



# Briefing

**To:** Hon Carmel Sepuloni, Minister for Disability Issues

**From:** Julia Bergman, General Manager, Disability, Seniors and International Policy

**Date:** 22 February 2021

**Security level:** IN CONFIDENCE

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## **Key information and talking points on Disability Support System Transformation**

### **Purpose**

This briefing provides you with talking points and advice from MSD on Disability Support System Transformation (system transformation) to support you at your meeting with the Minister of Health on 22 February 2021 and your meeting with the Health and Disability System Review Ministerial Advisory Group on the same day.

Appendix 1 provides you with additional information and background on Enabling Good Lives and system transformation. Appendix 1 has also been provided to the Minister of Health's office.

### **Talking points**

- Work has been underway for over a decade to transform the disability support system in partnership with the disability community.
- The Enabling Good Lives (EGL) vision and principles were developed in 2011 by disabled people and their whānau. In 2012, the Ministerial Committee on Disability Issues agreed to the EGL principles as the basis for change in the disability support system. There have been a number of trials of the EGL approach including in Christchurch, Waikato and most recently in MidCentral.
- MoH and MSD officials are preparing a paper for Cabinet in March 2021. This paper will cover scope for transformation, roll of EGL and transitional arrangements for DSS.
- I would like to see system transformation extend to a broader scope than just DSS so we can make improvements across the entire cross-government disability system for all disabled people. A broad scope is preferred by the disability community.
- I note that Cabinet has not yet agreed to a nationwide transformed system based on the EGL approach. The system transformation work programme has now reached a point where Government needs to decide whether we want to commit

to a national rollout of EGL. In addition to permanent funding for the existing three EGL sites, s 9(2)(f)(iv)

- Agreement to a national rollout of EGL will send a strong signal that we are committed to transforming the disability support system and to improving outcomes for disabled people and their whānau. Not transforming the system on a national scale will be received very poorly by the disability community who have been waiting a long time for system transformation.
- As you know, the Health and Disability System Review Transition Unit will also submit a Cabinet paper seeking decisions on the functions and responsibilities to be included in the new Health NZ. I understand the Transition Unit's paper will recommend that operational functions sitting within the Ministry of Health should move to Health NZ (this shift could take place from mid-2022).
- I am of the view that we should not make decisions on whether DSS remains in the health system or not at this stage. My preference is for DSS to remain in the Ministry of Health as a transitional arrangement until work is completed on where DSS should sit and the government machinery needed to support system transformation.
- DSS could remain in the Ministry of Health in its current form as a Disability Directorate or it could be established as a new departmental agency, hosted by the Ministry of Health. I welcome your views on this.
- There are benefits to both options, but a departmental agency would have its own differentiated reporting lines to a Minister and its own Chief Executive. This could send a stronger signal to the disability community of our commitment to disability and opportunity to view disability as more than a health issue. I have asked officials to provide more detailed advice on transitional arrangements.
- Consideration could be given to where Ministerial responsibility sits for our disability priorities, including system transformation.

### **Advice from MSD**

- MSD recommends that you seek a Cabinet decision on scope for system transformation and that you seek agreement to a broader scope. A broader scope could create meaningful change across the whole disability system and would send a strong signal to the disability community that Government is committed to improving life outcomes for disabled people.
- The DPMC transition unit are of the view that a decision is required in March on whether DSS is in or out of the newly established Health New Zealand (HNZ). Their view is if this decision is not sought now, they will by default have to design HNZ with DSS included but that DSS can remain in the Ministry of Health until HNZ is stood up in July 2020.
- MSD are of the view that a decision on whether DSS is in HNZ is not advised now as ministers have not yet received advice on where DSS might sit. The decision on where DSS sits depends on whether govt wants to consider the broader disability functions, and also depends on the functions of a transformed system.
- MSD strongly recommends DSS remains in MoH until ministers receive further advice. This could either be in its current form as a business unit within the Ministry or it could be established as a Departmental Agency in MoH. While both

options could bring Ministerial leadership and responsibility for all disability issues under one lead Minister, establishing a Departmental Agency would be relatively easy to set up and send a strong signal to the disability community about commitment to disability.

- MSD is concerned to see the lack of reference to disabled people in Health reports and strongly recommends disabled people and their representatives and representative groups are engaged in the process to design the broader health system.

**Next steps:**

- We suggest the next steps to progress this work as follows:
  - March Cabinet paper: seek direction on scope, commitment to the national rollout, confirm transitional arrangements for DSS, and a discussion about ministerial responsibility
  - June Budget decisions: confirmation of budget for existing EGL sites and the first year of national implementation
  - June Cabinet paper: provide detailed advice on a broad scope for system transformation (if Cabinet agrees to a broad scope). Also provide advice on possible machinery of government options to support a transformed system alongside an implementation plan from MoH to transform the system.
  - TBC Cabinet report back: report back on implementation plan and costs for machinery of government arrangements. This report back could potentially align with a proposed MoH Cabinet report back in December 2021.

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## Appendix 1

This appendix provides you with additional information on:

1. Background information on Enabling Good Lives (EGL) and system transformation
2. What Government has already agreed to in relation to EGL and system transformation
3. How system transformation aligns with the work of the Health and Disability System Review Transition Unit
4. What decisions will need to be sought through the next system transformation Cabinet paper to ensure the system transformation work can progress

### Background on Enabling Good Lives and system transformation

- Work has been underway for over a decade to transform the disability support system in partnership with the disability community. System transformation is based on the EGL vision and principles and is consistent with the principles of Te Tiriti o Waitangi.
- The EGL vision and principles were developed in 2011 by disabled people, their families, whānau, and allies. The EGL vision is that, in the future, disabled people and their families will have greater choice and control over their lives and the supports they access.
- System transformation is led by the Ministry of Health supported by other agencies including MSD. MSD is leading the Machinery of Government Review which is one workstream under the system transformation work programme and is tasked with identifying options for the organisational form for a nationwide transformed system.
- The scope of system transformation to date has been Disability Support Services (DSS) funded through the Ministry of Health. DSS is accessed by around 40,000 disabled people in New Zealand and is worth approximately \$1.7 billion of Vote Health. However, there is the potential to consider wider transformation of the cross-government disability system and to consider a wider disability population than just DSS.
- So far, a number of projects have tested the EGL approach:
  - Between 2011 and 2014, there was a demonstration of core elements of the Ministry of Health's New Model for Supporting Disabled People. Most of these elements are still in place.
  - Between 2013 and 2016, there was a demonstration in Christchurch for all school leavers with high or very high needs. A smaller scale initiative has continued since 2016.
  - Since 2015, there has been a demonstration in Waikato for disabled people who opt into the new system.
  - Since 2018, the prototype for the transformed system (known as Mana Whaikaha) has been operating in the MidCentral DHB region.
- The evidence from these initiatives is that system transformation is improving disabled people's lives and the cost of support packages received by disabled people is no higher than the current system.

## **What successive governments have already agreed for EGL and system transformation**

Successive governments have already made a number of decisions regarding an EGL approach and transformation of the disability support system. Key decisions made are:

- In 2012, the Ministerial Committee on Disability Issues agreed to the EGL principles as the basis for change in the disability support system.
- In July 2013, Cabinet agreed to a three-year demonstration of EGL in Christchurch. A smaller scale initiative has continued since 2016.
- In April 2014, Cabinet agreed to a three-year EGL demonstration in the Waikato. This demonstration is ongoing.
- In November 2015, Cabinet invited the Ministers of Health, Education and Social Development to provide advice on options for applying the learnings from the Enabling Good Lives approach to disability support services generally.
- In February 2017, Cabinet directed officials to work with the disability community to develop a process for the nationwide transformation of the disability support system, which would be prototyped in the MidCentral region before being rolled out nationwide.
- In June 2017, Cabinet noted the high-level design of a transformed system based on the EGL vision and principles and invited report backs on the detailed design and implementation of the MidCentral prototype.
- In April 2018, Cabinet agreed to implement the prototype of the transformed system in MidCentral. Cabinet also agreed to initiate a Machinery of Government (MoG) Review to advise on potential options for involving disabled people and whānau in the governance of the transformed system.
- In April 2019, responsible Ministers agreed to the scope of the MoG Review and the Terms of Reference
- Cabinet has not yet agreed to a nationwide transformed system based on the EGL approach. However, Cabinet noted in April 2018 that future advice would be provided to Cabinet about expanding the transformed system beyond the MidCentral region.

## **System Transformation will need to align with the Health and Disability System Review**

- The Health and Disability System Review Final Report was published on 16 June 2020 and recommended a number of significant changes to the health and disability system. Notably this included the creation of a new Crown Entity, Health NZ, which would be responsible for delivering all the Ministry of Health's operational functions.
- For the disability system specifically, the Health and Disability System Review proposed a number of changes to the delivery of disability services, including that DSS be moved to Health NZ and then ultimately be devolved to DHBs.
- Disability support services and disability funding is an area which the disability community have expressed they would like to see move away from the Ministry of Health and the health sector generally. Therefore, the recommendation to devolve DSS to DHBs has been received negatively by the disability community.
- The Transition Unit within the Department of Prime Minister and Cabinet (DPMC) is currently working on the design of the new Health NZ including what functions will be

incorporated. Health NZ will be designed to house the Ministry of Health's operational functions.

### **What decisions are needed through the Cabinet paper to progress System Transformation**

- MSD and the Ministry of Health are drafting a joint Cabinet paper for the Minister of Health the Minister for Disability Issues to take to Cabinet at the end of March 2021.
- The Cabinet paper will need to address a number of fundamental questions and seek key decisions about the future direction of system transformation. The paper will also outline further work to be done and future advice to be provided to Cabinet on the nationwide transformed system and machinery of government arrangements to support that system.

#### ***Agreement to the scope of system transformation***

- The Cabinet paper will seek Cabinet agreement to the scope of system transformation.
- The scope could either be limited to disabled people eligible for DSS, or it could take a broader view of the cross-government disability system. A broader view would include a larger disability population than just DSS and could include consideration of other disability related functions such as policy, regulatory and advocacy functions. Choices on scope will inform the most effective organisational form needed to support that scope. Depending on scope, there is a range of machinery of government options for the transformed system.
- One option could be to implement a broader scope for system transformation via a phased approach. This would involve starting with transformation of DSS and then moving on to a broader scope. Whatever scope is chosen, new funding will be required to transform the system.
- A broader scope for system transformation is preferred by the disability community.

s 9(2)(f)(iv)

***Agreement that DSS remains in the Ministry of Health until further advice is provided***

- Officials advise the Cabinet paper will need to seek Cabinet agreement that DSS and the System Transformation work programme remain in the Ministry of Health for the time being until further advice is provided to Cabinet on where DSS would best sit long term.
- If this decision is not made at this time, DSS will likely automatically shift to Health NZ when operational functions are moved from the Ministry of Health to Health NZ (officials understand this shift could take place in mid-2022).
- Moving DSS to Health NZ is undesirable as it would entrench disability within the health system and would be received very poorly by the disability community. Therefore, the best option could be that DSS remains in the Ministry of Health until further work has been carried out to determine where it should best sit. Ministers would report back to Cabinet later in 2021 with advice on where DSS should sit.
- A Cabinet decision that DSS remains in the Ministry of Health would need to be made without certainty of where DSS should go as further work is required to determine the best location. Options for where DSS should ultimately sit will be influenced in part by whether Cabinet agree to a broader scope for system transformation.

***Agreement on transitional arrangements for DSS if is to remain in the Ministry of Health***

- If Cabinet agree that DSS remains in the Ministry of Health, a Cabinet decision will also be needed on transitional arrangements while further work is carried out to determine where DSS would best sit permanently.
- Transitional arrangements for DSS could be:
  - DSS remains in its current location in the Disability Directorate within Ministry of Health.
  - A new departmental agency, hosted by the Ministry of Health, is created to house DSS.

***Signal discussions regarding Ministerial responsibility for disability***


- A broader scope for system transformation will bring together and align priorities for disability and disabled people in a more coordinated and deliberate way with Ministerial responsibility potentially sitting with one Minister. The Cabinet paper could also signal to Cabinet the potential for discussions about Ministerial responsibility for the system transformation work and the possibility of a future shift of Ministerial responsibility.

- However, it will be important that transferring ministerial responsibility does not risk diluting the health system's responsibility for the provision of health care and services to disabled people. The health system will still continue to have a responsibility to respond to the health needs of disabled people.

**Further work will be done, and future advice provided to Cabinet on a nationwide transformed system and machinery of government arrangements**

- Cabinet will be asked to note that further work will need to be done and further Cabinet decisions on system transformation will need to be sought through one or more future Cabinet report-backs.
- A decision will need to be made on where DSS should ultimately sit. Officials will carry out further work on possible options to inform a report back to Cabinet later this year to seek a decision. Further work will also need to align with the work of the Health and Disability System Review Transition Unit.

• s 9(2)(f)(iv)



- A decision will need to be made on an implementation plan for the nationwide rollout of the transformed system. The Ministry of Health will develop a detailed implementation plan for Cabinet agreement later this year.
- If Cabinet agree to a broader scope for system transformation, decisions will need to be made later on what that broader scope looks like including the form of machinery of government arrangements. Decisions about the form of machinery of government to deliver a broader scope will need to be informed by considerations such as the role of government, the functions needed to carry out the role, and funding arrangements.
- Whatever scope for system transformation is chosen, new funding would be required to implement it. s 9(2)(f)(iv)
- Depending on decisions around the scope of system transformation, decisions may also need to be made in the future on ministerial responsibility for system transformation.