

Chair
Cabinet Social Policy Committee

IMPLEMENTING SOCIAL INVESTMENT: REPORT-BACK

Purpose

- 1 This paper is a report-back outlining the proposed work programme for the implementation of social investment over the short to medium term, following Cabinet's consideration of the paper *Implementing Social Investment* [CAB-15-MIN-0280 refers] in December 2015.
- 2 Cabinet directed officials to report back with options and advice on the proposed programme of work for implementing social investment, how it will be prioritised and future leadership of social investment changes.

Executive summary

- 3 Social investment is about improving the lives of New Zealanders by applying rigorous and evidence-based investment practices to social services, with agencies and the social sector collectively making better decisions about where to put their investments to get better results for targeted populations [CAB-15-MIN-0280 refers].
- 4 When implemented, Social Investment will enable Ministers and other decision-makers to know if services are effective, and targeted where they will make the biggest difference. It will also help Ministers to know more about the kinds of people who are receiving their services, how much those services cost, the value they are getting from them, and how much they contribute to their policy priorities.
- 5 To establish the building blocks of the social investment approach, the Social Sector Board established the Social Sector Investment Change Programme. In December 2015 Cabinet agreed to extend the Programme until June 2017, by which time decisions will have been made about the future leadership of social investment changes.

Delivering social investment: a future work programme and its prioritisation

- 6 As part of the development of the social investment system, some social investment functions and capability will need to be located centrally and some based close to departmental operations. This model was also identified in the recommendations for the future Vulnerable Children's Agency.
- 7 The centralised function, the Social Investment Unit (SIU), is intended to coordinate social investment and add value to the social sector's work. It will not deliver all components of social investment, but rather provide advice on what is required to realise the Government's vision for social investment. Who, including NGOs and the private sector, is best placed to deliver which components (or products) of the system will be addressed in three report backs through 2016.
- 8 We propose that the SIU be initially conceived as a social investment hub (ensuring the centralised provision of tools and, where necessary, linking infrastructure) that can be applied by any agency to any population, spend or service delivery model based

on risk. To enable this, we also propose that the SIU's role will have the following components:

- facilitating the sharing of data to support decision-making across the social sector ('data infrastructure')
- improving Government's knowledge of its interventions, particularly their performance and impact ('evidence and insights')
- supporting the development of advice to help decision-makers set investment priorities and monitor performance ('investment advice')
- working with the social sector to take a social investment approach ('embedding change').

- 9 The creation of this centralised function is a step towards an overall social investment system. The centralised function will offer oversight and coordination of social sector agencies, and integrate social investment principles into day-to-day practices.
- 10 While the paper describes some features of a mature social investment system for illustrative purposes, we propose the SIU begin with a more selective scope, and grow that scope over time as it proves itself. The short term priority is intended for the SIU to get its own house in order – building the data exchange, developing robust and consistent methods for analysis, creating shared tools for agencies, and demonstrating the Unit's value in supporting advice on investment priorities.
- 11 In developing its view of how an overall social investment system should operate, and given that this overall approach is new, the SIU will have a strong focus on 'learning by doing' – it will aim to build off the experience of the wider social sector's efforts to develop investment approaches for welfare, social housing, justice, and vulnerable children, and the SIU's own experience.
- 12 Consistent with this approach, the SIU has identified some specific products that can be developed at the same time as the SIU's role is clarified and the overall system is defined (and continues to evolve). These are outlined in the body of this paper.

A stable platform for ongoing leadership: roles and functions

- 13 As initial products are being developed, the SIU will work with agencies to clarify how the social investment system model will work in practice. There are options for how a centralised function can assist and work with interact with agencies and further work is needed to clarify roles and responsibilities. Nevertheless, in time we believe that the SIU will need to have a coordination and oversight role in:
 - ensuring data is moving around the system appropriately (data exchange)
 - improving data quality, collection, and use across the social sector
 - supporting common approaches to privacy and compliance, where needed to implement social investment
 - ensuring common methods and standards for evaluation in the social sector
 - better incentivising evaluation by social sector agencies
 - ensuring consistency in valuation activity by social sector agencies
 - supporting the social sector to implement social investment practices.
- 14 As these roles have implications for the current responsibilities of existing agencies, we recommend that officials report back in detail over the course of 2016 on what is needed to deliver social investment, including:

- investment advice and evidence and insights, and any associated decisions regarding location and governance (July)
- data infrastructure (September)
- continuing to embed social investment across the sector, alongside a formal business case for the Unit's ongoing operation, if necessary (December).

Current and future funding and governance arrangements

- 15 The SIU is currently a cross-agency Unit reporting to the Social Sector Board, with the Ministers of Finance and State Services as lead Ministers. Cabinet has approved funding of \$6 million until June 2017. In addition to this funding, it is reliant on social sector agencies providing secondments, additional funding and in-kind resource.
- 16 It is reliant on the goodwill of social sector agencies and mandate from the Social Sector Board to play its role. These structures are expected to prove adequate until June 2017.
- 17 Further advice will also be provided to Cabinet by the end of 2016 about the ongoing future of the SIU through a formal business case, which will also include funding implications for Budget 2017.

Interface with related work programmes

- 18 There is a significant degree of alignment between the role of the SIU and the recommendations of the final report of the Child Youth and Family (CYF) Expert Advisory Panel, which recommended a social investment approach to meeting the needs of vulnerable children and young people. The SIU will work alongside the new Vulnerable Children's Agency and other key agencies to support the transformation programme, including the development of the actuarial valuation for vulnerable children.
- 19 The SIU will also take forward aspects of the Productivity Commission's recommendations for:
 - more purposeful stewardship by the Government of the overall system within which social services are delivered
 - increased visibility of the full range of benefits and costs of different services for different client types
 - encouragement of a system that learns and innovates
 - greater use of data and analytics
 - the appropriate sharing of client-level data
 - improving commissioning arrangements.

Background

- 20 The Government has challenged social agencies to adopt a social investment approach. There have already been moves in this direction, with Budget 2015 starting to use social investment principles and Budget 2016 taking a more in-depth look at particular populations. Individual agencies are also increasingly using social investment principles in their day-to-day activities, particularly through the development of investment approaches for welfare, social housing, justice, and the proposed investment approach for vulnerable children.
- 21 In December 2015, Cabinet considered the paper *Implementing Social Investment* [CAB-15-MIN-0280 refers]. This paper gave a definition of social investment, described a social investment system and agreed the need for stable leadership in implementing the social investment approach and providing centralised support where necessary.
- 22 This paper outlines the proposed work programme to support the move to a social investment system.

What is Social Investment?

- 23 Social investment is about improving the lives of New Zealanders by applying rigorous and evidence-based investment practices to social services. It means using information and technology to identify those people for whom additional early investment will improve long term outcomes, better understanding their needs and what works for them, and then adjusting services accordingly. What is learnt through this process informs the next set of investment decisions [CAB-15-MIN-0280 refers].
- 24 Social investment, when implemented, will allow agencies, and the social sector collectively, to make better decisions about where to put their investments to get better results for targeted populations. It will also allow the social sector to take a life course view of their customers and work together to make investment decisions based around customer needs, rather than taking a specific agency or portfolio lens.
- 25 Social Investment will support Ministers and other decision-makers to deliver on their priorities. It will enable them to know if services are effective, and targeted where they will make the biggest difference. It will also help Ministers to know more about the kinds of people who are receiving their services, how much those services cost, the value they are getting from them, and how much they contribute to their policy priorities.
- 26 Work last year to identify target groups within the 0-24 population was just one early indication of the way data and analysis can be used to support Ministerial decision-making. As this kind of analysis develops, our understanding of different client populations will become further refined, and increasingly sophisticated analysis will be available to support policy processes.
- 27 Applying social investment principles will transform the way the social sector views and works with their most vulnerable customers. The tools and methodologies being developed by the Unit will support the systemisation of this into day-to-day practices.
- 28 A collective approach to investing in what works will improve the lives of New Zealanders, creating lasting change. This will happen by:
 - moving from an agency view to a life course view that places the people we assist at the centre of social services
 - shifting the mindset from spending to investing

- using data and analytics to understand what is proven to work, for whom, at the right cost, with the greatest impact
- continually learning and improving investment decisions.

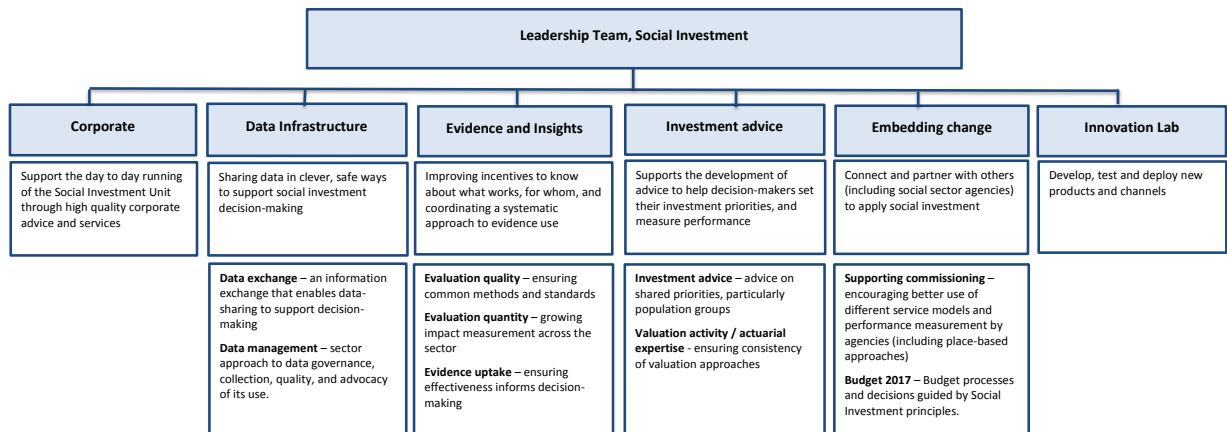
The Social Investment Unit

29 To accelerate progress towards a social investment approach, Cabinet agreed to extend the Social Sector Investment Change Programme (now the Social Investment Unit). Officials believe there will be an ongoing need for such a centralised function to oversee and coordinate the changes required, and current planning work has proceeded on the basis of a model in which some functions and capability are located centrally and some are based in agencies.

30 To support this shift to a collective social investment approach, the SIU will function as a hub of social investment activity, and support advice and decision-making. It will be agency-neutral and be able to be applied by any agency to any population, spend or service delivery model.

31 The key components of this ‘engine room’, which are set out in the diagram below, are:

- *Data Infrastructure* will deliver an information exchange that shares data in clever, safe ways to support social investment decision-making and ensure there are consistent data standards
- *Innovation Lab* will develop, test and deploy new products and channels
- *Evidence and Insights* will improve incentives to know about what works, for whom, and coordinate a consistent and systematic approach to evidence use and quality
- *Investment* will provide analysis and tools to support robust and consistent advice to decision-makers on investment priorities
- *Embedding Change* is how the SIU will connect and partner with agencies to apply social investment.



Role and remit of the Social Investment Unit

32 This paper focuses primarily on the key components of the SIU itself, and less on the way these components could interact with activity occurring in other agencies. A series of report backs described below will address how the full hub model will work in practice.

33 For each of the components, there are different options for the way the SIU could interact with other agencies. These relate to the SIU’s future ability to influence change

– the SIU could have more of an advisory role, or could be more directive. Options related to the remit and mandate of the SIU include, for example:

- whether the SIU ensures there are standards for data collection and evaluation methods that are voluntary or mandatory, and/or oversees a programme of change
- whether the SIU provides analysis and investment advice primarily as part of agency-led policy processes, or provides its own advice on priority populations/outcomes the extent to which the SIU is responsible for supporting improved commissioning practices by social sector agencies, including support for place-based models and other integrated and devolved structures.

The proposed approach

34 We propose the remit of the SIU begins with a more selective scope, initially focusing on firming up its own analytical approach: developing common tools and methods, building a data exchange, and demonstrating the Unit’s value in supporting the development of advice on investment priorities.

35 As the SIU’s capability grows and matures, we expect that the Unit will progressively take a more active role in assisting agencies, and work towards an increasingly integrated social investment system.

36 We believe that in order to be successful in driving change the SIU needs to have a role in:

- ensuring common methods and standards for evaluation in the social sector
- better incentivising evaluation by social sector agencies
- improving data quality, collection, exchange, and use across the social sector
- supporting common approaches to privacy and compliance, where needed to implement social investment
- ensuring consistency in valuation activity by social sector agencies
- supporting social sector agencies to improve their commissioning practices.

37 This means there will be crossover into activity that is already being handled by various agencies. While the SIU might take a leadership role in the areas described above, it will not necessarily need to deliver everything itself.

38 By way of example, the table attached as Appendix One sets out one way the remit and scope of the SIU could evolve over time. This sets out only one possible approach, however, and we are not seeking Cabinet’s agreement at this level of detail at this stage.

39 Instead, we propose that decisions about the remit of the SIU across its functions are in-principle decisions and that we report back on the details of SIU’s future role and approach and how this first with the roles and responsibilities for different agencies over the course of 2016.

40 Report back timeframes are set out in Table 2 below.

TABLE 2: KEY REPORT-BACKS FOR THE SOCIAL INVESTMENT UNIT

| Timeframe | Subject | Agencies |
|-----------|---|--|
| July 2016 | Roles and responsibilities for evidence and insights | Social Sector Board, Social Investment Unit, State Services Commission and Treasury (with advice on evidence and insights developed in consultation) |

| | | |
|----------------|---|---|
| | Roles and responsibilities for investment advice Any early decisions required about the ongoing location, governance and formal status of the Unit | with the Social Policy Research and Evaluation Unit). |
| September 2016 | Roles and responsibilities for data infrastructure | Social Sector Board and Social Investment Unit, in consultation with the Government Chief Information Officer, State Services Commission and Statistics New Zealand |
| December 2016 | Business case, funding proposal How best to embed a social investment approach across the social sector | Social Sector Board and Social Investment Unit, in consultation with the State Services Commission and Treasury |

41 As part of these report-backs, key principles and criteria will be used to determine what activities should occur in SIU and what will occur in agencies. These could include, for example, considering:

- where a collective or cross-agency lens needs to be taken, and how that can best be developed
- where consistency of approach across agencies is required
- where analysis needs to be developed in close proximity to agency expertise and knowledge of operational practice
- how to ensure efficiency and role clarity, and to minimise duplication of functions
- how to make the most of existing expertise across Government, which is currently limited in some areas
- who should be held accountable for what activities and decisions.

42 Another key consideration will be any implications of any other changes to the machinery of government, particularly the future shape of Child Youth and Family and the Ministry of Social Development. Cabinet is scheduled to consider these matters in May and July 2016.

43 Removed under OIA s9 (2)(f)(iv)

44 These will in turn inform the December report-back, which will make further recommendations for how best to continue to embed change across the social sector.

45 If required, the December report-back will also include a formal business case for the Unit's ongoing operation, and any funding implications for Budget 2017.

Social Investment Unit: key products

46 As the details around the social investment system are being worked through, the SIU will continue to develop particular products that will help the social sector to transition towards a social investment approach. These products can be developed without the SIU’s remit having been finalised, or the overall system being defined. Table 3 below provides a summary of the key products and indicative timeframes for their delivery.

TABLE 3: KEY PRODUCTS FOR THE SOCIAL INVESTMENT UNIT

| KEY PRODUCTS FOR THE SOCIAL INVESTMENT UNIT | | |
|--|--|---|
| Product | Description | Indicative Deliverable/Timeframe |
| Develop data exchange (with privacy safeguards) | Developing an information exchange that enables data sharing to support decision-making, while also safeguarding privacy | Trialling a number of Proof of Concepts to securely transfer and exchange data with providers and across government (March 2016) Developing a draft data and identity matching framework to underpin the security of the system (April/May 2016) Delivering a first-cut of a range of standard privacy and security related products to ensure that providers and government agencies can be easily on-boarded with the new system (May 2016) Cross-agency Security Risk Assessment process agreed (June 2016) Data Platform go-live ¹ (Oct-Dec 2016) |
| Tools and analytical models | A range of tools and models to help the SIU and wider social sector undertake reliable and comparable analysis | With Treasury, SIU deliver an improved, more user-friendly CBA/ROI tool (September 2016) . SIU delivers population / portfolio / programme impact tool (TBC 2016) Social sector impact evaluation tool (TBC 2016) SIU provides advice on a segmentation model that groups clients on risks/shared characteristics (November 2016) |
| Evaluation standards and monitoring | Incentivising evaluation by developing common standards, monitoring evaluation work programmes | Evaluation standards technical report (TBC 2016) Reporting on social sector evaluation activity (October 2016 to September 2017) |
| Investment advice | A series of demonstration products that shows how the SIU could support collective decisions on investment priorities | SIU develops a draft dashboard and a performance report, which demonstrates how a population and outcomes focus can be taken on social sector spending (August 2016) SIU develops the first strategy report, demonstrating how collective decision-making on investment priorities can be supported (September 2016) |

47 This is a complex set of new products that requires an ambitious work programme and ongoing testing for utility and value. While the Unit will continue to build its capability, the products outlined above are scalable – the Unit will start small, prototype, iterate and scale-up as it demonstrates that products work and are adding value. This is in line with the proposed ‘learning by doing’ approach.

Supporting a Social Investment System: key stakes in the ground

48 The SIU has the potential to provide Government with the ability to look across the social sector, and examine particular population groups from a life-course perspective. This will enable a greater focus on the longer-term drivers of fiscal costs, by identifying the connection between some of those cost pressures and particular at-risk groups.

¹ “Go-live” is characterised by all necessary commercial and technological components of the current ‘proof of concept’ phase being completed and ready to be scaled in an operational production environment.

- 49 As it will take some time for the Unit's analytic capability to mature to the point where this kind of full cross-sector analysis is possible, investment advice will initially focus on responding to existing government priorities that have been identified. Initially, the SIU will base its activities on:
- supporting the proposed Vulnerable Children's Agency to deliver social investment practices for the children and young people in their target populations
 - supporting the social sector to take a comprehensive social investment approach to Budget 2017.

Supporting a social investment approach to vulnerable children

- 50 There is a strong degree of alignment between the direction of the SIU and the recommendations of the Child, Youth and Family Expert Advisory Panel. The Panel recommended a social investment approach to meeting the needs of vulnerable children and young people that is based on a forward view of life-time costs, and that work begin to specify and build an actual valuation model for vulnerable children and young people.
- 51 The SIU together with other key agencies will support the Child, Youth and Family Transformation Programme to develop the actuarial valuation for vulnerable children, and will also assist the Programme through the delivery of social investment tools and potentially supporting analysis.
- 52 While any new agency will itself need actuarial expertise to develop the new valuation and operationalise the insights, there is a case for centralised coordination across social sector valuation models to ensure consistency and coherence. As the Child, Youth and Family Expert Panel noted, the current agency-led approach risks the creation of multiple valuations that are not well aligned. For this reason, we support the Panel's recommendation for the creation of a Government Chief Actuary position and Centre of Expertise.
- 53 Removed under OIA s9 (2)(f)(iv)

Supporting a social investment approach to Budget 2017

- 54 Budget 2017 is an opportunity for the SIU to support agencies and Ministers by providing better tools allowing budget initiatives to be more consistent and focused on a target population. The SIU intends to work closely with Treasury to deliver a social investment approach to Budget 2017. Budget advice will be based on better evidence, population level data and analysis, understanding of the potential (and, in the future, real) impact of these decisions including return on investment; and better understanding the interactions of individual investment decisions on targeted populations.
- 55 It is intended that this target population focus will encourage agencies to go beyond decisions based on new money and help agencies to examine existing baselines and ensure these are being focused as effectively as possible. The overall approach to Budget 2017 will be considered as part of the report back on roles and responsibilities for investment advice.

Relationship to the Productivity Commission response

- 56 Under current proposals included in this paper, the SIU will take forward aspects of the Productivity Commission's recommendations for:
- purposeful stewardship by the Government of the overall system within which social services are delivered
 - increased visibility of the full range of benefits and costs of different services for different client types
 - encouraging a system that learns and innovates
 - greater use of data and analytics
 - the appropriate sharing of client-level data.
- 57 In time, the Unit could play an important role in improving commissioning arrangements. The SIU will undertake further analysis to define how it can best support agencies' commissioning practices, with improvements to commissioning initially advanced by agencies themselves.

A key priority for the Social Sector Board

- 58 The Social Sector Board has identified social investment as one of its key priorities, and has agreed to take a strong supporting position on implementation of social investment across the social sector. For example, this includes a commitment that all social sector initiatives for Budget 2017 meet social investment expectations for evidence and analysis.

Status of the SIU

- 59 The SIU is currently a cross-agency Unit reporting to the Social Sector Board, with the Ministers of Finance and State Services as lead Ministers. It has received funding of \$6 million until June 2017. In addition to this it is reliant on social sector agencies providing secondments, additional funding and in-kind resource.
- 60 The SIU is dependent on the goodwill of the social sector and the mandate of the Social Sector Board to play its role. These structures are expected to prove adequate until June 2017. Detailed advice will be provided to Cabinet by the end of 2016 about the most appropriate structure and governance for, and location, of the Unit, building off any initial advice on location provided as part of the July report back on investment advice and evidence generation. This will include consideration of funding implications for Budget 2017 and, if necessary, a business case for a permanent entity.
- 61 There are a number of options for where a permanent entity could be 'housed'. For example, it could be a standalone entity reporting directly to Ministers or the Social Sector Board, or it could be nested in an existing central or line agency. Each option will have advantages and disadvantages, which will need to be worked through carefully as part of a business case process.

Consultation

- 62 The following agencies have been consulted: the Ministries of Health, Education, Social Development, Justice, and Pacific Island Affairs, the Treasury, State Services Commission, Te Puni Kōkiri, the Social Policy Evaluation and Research Unit, Statistics New Zealand, Police, Corrections, the Department of Internal Affairs and the Office of the Privacy Commissioner. The Department of Prime Minister and Cabinet has been informed.
- 63 The Privacy Commissioner provided the following comments:

63.1 I support the programme of work set out in this paper, as it will help to mitigate the risks to individual privacy posed by greater use of data by Government. My view at this stage is that the work programme presents opportunities to strengthen the protection of personal information held by Government at the same time as increasing the use of data by social sector agencies to improve service delivery and achieve better outcomes.

63.2 I am pleased with the engagement that the Social Investment Unit has had with my Office to date, and I am available to support and advise the Social Investment Unit to ensure clear legal authority for the use of personal information and safeguards for individual privacy are in place as this work progresses.

Financial implications

64 There are no financial considerations.

Human rights, gender and disability implications

65 The proposals in this paper are consistent with human rights legislation. There are no gender or disability implications in this paper.

Legislative implications

66 There are no legislative implications.

Regulatory impact analysis

67 A regulatory impact analysis is not required.

Publicity

68 It is expected this paper will be proactively released as part of the Budget 2016 package.

Recommendations

69 It is recommended that the Committee:

- 1 **note** that the Social Sector Board established the Social Sector Investment Change Programme to start building the tools and methods required to enable a social investment approach
- 2 **note** that in December 2015 Cabinet agreed to extend the Social Sector Investment Change Programme until June 2017 by which time ongoing decisions will have been made about the future leadership of social investment changes
- 3 **note** that in December 2015 Cabinet directed the Social Sector Investment Change Programme, the Treasury, and the State Services Commission, in consultation with the Social Sector Board, to report to SOC by March 2016 with options and advice on:
 - a brief framework for prioritising work across the social investment programme
 - a medium to longer term social investment work programme over at least the next 6 to 12 months to deliver on social investment components
 - a stable platform for ongoing leadership of social investment changes and delivery of the work programme

- 4 **note** that a series of intensive planning exercises have been undertaken that have helped to define a future work programme to deliver a social investment approach

A stable platform for ongoing leadership of social investment

- 5 **agree** to establish a centralised function (the Social Investment Unit) with ongoing responsibility for implementing and coordinating the Government's social investment approach across the social sector
- 6 **agree-in-principle**, subject to the report backs set out in recommendations 9 - 13, that the Social Investment Unit's role will have the following components:
- facilitating the sharing of data to support decision-making ('data infrastructure')
 - improving Government's knowledge of the performance and impact of its interventions ('evidence and insights')
 - supporting the development of advice to help decision-makers set investment priorities ('investment')
 - working with the social sector to take a social investment approach ('embedding change')
- 7 **note** that for each component of the Social Investment Unit there are options for how the centralised function could interact with agencies
- 8 **agree** that the Social Investment Unit will have a role in:
- improving data quality, collection, and use across the social sector
 - supporting common approaches to privacy and compliance
 - ensuring common methods and standards for evaluation in the social sector
 - better incentivising evaluation by social sector agencies
 - ensuring consistency in valuation activity by social sector agencies
 - supporting social sector agencies to improve their commissioning practices
- 9 **note** that further work is needed to clarify how the centralised function will work with current and future agencies, and any corresponding changes to the roles and responsibilities of existing agencies
- 10 **direct** the Social Sector Board, the Social Investment Unit, the State Services Commission, and the Treasury to report back by July 2016 on roles and responsibilities for the investment advice needed to deliver a social investment approach for the social sector
- 11 **direct** the Social Sector Board, the Social Investment Unit, the State Services Commission, and the Treasury, in consultation with the Social Policy Evaluation and Research Unit to report back by July 2016 on roles and responsibilities for the evidence and insights needed to deliver a social investment approach for the social sector, including ensuring common methods and standards for evaluation
- 12 Removed under OIA s9 (2)(f)(iv)

- 13 **direct** the Social Sector Board and the Social Investment Unit, in consultation with the Government Chief Information Officer, State Services Commission and Statistics New Zealand, to report back by September 2016 on roles and responsibilities for the data infrastructure needed to deliver a social investment approach for the social sector, including how to ensure common standards for data collection and use
- 14 **note** that current governance structures are expected to prove adequate until June 2017
- 15 **direct** the Social Sector Board and Social Investment Unit, in consultation with the State Services Commission and the Treasury, to report back by December 2016 on:
 - how best to embed a social investment approach across the sector
 - a business case for the ongoing operation of the Social Investment Unit
 - funding implications for the Social Investment Unit for Budget 2017

Interface with other work programmes

- 16 **note** that there is a strong degree of alignment between the role of the Social Investment Unit and the final report of the Child Youth and Family Expert Advisory Panel, which recommended a social investment approach to meeting the needs of vulnerable children and young people
- 17 **note** that Cabinet has agreed that the Child Youth and Family transformation programme will work with the Social Investment Unit and other key agencies to develop the actuarial valuation for vulnerable children
- 18 **note** that we support the Child Youth and Family Expert Panel's recommendation for the creation of a Government Chief Actuary position and Centre of Expertise, to ensure consistency and coherence
- 19 Removed under OIA s9 (2)(f)(iv)

- 20 **note** that under current proposals included in this paper, the Social Investment Unit will take forward aspects of the Productivity Commission's recommendations for:
 - more purposeful stewardship by the Government of the overall system within which social services are delivered
 - increased visibility of the full range of benefits and costs of different services for different client types
 - encouraging a system that learns and innovates
 - greater use of data and analytics
 - the appropriate sharing of client-level data
 - improving commissioning arrangements, and in ensuring that agencies use service models that will achieve the best possible outcomes for clients
- 21 **note** the Social Sector Board has identified social investment as one of its key priorities, and has agreed to take a strong supporting position on its implementation across the social sector.

Hon Bill English
Minister of Finance

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Hon Paula Bennett
Minister of State Services

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APPENDIX 1: ONE POSSIBLE APPROACH - REMIT, ROLES AND RESPONSIBILITIES OF THE SOCIAL INVESTMENT UNIT

| Component | Role / Activity | Possible Short Term Role / Remit (Next Two Years) | Possible Long term Role / Remit (Mature System) |
|---|--|--|---|
| Data infrastructure Sharing data in clever, safe ways to support social investment decision-making | Data exchange An information exchange that enables data sharing to support decision-making | SIU builds and manages data exchange, expectation placed on agencies to share | SIU manages data exchange, expectation placed on agencies to share and collect certain data |
| | Data management Sector approach to data governance, privacy, collection, quality and advocacy of its use | Setting data standards and supporting common approaches to privacy and compliance | Mandatory standards and privacy approach enforced |
| Evidence and insights Improving incentives to know about what works, for whom, and coordinating a systematic approach to evidence use | Quality Ensuring common methods and standards | Ensuring methodology standards | Common methodology adopted / enforced |
| | Quantity Growing impact measurement across the sector | Impact evaluation of flagship services by SIU | Routine impact evaluation of services by SIU |
| | Uptake Ensuring effectiveness informs decision-making | Monitoring and reporting to Ministers on proportion of social spend evaluated | Public reporting on proportion of social spend evaluated |
| Investment advice Supporting decision-makers to set investment priorities, manage a portfolio of investments, and measure performance | Investment advice Relationship to existing policy development processes | Supports identified policy priorities through analysis and tools | Provides its own advice on shared priority populations (and associated fiscal risks) |
| | Control of funding SIU's role in funding interventions | No direct control of funding | Dedicated innovation fund for services aligned with social investment approaches |
| | Valuation activity / actuarial expertise Ensuring consistency of valuation approaches | SIU contributes expertise, has advisory/consistency role ² | SIU coordinates valuation activity and manages centralised approach ("valuation spine") – [subject to decisions about a Chief Government Actuary] |
| Embedding change Connecting and partnering with others (including social sector agencies) to apply social investment | Commissioning tools / support Encouraging better use of different service models and performance measurement by agencies | Agency-led commissioning improvements, with SIU undertaking further analysis of potential commissioning role | Supports improved commissioning by agencies, including liability management |
| | Integration and devolution Supporting place-based models and other integrated / devolved structures | Provides guidance on devolved / integrated / place-based models | Supports devolved / integrated / place-based models, particularly through data and analysis, and monitors results |
| | Budget 2017 Budget processes and decisions guided by social investment principles | Advice to Ministers and Chief Executives about whether budget bids meet social investment standards Treasury considers budget bids in relation to cost-benefit, evidence, and ROI. SIU makes recommendations on collective priority populations | All social sector expenditure allocated on basis of common / standardised social investment tools and principles |

Removed under OIA s9 (2)(f)(iv)

