

Continuous Improvement Monitoring	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022
Dashboard Development	9(2)(b)(ii)				
Provider Dashboards (6 monthly @ 9(2)(b)(ii))	9(2)(b)(ii)	9(2)(b)(ii)	9(2)(b)(ii)	9(2)(b)(ii)	9(2)(b)(ii)
Monitoring Reports (3 monthly @ 9(2)(b)(ii))	9(2)(b)(ii)	9(2)(b)(ii)	9(2)(b)(ii)	9(2)(b)(ii)	9(2)(b)(ii)
Evaluation Formation and Planning	2017/2018				
Sprint workshop	9(2)(b)(ii)				
Evaluation Plan (draft and final)					
5-7 evaluations of BFC products and services	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022
Evaluation One	9(2)(b)(ii)				
Evaluation Two		9(2)(b)(ii)			
Evaluation Three			9(2)(b)(ii)		
Evaluation Four					
Evaluation Five				9(2)(b)(ii)	
Evaluation Six					
Impact Evaluation					2021/2022
Impact Evaluation			\$		9(2)(b)(ii)
	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022
Totals	9(2)(b)(ii)				



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

**Proposed approach to re-designing the Budgeting Services funding and service model**

**Date:** 9 July 2015

**Report no.:** REP/15/6/583

**Security level:** IN CONFIDENCE

**Priority:** Medium

**Action Sought**

**Hon Anne Tolley**  
Minister for Social Development

Note and Agree

17 July 2015

**Contact for telephone discussion**

Name	Position	Telephone	1st Contact
Ruth Palmer	General Manager, Service Development and Innovation, Community Investment,	9(2)(a)	<input checked="" type="checkbox"/>
Justine Pivac Solomon	Team Leader, Safe Communities, Community Investment	9(2)(a)	

**Report prepared by:** Justine Pivac Solomon, Safe Communities, Community Investment

**Minister's office comments**

- ☐ Noted
- ☐ Seen
- ☐ Approved
- ☐ Needs change
- ☐ Withdrawn
- ☐ Not seen by Minister
- ☐ Overtaken by events
- ☐ Referred to (specify)

**Comments**

**Date received from MSD**

**Date returned to MSD**



# Report

**Date:** 9 July 2015 **Security Level:** IN CONFIDENCE  
**To:** Hon Anne Tolley, Minister for Social Development  
**From:** Murray Edridge, Deputy Chief Executive, Community Investment

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## Proposed approach to re-designing the Budgeting Services funding and service model

### Purpose of the report

The purpose of this report is to inform you of our proposed approach to work with key partners in the sector to re-design the way we fund and deliver Budgeting Services from 1 July 2016. The report also outlines how we propose to use the funding available in 2015/16 while we transition to this new way of working.

### Recommended actions

It is recommended that you:

- 1 **Note** the baseline appropriation for Budgeting Services will increase by 9(2)(b)(ii) July 2015 to 9(2)(b)(ii) **Yes / No**
- 2 **Note** that in 2015/16, we will work with key partners to co-design the Budgeting Services delivery model for implementation from 1 July 2016. **Yes / No**
- 3 **Note** that while we undertake this work, we propose to utilise the 9(2)(b)(ii) of available funding as follows:
  - roll over all 9(2)(b)(ii) of the currently contracted direct service delivery funding to provide stability to the sector
  - utilise 9(2)(b)(ii) to address existing cost pressures, over-delivery and gaps
  - fund the New Zealand Federation of Family Budgeting Services (NZFFBS) 9(2)(b)(ii) to investigate and implement recommendations from the 2013 Budgeting Services review specific to their national role and expertise, and build on outcomes from the Community Investment trials.
  - 9(2)(b)(ii) to re-design and reconfigure Budgeting Services in partnership with the sector and informed by the 2013 Budgeting Services review, and then transition to the new way of working.

**Yes / No**

- 4 **Note** that Community Investment will, from 1 July 2016, manage the total funding baseline of 9(2)(b)(ii) appropriation as recommended in Cabinet Paper 101/12

Yes / No

- 5 **Note** that the proposed approach will align to the recently released Community Investment Strategy, ensuring clearer results, reduced duplication, better targeting of services, and greater transparency and co-design with the sector.


Yes / No

- 6 **Note** the role of the wider sector including the budgeting services sector, Work and Income, the Ministry of Business, Innovation, and Employment, and the Commission for Financial Capability in assisting to develop our proposed approach

Yes / No

\_\_\_\_\_  
Hon Anne Tolley  
Minister for Social Development

\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Murray Edridge  
Deputy Chief Executive  
Community Investment

8/07/2015  
\_\_\_\_\_  
Date



## Background

- 7 Budgeting Services helps Individuals and families achieve their financial goals through access to financial education and confidential one-to-one budget advice and assistance. In 2014/2015, the Ministry of Social Development (MSD) contracted 98 non-government organisations to deliver 188 Budgeting Services contracts. Of these contracts, 148 expire in either 2014/2015 or 2015/2016, with the remaining 40 expiring in 2016/17.
- 8 The Budgeting Services baseline funding of (b)(5)(i) has remained constant until 2013/14 with one-off top up grants of (b)(5)(i) 2011/2012 and (b)(5)(i) 2013/2014. As part of Budget 2014, and as a result of a significant Increase In Work and Income referrals following the Future Focus Reform, the Government announced a (b)(5)(i) Increase In funding in 2014/15 and a further (b)(5)(i) per annum increase from 2015/2016, taking the new baseline to (b)(5)(i) annum.
- 9 An investment approach is required to ensure the total government contribution to Budgeting Services is used to best effect as per Government direction (Cabinet Paper CAB101/12 refers).
- 10 Currently a range of government, community and commercial organisations are engaged in building financial capability in New Zealand. The proposed approach to re-designing Budgeting Services will link to wider pieces of work being undertaken within the sector, including the Commission for Financial Capability's (CfFC) National Strategy for Financial Capability, the associated Investor Capability Strategy and MSD's Community Finance initiative.

## The current budget service model has gaps and inconsistencies

- 11 In 2013, Budgeting Services were reviewed in response to increased demand for services due to rising financial strain and problem debt among many New Zealand families. This review and feedback from the sector indicated inconsistencies and gaps in the current approach to Budgeting Services delivery and funding, including:
  - a need to clarify who the MSD target population for Budgeting Services is and how results are measured and evaluated for these users
  - that the current service model does not account for the different levels and intensity of service/s required to meet customer needs (ranging from single meetings to complete a budget worksheet to on-going financial management of all aspects of a customer's budget)
  - historic differences in funding rates between agencies
  - gaps and duplications in funding within and between geographic areas
  - the need to align Budgeting Services to wider MSD and government initiatives.
- 12 In November 2013, the Cabinet Paper CAB101/12 reported on the Budgeting Services Funding Review, and sought agreement to increase financial support for community/NGO budgeting services. The Cabinet Paper recommended that MSD work with the sector to offer appropriate and targeted budgeting support to clients, and to maintain and strengthen social and financial gains from the Welfare Reform.
- 13 Allocation of the additional funding (b)(5)(i) in 2013/2014 and (b)(5)(i) 2014/2015) was based on the previous year's demand experienced by providers (i.e. providers who were operating at a cost deficit or who demonstrated an ability to meet increased demand in 2014/2015). This approach to allocating top-ups did not address the underlying issues for the sector identified above.

## Re-designing the way we deliver and fund Budgeting Services

- 14 As detailed above, the review of Budgeting Services in 2013 identified a clear imperative to improve the Budgeting Services model to respond to customer need, address inconsistencies and gaps in current funding and delivery, and shift to outcomes-based contracting. To achieve these aims, we propose to work with key sector partners in 2015 and ensure alignment to the recently released Community Investment Strategy.

15

Proposed F16 spend – total	Breakdown of funding in 2015/16	How baseline funding will be distributed
	baseline funding (includes the NZFFBS baseline funding of )	Will be rolled over with no changes pending outcomes of the service design.
	(from ) in funding made available 1 July 2014)	Will be rolled over with no changes pending outcomes of the service design.
support direct budgeting service delivery, address gaps and cost pressures, and to work with the NZFFBS	from the \$2 million made available from 1 July 2015)	Address immediate direct service needs by allocating: <ul style="list-style-type: none"> <li>to bridge immediate service gaps and over-delivery</li> <li>providers experiencing severe financial distress and cost pressures</li> </ul>
		for the NZFFBS to investigate key recommendations from the 2013 Budgeting Services Review where they have expertise, co-design the role of a national organization in the sector and build on CI outcomes measure trials.
reconfigure services and the sector and transition to the new way of working	(from the ) in additional baseline funding made available 1 July 2014) from additional baseline funding (made available 1 July 2015)	Reconfigure services and the sector by utilizing: <ul style="list-style-type: none"> <li>engage the sector to co-design the future service and funding model</li> <li>investigate opportunities to link with the Community Finance Initiative and how it might support budgeting services going forward</li> <li>to test and implement recommendations from the 2013 Budgeting Services review e.g. re-designing resources targeted at those on low incomes, ensure consideration of Maori and Pacific cultural needs and shifting to outcomes based contracting.</li> </ul>

- 16 We will work collaboratively with key sector partners including NZFFBS, Work and Income (W&I), the Ministry of Business, Innovation, and Employment (MBIE) and CffC among others to ensure services meet Government priorities and priority user needs.

## **The role of the NZ Federation of Family Budgeting Services**

- 17 MSD allocate \$ [redacted] per annum from the Budgeting Services appropriation to the NZFFBS to develop their infrastructure; service standards development, training, support and resources for their affiliated members, and advocacy.
- 18 In 2014/2015, on top of their baseline funding, the NZFFBS received three one-off grants:
- [redacted] to provide quality control, advice and support to providers
  - [redacted] to train new budget advisors and fund coordination costs
  - [redacted] for training and development.
- The NZFFBS has requested that the two grants totalling [redacted] be baselined on top of their current baseline funding of [redacted]
- 19 We propose to have a conversation with NZFFBS to advise that we can allocate a one-off conditional grant of [redacted] in 2015/16 from the [redacted] that will come on stream in the financial year. This figure is in addition to the [redacted] baseline amount detailed above.
- 20 The grant will be clearly linked to the expected outcomes of the re-design process and will enable the NZFFBS to actively participate in this work. Outcomes of this one-off funding will be negotiated with the NZFFBS and may include exploring recommendations from the 2013 Budgeting Services review where they hold expertise e.g. building an understanding of repeat hardship users and their issues, mapping needs and gaps in Budgeting Services provision, finalising outcome metrics and incentive payments (based on their involvement in the CI trials), supporting expansion of their data management system for all Budgeting Services providers and determining the future of their role in the sector.
- 21 We will also provide clear advice that the grant is time-limited, ending in 30 June 2016, and any future funding will be addressed as part of the re-design work.

## **The re-design of Budgeting Services links in with other key Government strategies**

- 22 By re-designing the Budgeting Services delivery and funding model, this project enables us to ensure the services are value for money and provide the best return on our investment by delivering better public services to those who most require budgetary assistance.
- 23 The project will be developed and implemented in line with the Community Investment Strategy through setting a clear direction for future funding, building the evidence base and improving the quality of data collection. It will also incorporate and build on findings from the Community Investment trials, where two MSD funded Budgeting Services providers have been supported to transition to an outcomes focus.
- 24 As noted above, this Budgeting Services project will link up with wider MSD and Government work including building the financial capability of New Zealand (led by MBIE and CFFC), hardship and debt reduction, Child Poverty and the Vulnerable Children (led by MSD). We are also working closely with these other agencies and community partners to ensure that our work aligns in building the financial capability of New Zealanders, and to ensure there is no duplication or gaps in analysis.

## Key messages

25 Below are some key messages in regards to Budgeting Services from 1 July 2015 which will also inform any discussions with providers:

- Reviews of the Budgeting Services sector have identified a need for services to be more aligned to customer need and to address inconsistencies and gaps in the current delivery model
- As part of this work MSD is developing a sustainable service and funding model for Budgeting Services that will better address community needs and gaps in services
- We want to review what we purchase, how we purchase and who our target populations are before contracting in 2016/2017 so that the service and funding models reflect current needs of our priority customers
- Community Investment will be working with the sector to maintain and strengthen social and financial gains from the Future Focus Welfare Reform
- MSD's approach to transitioning to this funding model means we will roll over existing baseline funding for 2015/2016 while we review and consult on service and funding models that will be implemented from 2016/2017
- Our proposed approach will align to the Community Investment Strategy, ensuring clearer results, reduced duplication, better targeting of services and greater transparency and co-design with the sector
- MSD will invite the New Zealand Federation of Family Budgeting Services and other sector representatives to work collaboratively with us in this process
- The B(2)(b)(i) that comes on stream in 2015/2016 will be directed to stabilising the sector and supporting this development work (including a one-off grant to the NZFFBS in providing training and development), engaging the community to co-design the new service model, training opportunities to help build the capability of organisations and development of resources to ensure they support the implementation phase and meet the needs of priority populations.

File ref: REP/15/6/58



# BFC Evaluation: Workforce and Service Survey Findings

## Background

The Building Financial Capability (BFC) programme was rolled out in November 2016 by the Ministry of Social Development (MSD). MSD previously funded the delivery of budget advisory services across New Zealand.

MSD is progressively introducing new products and services, which have been co-designed with the sector. This process will be completed by July 2019.

The BFC approach puts the client at the centre by offering products relevant to them to help improve their financial capability and resilience to financial hardship.

Malatest is evaluating BFC for the Ministry. The evaluation programme includes evaluations of individual initiatives (such as Financial Mentoring and MoneyMates) and an overall evaluation looking across the programme.

## Purpose

The transition from budgeting advice to building financial capability represents a significant change for the Ministry as well as for services and their staff. Continuing to support the development of the services and the service workforce is important for the effective delivery of BFC. This round of workforce surveys is the first in an annual series which aims to:

- Understand the experience of the services in the BFC and budgeting sector
- Gather feedback on the work of FinCap, the organisation representing and supporting the BFC sector, including some services not contracted to the Ministry to deliver BFC services.

## Approach

Two surveys were distributed by email to services in the BFC and budgeting sector:

- Service survey: For operational management and/or governance members of sector services, aiming to collect one or two responses per service.
- Workforce survey: For other staff of services including financial mentors, MoneyMates facilitators and other staff.

The surveys were available online from December 2018 to the end of February 2019.

Number of responses to each survey	Service survey	Workforce survey
Invited services: Includes some separate branches within the same service organisation	203	203
Number of services responding	113	84
Service response rate	56%	41%
Average responses per service	1.05	2.44
Number of individual responses	119	205

## Service survey

Percentages in charts report the proportion of services or staff who gave an answer of seven or more out of ten.

Around three-quarters (73%) of services reported good knowledge of FinCap. A smaller proportion, 54%, agreed FinCap had delivered what they expected, suggesting a need for more clarity around FinCap's role.

Services reported their agreement with statements about the extent to which FinCap had achieved positive change in certain areas.



Figure 1: Views of FinCap effectiveness (n=118)

Services also rated areas of FinCap's work on a scale from very poor to very good. They were most positive about FinCap's advocacy for the needs of the sector with government, while the four operational areas received lower ratings. Some of these areas are the focus for current FinCap work.



Figure 2: Effectiveness of different areas of FinCap's work (n=118)

Services identified their top three priorities for FinCap in the coming year with the proportion of services who included each topic in their top three:

- Training and workforce development – 62%
- Advocacy for sector needs – 39%
- Client voices – 34%
- Quality assurance – 27%
- Supporting communities of practice – 13%
- Resources – 12%
- Funding – 12%
- General support – 8%
- Networking – 8%
- Communication – 8%.

Services were mostly positive about FinCap's responsiveness to phone enquiries and regional hui's.



**Figure 3: Effectiveness of channels of communication for FinCap (n=118)**

Most services said their staff understood the purpose of BFC, although less were positive the change had strengthened the sector. Interviews with services suggested some considered they were already providing financial capability services, or may not be clear about the difference between budget advice and building clients' financial capability.



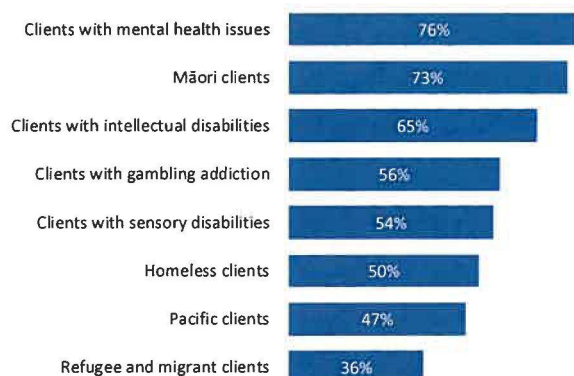
**Figure 4: Service views on the transition to BFC (n=88)**

Two-thirds of services thought they had a good working relationship with Work and Income and that clients referred through Work and Income were appropriate. Fewer services said clients referred from Work and Income understood their entitlements.



**Figure 5: Services' responses on relationships with Work and Income (n=104)**

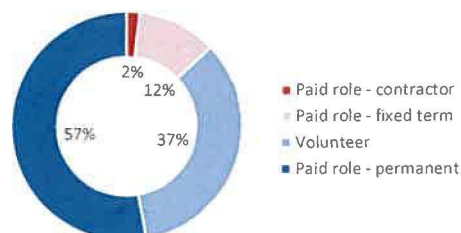
More service managers were confident about their organisation's ability to work with clients with mental health issues than with refugee and migrant clients. More service managers than staff were confident, suggesting a degree of specialisation across staff members.



**Figure 6: Proportion of services confident working with different groups of clients (n=71-95)**

## Workforce survey

Most staff who responded to the workforce survey were in permanent paid roles but more than one-third were volunteers. Overall, more than one-quarter (29%) worked full-time and nearly three-quarters (71%) part-time.



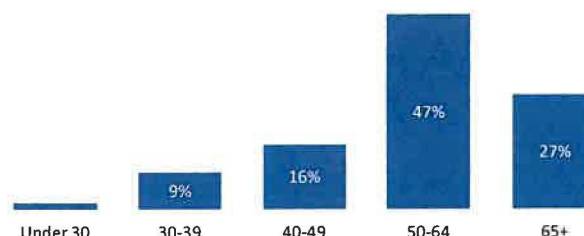
**Figure 7: Types of employment for BFC staff (n=195)**

Over two-thirds of staff were satisfied with their day-to-day work and most intended to remain working with their service for at least one more year, suggesting there is time to continue developing the existing workforce through training.



**Figure 8: Staff satisfied with their day-to-day work and likely to continue to work for the same service (n=203)**

The workforce responding to the survey was dominated by the older age groups. Nearly three-quarters of staff were older than 50 and just 2% were younger than 30.



**Figure 9 Staff age range (n=193)**

The volunteer component of the BFC service workforce:

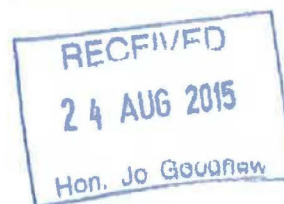
- Almost all worked part-time, an average of 4.6 hours per week
- Was older – for BFC services, 86% were over 50 and 49% over 65, compared to 66% and 14% for the paid workforce
- Was primarily female (75%) but including more males (24%) than the paid workforce which was 92% female and 8% male
- Was less likely to be Māori (11%) than the paid workforce (29%).

## Conclusion

The workforce survey results provide an overview of the current state of the BFC and budgeting sector workforce and highlight some areas where change should be expected as BFC implementation continues.

Modified versions of these surveys will be repeated annually with the next round in the last quarter of 2019. The repeats will provide an avenue for FinCap and the Ministry to hear from services and for the evaluation to track change in the sector over time.





## Increasing the financial capability of New Zealanders experiencing hardship

Date: 12 August 2015

Received  
at Minister's (Goodhew)  
office 21/08/15

Report no.: REP/15/08/836

Security level: IN CONFIDENCE

Priority: Medium

### Action Sought

CC Hon Anne Tolley

Note

14 August 2015

Minister for Social Development

TO: Hon Jo Goodhew  
Associate Minister for Social Development  
Contact for telephone discussion

Name	Position	Telephone	1st Contact
Justine Pivac Solomon	Team Leader Safe Communities,	9(2)(a)	<input checked="" type="checkbox"/>
Mark Hutton	Manager Adult Family & Community,	9(2)(a)	

Report prepared 9(2)(a) Team Administrator

### Minister's office comments

- ☒ Noted
- ☐ Seen
- ☐ Approved
- ☐ Needs change
- ☐ Withdrawn
- ☐ Not seen by Minister
- ☐ Overtaken by events
- ☐ Referred to (specify)

#### Comments

Comments already addressed

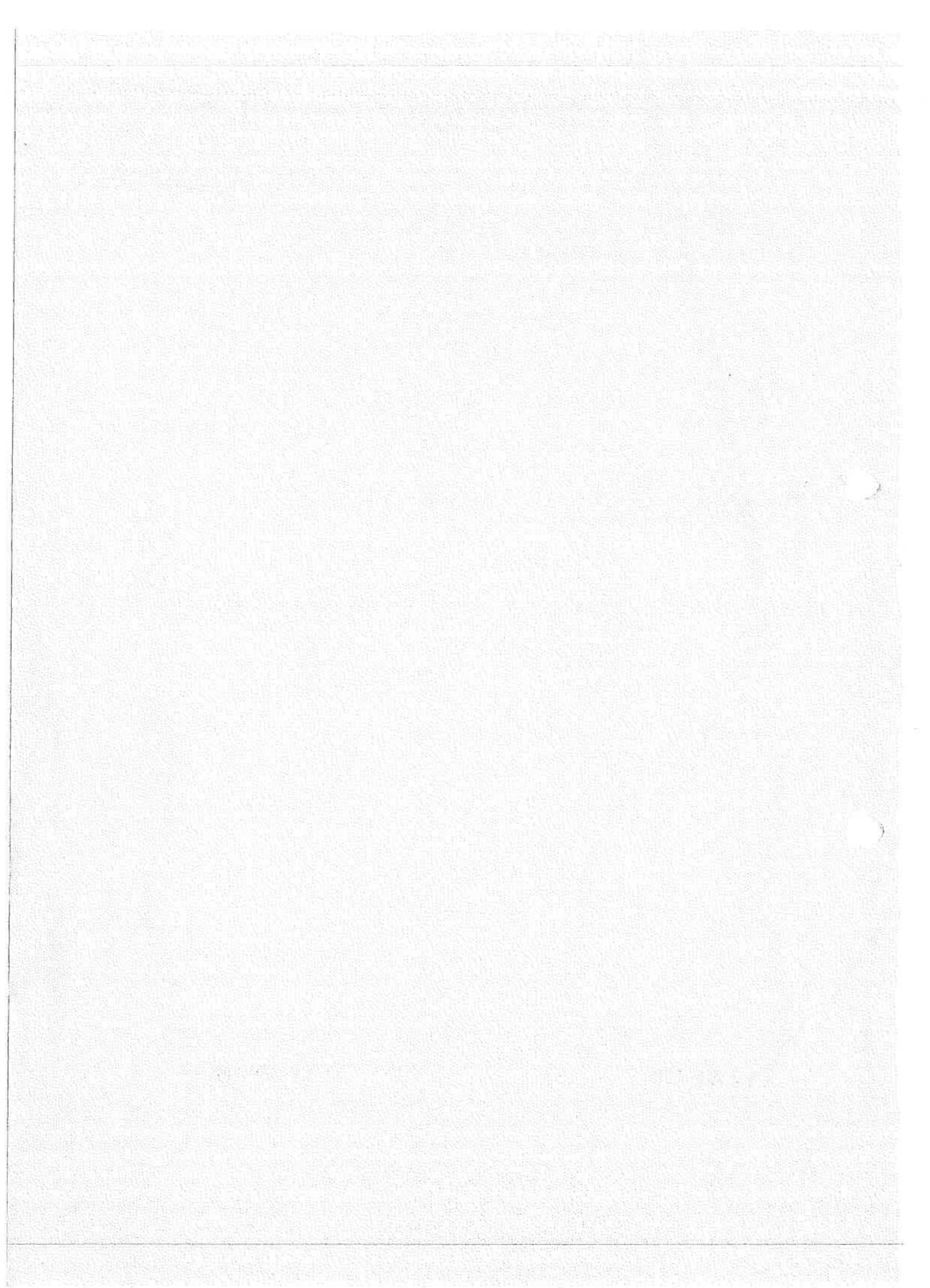
Date received from MSD

12 AUG 2015

Date returned to MSD

04 SEP 2015







# Report

**Date:** 21 August 2015 **Security Level:** IN CONFIDENCE  
**To:** Hon Jo Goodhew, Associate Minister for Social Development  
**CC:** Hon Anne Tolley, Minister for Social Development  
**From:** Murray Edridge, Deputy Chief Executive, Community Investment

## Increasing the financial capability of New Zealanders experiencing hardship

### Purpose of the report

Community Investment is re-designing the way Budgeting Services are funded and delivered in New Zealand. We are working collaboratively with the financial capability sector to ensure the Budgeting Services spend meets its intended purpose, strengthens the financial capability of New Zealanders experiencing hardship and integrates into the recently launched National Strategy for Financial Capability, endorsed by Cabinet. This report also outlines how we will allocate the available funding in 2015/16.

### Recommended actions

It is recommended that you:

- 1 **Note** the baseline appropriation for Budgeting Services will increase by 9(2)(b) from 1 July 2015 to 9(2)(b) **Yes / No**
- 2 **Note** the Budgeting Services spend will be **refocused to** increasing financial capability of New Zealanders experiencing hardship; and supporting New Zealanders **from dependence to financial independence** **Yes / No**
- 3 **Note** that future services will integrate to the Community Investment Strategy and the National Strategy for Financial Capability **Yes / No**




4 **Note** that while we undertake this work, we will utilise the [redacted] million of funding available in 2015/16 as follows:

- Roll over [redacted] million of the currently contracted direct service delivery funding to provide stability to the sector
- Utilise [redacted] to address any immediate pressures in the sector and transition to the new way of working
- [redacted] to re-design and reconfigure Budgeting Services in partnership with the sector including supporting the potential Community Finance scale up and fund any required resources and technologies

*how will this be determined?*

Yes / No

  
\_\_\_\_\_  
Hon Jo Goodhew  
Associate Minister for Social Development

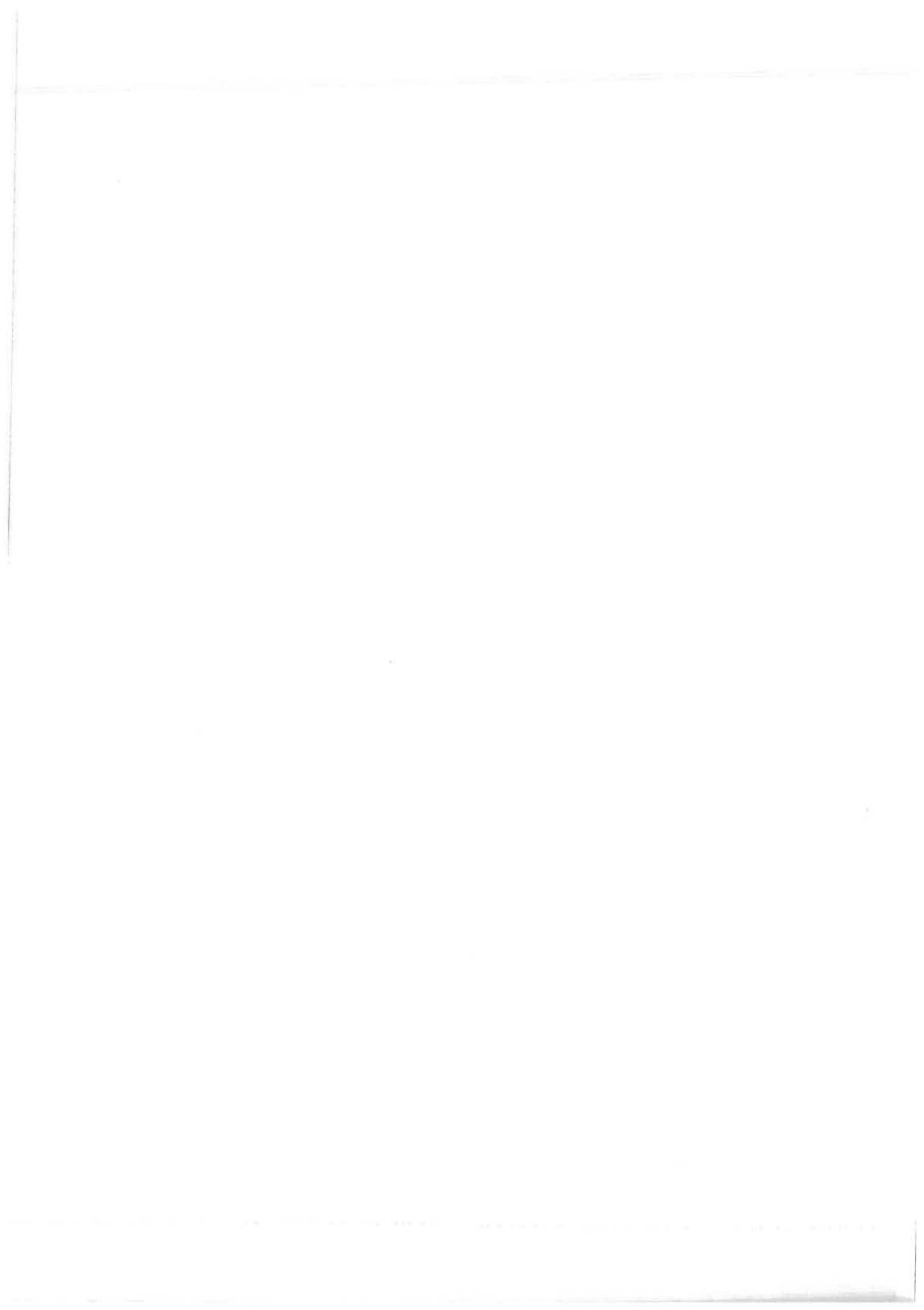
Date

  
\_\_\_\_\_  
Murray Edridge  
Deputy Chief Executive  
Community Investment

21 / 8 / 15

Date

PP





## Background to Budgeting Services

- 5 Since the late 1970s, the Government has funded Budgeting Services to assist individuals and low income families to achieve their financial goals through access to financial education and confidential one-to-one budget advice and assistance. In recent years demand for services has increased, and providers have told us that the needs of their clients are more diverse and require a more comprehensive response.
- 6 The Budgeting Services baseline funding of 9(2)(b)(ii) has remained constant until 2013/14. As part of Budget 2014, and as a result of a significant increase in Work and Income referrals following the Future Focus Reform, the Government announced a \$4m increase in funding in 2014/15 and a further 9(2)(b)(ii) annum increase from 2015/2016, taking the new baseline to 9(2)(b)(ii) per annum. Allocation of the additional funding was based on the previous year's demand experienced by providers and has not addressed the underlying issues for the sector.

## Building the financial capability of New Zealanders is a priority

- 7 In July 2015, Cabinet endorsed the National Strategy for Financial Capability (the Strategy) which addresses the previous lack of clarity and direction around building the financial capability of New Zealanders. The Strategy led by the Commission for Financial Capability (CfFC) outlines that government, community and commercial organisations must work collaboratively to improve the wellbeing families and communities, reduce hardship, increase investment and economic growth. An overview of the Strategy is provided in Appendix One.
- 8 The Ministry of Social Development (MSD) has a key role in building financial capability through Work and Income, the Ministry of Youth Development and Community Investment's (CI) funded Budgeting Services, and has clear links to the Strategy clearly through the following areas:
  - More people into sustainable work and out of welfare dependency – through better management of a limited income and avoiding debt, particularly for youth
  - More people are able to participate in and contribute positively to their communities and society – through improved private provision for retirement and community-level support for those seeking to improve their money management
  - Fewer children and people are vulnerable – through relieving financial pressures as a significant driver of stress within households.
- 9 The re-design of Budgeting Services supports Governments commitment to building financial capability of New Zealanders, and will enable the new services to be one of the first Government initiatives to align to the new Strategy. Appendix Two sets out the cross-Government financial capability network including MSDs role.





## Why do we need to re-design Budgeting Services?

- 10 CI want to take a fresh approach to the way these services are funded and delivered to address feedback from the sector and findings from the 2013 Review of Budgeting Services which has shown us that:
- there is a need to clarify our target population, how results are measured and evaluated for these users
  - the current service model does not account for the different levels and intensity of service/s required to meet customer needs (ranging from single meetings to complete a budget worksheet to on-going financial management of all aspects of a customer's budget)
  - there are historic differences in funding rates between agencies
  - there are gaps and duplications in funding within and between geographic areas
  - we need to align Budgeting Services to wider MSD and government initiatives.
- 11 Additionally, the Community Investment Strategy provides a framework to drive these changes:
- Focusing more clearly on priority results: this design process offers an opportunity to understand more clearly what New Zealanders experiencing hardship need, and enables CI to create and test innovative solutions with our partners based on these needs.
  - Building the evidence base: building on findings from the CI trials, where two MSD-funded Budgeting Services providers were supported to transition to an outcomes focus, we will look to outcome based contracts for these services.
  - Improving the quality of data collection: providers already gather a range of data on the financial position of their clients and the impact their services make. We will collect this information in a systematic and cohesive manner to comprehensively understand what difference the services are making.
  - Setting a clear direction for future funding: our revised funding model will enable CI to clearly determine where and how services should be funded, ensure there is no duplication and enable consolidation of services where appropriate.
  - Simplifying compliance requirements and building provider capability: there is currently duplication in the compliance requirements through MSD and umbrella group processes. Once we determine how the new services look, we will work with the sector to determine what training, resources and support are required.
- 12 Our re-design work will ensure that the new services meet client and Government needs, align to the Strategy and are not delivered in isolation to other financial capability initiatives, but are part of a package of services to help move New Zealanders to financial independence. It will also enable CI to respond effectively to historical funding and delivery discrepancies in the sector.

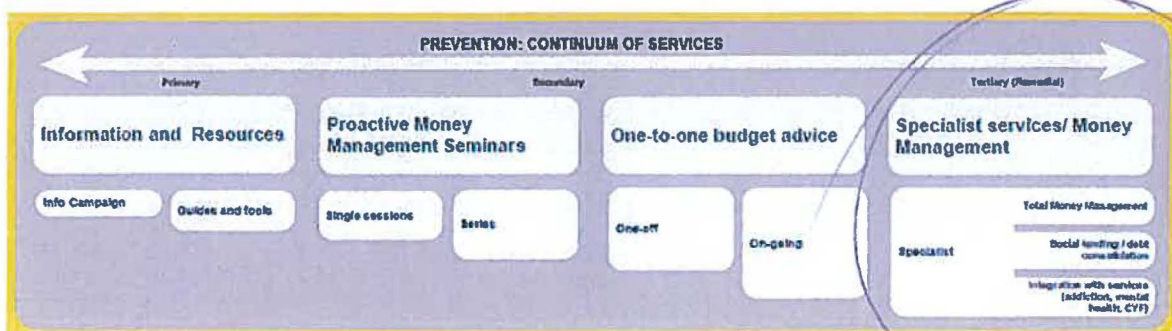
## Through this re-design process Budgeting Services may look very different...

- 13 The initial stage of this work will gain 'insider' knowledge on what our clients need to build their financial capability. We then have the opportunity to develop and prototype innovative and creative solutions with our partners that better respond to client and Government needs.





- 14 At this early stage, we cannot pre-determine what the new Budgeting Services might look like and acknowledge it may look very different from what is currently delivered. However, the 2013 Review gives a good indication of the types of services across the continuum from prevention to remediation:



- 15 Our challenge will be to determine a diverse range of responses across this continuum that meets the different client group needs. We will require new training and resources to ensure multiple, consistent and mutually reinforcing messages and these could include new technologies such as smartphone applications and social media.
- 16 There are emerging examples of applications being developed by the financial capability sector: a budgeting app being developed by the Salvation Army and the University of Otago which will offer real time reporting for users on variance against their budgets, and an app being developed by the CfFC with Women's Refuge which will provide accessible financial information on "what you need to know about money" including consumer information and advice around financial pitfalls. These independent apps are both due to be available by the end of 2015, and CI will explore connections with these and any other similar technologies before supporting any scale up.

### An opportunity to build on Community Finance

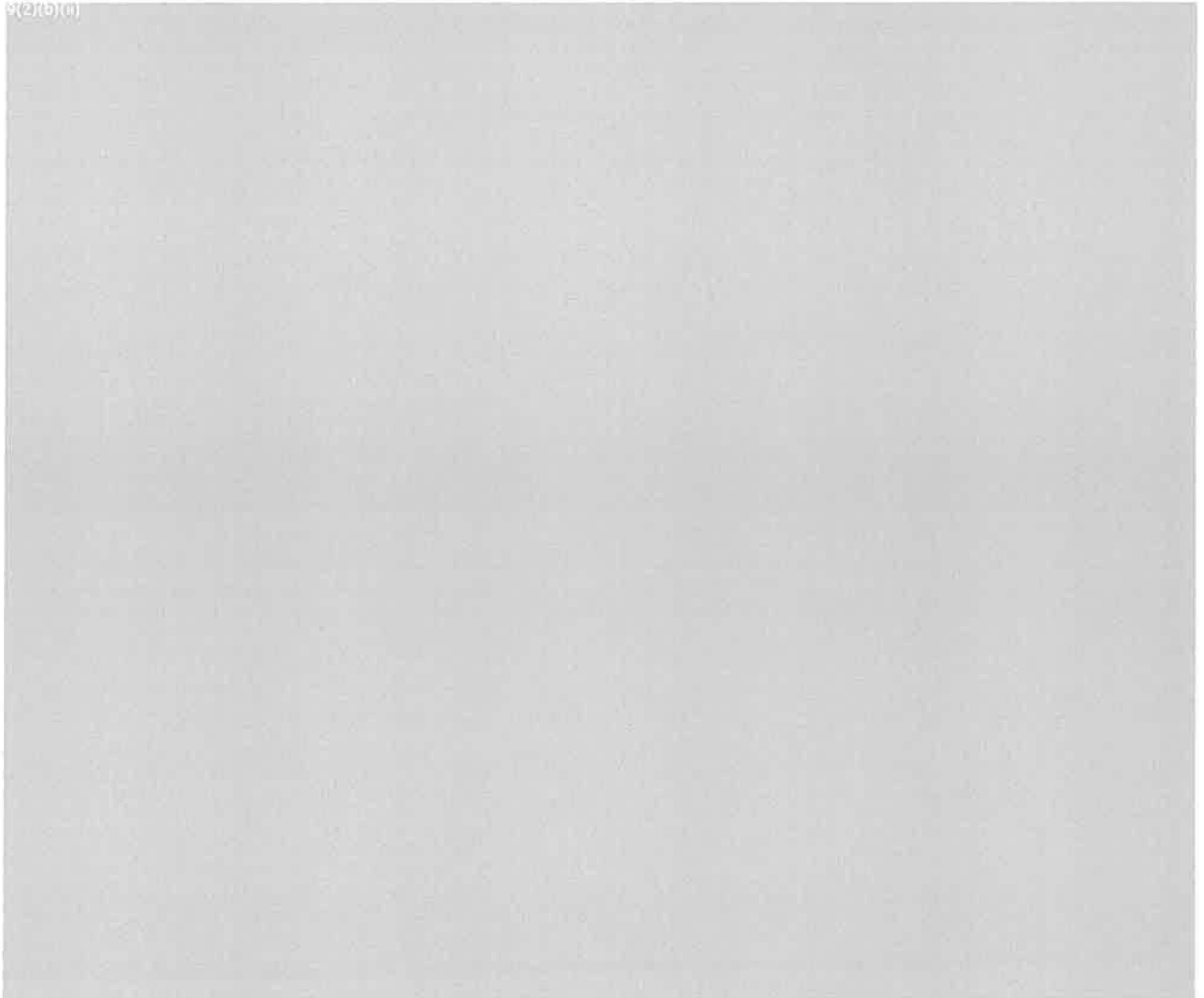
- 17 The Community Finance microfinance pilot initiative has been identified as having potential for scale-up in New Zealand. As part of the Community Finance process, clients go through an extensive personal financial conversation, similar to the current Budgeting Service, and there is an opportunity to align the two initiatives to strengthen the continuum of services.
- 18 The first year of the Community Finance Pilot received a favourable Process Evaluation, which found that the initiative has been implemented as intended. Both programmes (loans for people on low incomes) were delivered as planned, with the partner organisations carrying out their respective functions in coordination. All applicants increased their financial knowledge and skills and reported feeling supported by effective and well trained staff.
- 19 Community Finance partners (BNZ, Good Shepherd NZ, BNZ and MSD) are commencing negotiations for a scale-up proposal in late-August. The partners wish to make low-cost and interest free loans available to a wider variety of people on low incomes. The aim would be that if a low-cost loan is identified as a client need through the new budgeting services, then a Community Finance provider could be positioned to pick this up. Conversely, we could seek that mechanisms be built into the enlarged Community Finance programme so that all providers would have arrangements to refer people in hardship to budget services.



## **Allocation of 2015/16 Budgeting Services funding**

- 23 In line with our report in April 2015 on CI contracting options for 2015/16 (REP/15/4/393), we have rolled over the majority of the Budgeting Services contracts for one year with no changes. The one-off innovative pilots contracted in 2014/15 have not been rolled over.
- 24 The following table outlines how CI will utilise the funding available in 2015/16:

(b)(1)



- 25 The re-design work will impact on contracts from 2016/17 onwards.

File ref: REP/15/8/815



# everyone getting ahead financially

To achieve  
our vision

we've identified distinct  
activity streams

with clear  
objectives

to deliver the  
outcomes  
we all want to see

by working as  
partners

