistent with the client's benefit status and any work obligations they have (eg do they have an obligation to work full-time, part-time, or no obligation?).

Table 3 – Employment Placement Fee (GST Exclusive)				
Hours of Employment	Low SLI Rating	Medium SLI Rating	High SLI Rating	Wage-subsidy accessed
5-19 hours per week	\$500	\$1,000	\$2,000	75% of applicable rate
20-29 hours per week	\$800	\$1,600	\$3,000	75% of applicable rate
30+ hours per week	\$1,250	\$2,250	\$4,000	75% of applicable rate

40. Payment of the Employment Placement Fee will be paid once only for each client, regardless of the number of employment placements achieved during the Service.

41. If a client is placed into employment by Work and Income or another Provider while they are participating in the service, the Ministry will pay the Provider 50% of the Employment Placement Fee. The Provider will still be eligible to receive full payment of the 6 and 12 Month Continuous Employment Fees as set out below.

42. If the client is placed using a wage subsidy (under the Job Support programme, or Flexi-Wage, or any other Ministry funded wage subsidy) the level of Employment Placement Fee will be reduced to 75% as shown in Table 3 above.

Continuous Employment Fees

43. The Ministry will pay the Provider at the rate specified in Table 4 for clients by Service Intensity rating that have achieved 6 or 12 months continuous employment (defined as with an original or subsequent employer, no more than 10 working days out of employment (ie unemployed) and no interim return to benefit).

Table 4 – Continuous Employment Fee (GST Exclusive)			
Hours of Employment	Low SLI Rating	Medium SLI Rating	High SLI Rating
5-19 hours per week	\$400	\$500	\$1,000
20-29 hours per week	\$600	\$900	\$1,750
30+ hours per week	\$800	\$1,250	\$2,500

44. Payment of the Continuous Employment fee is payable once for each of the 6 and 12 month employment milestones per individual client.
45. The rate of payment will be based on the client's average weekly hours of employment in the previous month.
46. Where a client is unable to achieve continuous employment during the first 6 months, the provider is expected to continue working with the client to achieve subsequent employment prior to their initial 6 month milestone. If this is achieved, the provider may later be eligible to receive the 12 Month Continuous Employment Fee.
47. Where a client is unable to achieve continuous employment between their 6 and 12 month milestones, the provider is expected to continue working with the client to achieve subsequent employment prior to their initial 12 month milestone. If this is achieved and the participant is in employment at their 12 month milestone, the Provider will be entitled to receive 50% of the 12 Month Continuous Employment Fee.
48. Where a client has achieved 6 months continuous employment but an Employment Placement Fee was not paid to the Provider because the employment was not initially expected to reach the minimum term of two months (for example the position was casual) the Ministry will also pay the Provider the Employment Placement fee at the same time the Six Month Continuous Employment Fee is paid.

Ongoing Support Fee

49. The Ministry will also pay an Ongoing Support Fee if a client reaches 12 months continuous employment and requires significant ongoing support from the Provider. This support may include support to maintain natural supports, cement employer confidence, to increase hours of work and progress in job.
50. If the Provider identifies that significant ongoing support is still required after 12 months continuous employment, they will develop an Ongoing Support Plan that outlines:
- the activities/support that will be required – with both the client and the employer
 - reason that formal support services from the Provider are still needed

- identify further milestones that will provide opportunities to further reduce/withdraw formal services/supports
- set a review date at or within 12 months (the plan and payment of the fee would be reviewed at least every 12 months)
- Identify the Ongoing Support Level required as per below, based on the average level/frequency of ongoing support required.

51. Payment for ongoing support will be at the Ongoing Support rate (OS Rate) specified in table 4:

Table 5 – Continuous Employment Fee (GST Exclusive)		
Hours of Support	OS Rate	Fee
No hours required	Nil	\$0
1 hour per month	Low	\$720
1 hour per fortnight	Medium	\$1,440
1 hour per week	High	\$2,880

52. It is expected that Providers will tailor any ongoing support to suit the client and the employer. Providers will not be required to adhere to a schedule of weekly, fortnightly or monthly contact.

Draft Outcome Statements

Employment outcome statements (including self-employment)

- I have a job and am paid on an equal basis with others for my skills and efforts
- My job matches my aspirations and abilities and is sustainable for me
- I have the support I need to do my job and participate fully in my workplace
- I am supported to work to the extent that I am able, as much like others as possible, and maintain my quality of life
- I am able to progress in my job and/or career

Training and skills outcome statements

- I have gained skills that employers value
- I have opportunities to learn and the support I need to get work skills and experience
- I have had opportunities to try a range of things (work experience, volunteering internships, casual employment) if needed to identify my strengths and interests and develop skills for work

Community development outcome statements

- I have opportunities to be part of everyday life in the communities of my choice

- I feel welcomed and included by my communities, and have support if needed to develop relationships
- My employer understands that employing disabled people can be good for their business, and provides support and accommodations if needed

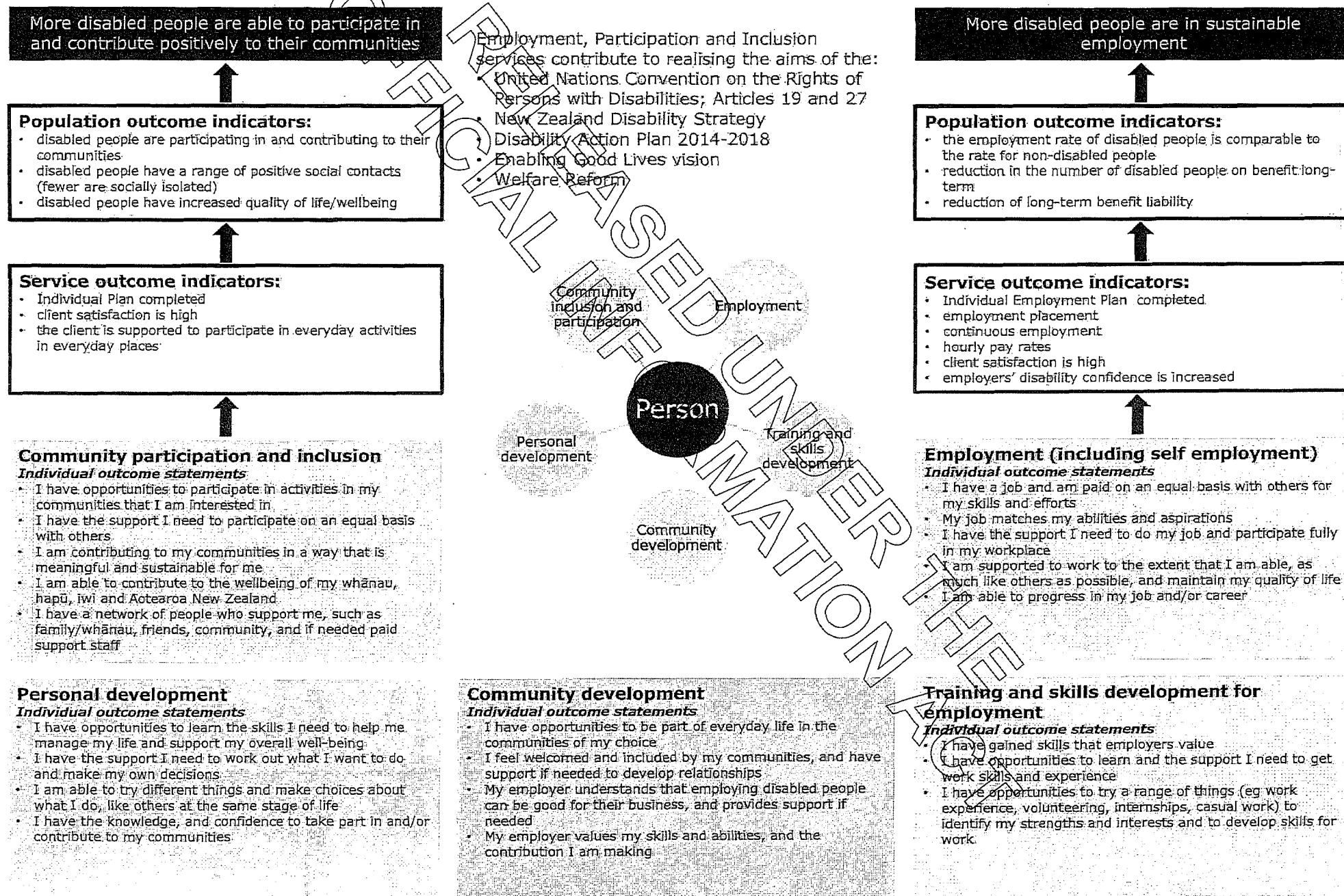
Outcome indicators to include in the service specification:

- Individual Employment Plan completed
- Employment placement 5 or more hours per week
- Continuous employment (6 months, 12 months)
- Hourly rate/salary
- Employment-related training that has resulted in employment within 8 weeks of completion
- The client's satisfaction (ideally independently assessed) with:
 - the support/service from the Provider
 - support/accommodations provided in the workplace
 - job appropriate to client's aspirations and abilities
- Feedback from employers about level of disability confidence

Other information to collect from providers in 2016/2017

- Number of new client enrolments
- Name and SWN number of clients (existing and new)
- Numbers of clients exiting service – reason (eg post placement support no longer required, exited without placement, moved, died)
- Time per new client spent on enrolment and developing IEPs (average, minimum and maximum)
- Time per client spent on supporting job search /prior to placement
- Time per client spent supporting clients in work preparation activities (ie training, work experience)
- Time per client spent providing post placement support
- Proportion of clients requiring ongoing support – number of hours required
- Characteristics of clients requiring ongoing support
- Number/types of work related training, skill development activities completed

Outcomes framework for Employment, Participation and Inclusion services





Memo

To: Service Delivery Organisational Development Committee
From: Mark Henderson, General Manager Contracts
Sacha O'Dea, General Manager, Ageing, Disability and International
Date: 21 March 2016
Security level: IN CONFIDENCE

Employment Participation and Inclusion – implementing proposals for change

Purpose and context

1. Health and Disability Policy and National Contracts have completed a final round of disability sector engagement on three proposals for changes to Employment, Participation and Inclusion Services (formerly called Vocational Services).
2. The proposals were to develop:
 - an Outcomes Framework for the Employment, Participation and Inclusion services (EPI) that clarifies the outcomes we are seeking from these services
 - a new specialist Employment Services specification, with a new payment structure based on outcomes
 - a revised Community Participation service specification.
3. We have taken account the feedback in developing the attached outcomes framework and preparing new draft contracts.

Recommendations

We recommend that you:

1. **note** the contents of the EPI Outcomes Framework (A3 attached)
2. **note** the approach being taken to give current Employment Services providers a year to adapt to an outcomes-based payment structure
3. **note** that there will be minimal changes to the Community Participation services, but better information on services will be collected in order to inform future planning and funding decisions
4. **note** that National Contracts with the discussing the new contract with the providers' peak bodies within the next few weeks
5. **agree** that National Contracts proceeds to implement the proposed changes

Agree / Disagree

6. **agree** to brief the Minister for Social Development on the changes.

Agree / Disagree

A new outcomes framework that clarifies the outcomes we are seeking from EPI services has been developed

4. We held Workshops with representatives from Disabled People's Organisations (DPOs) and providers' organisations to discuss each of the proposals.
5. A key theme of the feedback was that the Outcomes Framework should identify the outcomes for individual clients, not just the Ministry of Social Development (MSD) or Government priorities. Measuring client satisfaction with the services received from providers was also seen as important.
6. The attached Outcomes Framework uses "I statements" to show the outcomes that individual clients will be supported to achieve, as well as showing the wider outcomes to which EPI Services are expected to contribute.
7. There will still be two sets of services¹ – services that support people into paid employment and services that support people to participate and be included in their communities:
 - Employment Services will be expected to support individuals to achieve employment, training and skill development for employment, and community development goals.
 - Community Participation services will be expected to support individuals to achieve community participation and inclusion, personal development and community development goals (this can include participation in part-time paid employment).
8. The service outcome indicators included in the contracts with providers will be:

Community Participation services	Employment Services
<ul style="list-style-type: none"> • Individual Plan completed • client satisfaction is high • the client is supported to participate in everyday activities in everyday places 	<ul style="list-style-type: none"> • Individual Employment Plan completed • employment placement • continuous employment • hourly pay rates • client satisfaction is high • employers' disability confidence

9. The EPI services contribute to the MSD outcomes "more disabled people are in sustainable employment" and "more disabled people are able to participate in and contribute positively to their communities."

We propose a new Employment Services specification and a move to an outcomes-based payment structure

10. We propose a new Employment Services specification that covers all the specialist employment support, regardless of the hours of work that people are seeking, and a new payment structure based on outcomes for these services.
11. The feedback identified that both the DPOs and provider organisations accepted the idea of having a single specification to replace the current Employment Placement specification (Workbridge) and the Supported Employment specifications.
12. The proposed outcomes-based payment structure includes:
 - a standard Enrolment Fee
 - a Pre-Employment Activity Fee – with three levels reflecting different support levels people require

¹ The business enterprises, Transition Services Support Funds, and Very High Needs Scheme are not included in these changes.

- an Employment Placement Fee – with three levels reflecting the different support levels that people require, and higher payments for placements of 20 hours or more and 30 hours or more
 - a Continuous Employment Fee when clients reach 6 months and 12 months continuous employment
 - an Ongoing Support Fee if a client needs post placement support beyond 12 months in employment. (This this will be significantly reduced from the current level of payment for ongoing support which incentivises providers to retain clients).
13. The provider organisations were concerned about the capacity of some providers to move successfully to an outcomes-based payment model. They were also concerned about the expectation that more people would be supported into work of 20 or more hours per week.
14. We are now proposing that there will be a one-year transition period to give existing providers a chance to adapt to and prepare for outcomes-based funding. In 2016/2017, providers will receive the same bulk-funding as now (subject to normal performance criteria). Their activity over 2016/2017 will be monitored to see how they would perform against the new payment structure. This will give us the opportunity to test the proposed payment structure and adjust it if necessary for 2017/2018.
15. There will be minimal impact for providers and clients in 2016/2017, but we aim to collect data which can be used to inform future tendering and contracting decisions.

We propose a revised Community Participation service specification with an increasing emphasis on individual quality of life outcomes

16. We proposed to the sector representatives that there would be a revised Community Participation service specification with:
- a strengthened focus on people having opportunities to contribute through employment and other valued roles
 - increasing alignment with Enabling Good Lives principles (eg being more individualised and making more use of mainstream services and facilities).
17. However, we received strong feedback from provider representatives that they cannot make those sorts of changes within the existing contributory funding which has not increased in many years.
18. The proposed revised Community Participation service specification contains only minor changes. It clarifies the outcomes we are seeking for clients from this funding. During 2016/2017, we will collect more information from providers on clients attending the services, what levels of support clients are receiving, and client satisfaction with the services. This will enable better funding decisions in the future.

Next steps

19. National Contracts will be meeting with the providers' peak bodies shortly to discuss the proposed new contracts.
20. They will then arrange regional meetings to discuss the new contracts with existing service providers to ensure that the providers understand the new requirements. The new contracts will be in place before 1 July 2016.



Report

Date: 24 March 2016

Security Level: IN CONFIDENCE

To: Hon Anne Tolley, Minister for Social Development

Changes to Employment, Participation and Inclusion services

Purpose of the report

- 1 This report informs you of the changes that the Ministry of Social Development will be making to the Employment, Participation and Inclusion services for disabled people and people with health conditions from 1 July 2016.

Recommended actions

It is recommended that you:

- 1 **note** that the Ministry of Social Development has engaged with disability sector representatives on proposals to develop:
 - 1.1 an Outcomes Framework that clarifies the outcomes we are seeking from the Employment, Participation and Inclusion services for disabled people and people with a health condition
 - 1.2 a new specialist Employment Services specification, with a new payment structure based on outcomes
 - 1.3 a revised Community Participation service specification.

(Yes) / No
- 2 **note** the contents of the new Employment, Participation and Inclusion Outcomes Framework (see attached A3)

(Yes) / No
- 3 **note** the Ministry of Social Development has developed a new Employment Services specification that covers all the specialist employment services, regardless of the hours of work that people are seeking, and a new payment structure based on outcomes for these services
how will this happen?

(Yes) / No
- 4 **note** that there will be a one-year transition period (2016/2017) to give existing Employment Service providers a chance to prepare for outcomes-based funding, and to adjust the payment structure if necessary

Yes / No
- 5 **note** that there will be minimal changes to the Community Participation services, but better information on services will be collected in order to inform future planning and funding decisions

(Yes) / No

6 **note** that the Ministry of Social Development (through Work and Income) will shortly begin discussing the new contracts with the service providers

☒ Yes / No

7 **agree** to provide a copy of this report to the Minister for Disability Issues for her information

☒ Agree / Disagree

8 **agree** to send a copy of this report to the Associate Minister for Social Development.

☒ Agree / Disagree



Mark Henderson
General Manager Contracts

24/3/16
Date



Sacha O'Dea
General Manager
Ageing, Disability and International

24/3/16
Date



Hon Anne Tolley
Minister for Social Development

5-4-16.
Date

Background

- 2 The Ministry of Social Development currently spends about \$90 million annually on Employment, Participation and Inclusion services, which are aimed at increasing disabled people's participation in paid employment and their communities.
- 3 In July 2015, we advised you that we would undertake targeted engagement with disability sector representatives on three proposals aimed at getting better results for disabled people and people with a health condition within the available funding.
- 4 The three proposals were to develop:
 - an Outcomes Framework for the Employment, Participation and Inclusion services that clarifies the outcomes we are seeking from these services
 - a new specialist Employment Services specification, with a new payment structure based on outcomes
 - a revised Community Participation service specification.
- 5 We held workshops with representatives from Disabled People's Organisations and providers' organisations to discuss each of the proposals. The feedback has been taken into account in finalising the Outcomes Framework and preparing the new service specifications and contracts.

We have developed a new outcomes framework that clarifies the outcomes we are seeking from Employment, Participation and Inclusion services

- 6 A key theme of the feedback from the sector engagement was that the Outcomes Framework for Employment, Participation and Inclusion services should identify the outcomes for individual clients, not just the Ministry of Social Development or Government priorities. The Disabled People's Organisations suggested that the Ministry of Social Development needs to measure client satisfaction with their services in order to determine whether the services are supporting people to meet their goals.
- 7 The attached Outcomes Framework uses "I statements" to show the outcomes that individual clients will be supported to achieve, as well as showing the wider Ministry of Social Development and Government outcomes to which Employment, Participation and Inclusion services are expected to contribute. The contracts include indicators to measure these outcomes.
- 8 The Ministry of Social Development will still fund two sets of services¹ – services that support disabled people and people with health conditions into paid employment and services that support people to participate and be included in their communities.
- 9 There will be an increased expectation that Employment Services will assist people into sustainable employment. For Community Participation services, there will be an increased emphasis on achieving individual quality of life outcomes.

We have developed the new Employment Services specification and a proposed outcomes-based payment structure

- 10 We proposed to the sector representatives that there would be a new Employment Services specification for all the specialist employment services, regardless of the hours of work that people are seeking, and a new payment structure based on outcomes for these services.

¹ The business enterprises, Transition Services Support Funds, and Very High Needs Scheme are not included in these changes.

- 11 The feedback from the workshops identified that both the Disabled People's Organisations and provider organisations accepted the idea of having a single specification to replace the Employment Placement specification and the Supported Employment specification.
- 12 We worked with representatives from the three provider umbrella organisations (New Zealand Disability Support Network, Platform, and Inclusive New Zealand) on the details of the new service Employment Services specification and outcomes-based payment structure.

The proposed outcomes-based payment structure will include:

- a standard Enrolment Fee
- a Pre-Employment Activity Fee – with three levels reflecting the different support levels that people require
- an Employment Placement Fee – with three levels reflecting the different support levels that people require, and higher payments for placements of 20 hours or more and 30 hours or more
- a Continuous Employment Fee when clients reach 6 months and 12 months continuous employment
- an Ongoing Support Fee if a client needs post placement support beyond 12 months in employment. This will be significantly reduced from the current level of payment for ongoing support which incentivises providers to retain clients.

- 13 The provider umbrella organisations were concerned about the capacity of some providers to move successfully to an outcomes-based payment model. They were also concerned about our expectation that more people would be supported into work of 20 or more hours per week.
- 14 We are now proposing that there will be a one-year transition period to give existing providers a chance to adapt to and prepare for outcomes-based funding. In 2016/2017, providers will receive the same bulk-funding as now (subject to normal performance criteria). Their activity over 2016/2017 will be monitored to see how they would perform against the new payment structure. This will give us the opportunity to test the proposed payment structure and adjust it if necessary for 2017/2018.
- 15 There will be minimal impact for providers and clients in 2016/2017. At this point, we are not proposing changes to the eligibility criteria or referral mechanisms for these services. However, we are aiming to collect data which can be used to inform future tendering and contracting decisions for 2018/2019 and beyond.

We have revised the Community Participation service specification to increase the emphasis on achieving individual quality of life outcomes

- 16 We proposed to the sector representatives that there would be a revised Community Participation service specification with:
 - a strengthened focus on people having opportunities to contribute through employment and other valued roles
 - increasing alignment with Enabling Good Lives principles (eg being more individualised and making more use of mainstream services and facilities).
- 17 We received strong feedback from provider representatives that current providers cannot make these sorts of changes within the existing contributory funding, which has not increased in many years.

- 18 As a result, the proposed revised Community Participation service specification contains only minor changes. It clarifies the outcomes we are seeking for clients from this funding.
- 19 During 2016/2017, we will collect more information from providers on clients attending the services, what levels of support clients are receiving, and client satisfaction with the services. This will enable better planning and funding decisions in the future.

Next steps

- 20 The Ministry of Social Development (through Work and Income) will be arranging regional meetings to discuss the new contracts with existing service providers to ensure that the providers understand the new requirements. The new contracts will be in place before 1 July 2016.

File ref: A8757083

RELEASED UNDER THE
OFFICIAL INFORMATION ACT

Aide-mémoire



MINISTRY OF SOCIAL
DEVELOPMENT
TE MANATŪ WHAKAHIATO ORA

Meeting

Date: 1 April 2016 **Security Level:** IN CONFIDENCE

For: Hon Anne Tolley, Minister for Social Development

File Reference: A8773119

Additional information on Employment, Participation and Inclusion Services

Meeting/visit details 4 April 2016, Office of the Minister for Social Development

Expected attendees Nic Blakeley, Deputy Chief Executive, Social Policy

Purpose of meeting/visit On 24 March 2016 we provided you with a report on proposed changes to the Employment, Participation and Inclusion Services for disabled people and people with health conditions (REP16/3/272).

Background The Ministry of Social Development (the Ministry) currently spends about \$90 million annually on Employment, Participation and Inclusion services, which are aimed at increasing disabled people's participation in paid employment and their communities.¹

Historically, about 20,000 people have been assisted by these services each year. Many of the people using these services require substantial and ongoing support to gain and maintain employment, or to be included in everyday activities in their community. The majority of people in these services are receiving either a Supported Living Payment or Jobseeker Support payment on the grounds of having a health condition or disability.

The following table describes the range of Employment, Participation and Inclusion services that the Ministry funds. The changes we are proposing relate to the Supported Employment services, Employment Placement services, and the Community Participation services.

¹ These services were formerly called Vocational Services for People with Disabilities.

Service	Description of Service
Supported Employment	Service to support people to find suitable employment and provide ongoing support if needed. <i>Approx 3,000 people at a cost of \$12 million.</i>
Employment Placement	Service to place disabled people into employment. <i>Approx 4,000 people at a cost of \$9 million.</i>
Support Funds	Financial assistance to meet additional costs that a disabled person or their employer may have (eg equipment, support person, workplace modifications). <i>Volumes are based on demand. Approx \$7.6 million.</i>
Business Enterprises	Service to provide employment support for disabled people (many have minimum wage exemptions). <i>Approx 1,100 people at a cost of \$5 million.</i>
Transition	Service to support students with high or very high needs to move into post-school education, employment and/or community services and activities. <i>Approx 300 people per year, at a cost of \$750,000.</i>
Community Participation	Services to help people access and take part in activities in the community and/or develop skills to be able to do so. <i>Approx 8,500 people at a cost of \$43 million.</i>
Out of Scope	

In 2015, \$15.67 million of the funding for vocational services was transferred into the Multi Category Appropriation to become part of the range of services that the Ministry funds or delivers (through Work and Income) aimed at achieving work-readiness and sustainable employment outcomes for disabled people and people with health conditions. We advised Ministers that over time the funding would be targeted differently to increase outcomes, but that this would require significant work with the sector.

The remainder of the funding sits in the Community Participation appropriation and is currently being used to fund Community Participation services, Business Enterprises, Transition Services, and the Very High Needs Scheme.

Key issues

The overall aim of this work has been to improve the outcomes for disabled people and people with health conditions within the funding available.

Outcomes Framework

One of the key things we want to achieve is greater clarity about what outcomes we expect from the funding and for whom. We think that the positive discussions we had with sector representatives, and the outcomes framework we designed with them, will achieve this aim.

Employment services

We have developed a new Employment Services specification for all the specialist employment services, regardless of the hours of

work that people are seeking. This will replace a current Supported Employment and Employment Placement specifications.

We also want to focus the funding on getting more people into employment that results in off-benefit or benefit abating outcomes. The proposed mechanism for achieving that is changing the payment model. We propose to move from bulk funding the Employment Services to payments based on outcomes.

The feedback we received during the sector consultation was that some current providers may not have the capacity to successfully move to an outcomes-based payment structure. The providers were also concerned about the expectation that more people would be supported into work of 20 hours or more per week. Currently, most of the placements are for 14 hours or less in employment per week.

We decided the best way forward is to take a step-by-step approach to achieve the change we want. We have agreed to give current providers a year to adapt to and prepare for outcomes-based payments, and to allow us to test the design of the new payment structure and adjust it if needed. Also, while the new payment structure will incentivise placements into employment of 20 hours or more per week, providers will still be able to support people who are seeking fewer hours of work.

The new outcomes-based payments will begin in 2017/2018. It is likely that the funding Ministry will put the Employment Services funding out to tender in 2018/2019, with a strong emphasis on achieving benefit reduction and benefit abating outcomes.

Community Participation

We want to focus the Community Participation funding on supporting people to participate in and make a positive contribution to their communities. We also want to begin aligning these services with the Enabling Good Lives principles (ie being more individualised and making more use of mainstream services and facilities).

The funding for Community Participation services has historically been contributory (it only covers some of the service costs) and has not been increased for more than 10 years. Providers determine who accesses their services and how much support they receive. It is difficult to move to a more individualised service under this model, and to ensure that the services will still be available to those who most need them.

We are now proposing to collect more information during 2016/2017 on who is attending the Community Participation services, the level of support they are receiving, and the client satisfaction with services. This will better enable the Ministry to make planning and funding decisions for 2017/2018 and beyond.

Section 9(2)(a) Privacy of Natural Persons

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