

Chair
Cabinet Social Development Committee

WORKING NEW ZEALAND: ROLLOUT OF UPFRONT WORK-FOCUSED SERVICES TO ALL WORK AND INCOME SERVICE AND CONTACT CENTRES

Proposal

- 1 The purpose of this paper is to:
 - report back on initial evaluation findings of the new service model prototype as directed by Cabinet [SDC Min (05) 11/1 refers]
 - seek Cabinet's agreement to rollout to all 142 Work and Income service centres and five contact centres in May 2006 the upfront work-focused services that have been trialed in 12 prototype service centres and two contact centres since June 2005
 - seek Cabinet's agreement to further work being done by the Ministry of Social Development, with other officials as appropriate, on further service enhancements to continue to build an active work-focused social support system.

Executive summary

Improving the Social Support System

- 2 Since 2001 the government has introduced a number of changes and initiatives designed to improve work outcomes for working-age people and make work pay. Important steps include the Domestic Purposes and Widow's Benefit reform (2002), Jobs Jolt package (2003), Sickness and Invalid's Benefit Strategy (2004) and Working for Families (2004/05).
- 3 The New Zealand economy has enjoyed more than a decade of strong expansion. Today New Zealand has the lowest unemployment rate in the OECD. Yet despite low unemployment, more than 13% of households have no-one in work.¹ At the end of January 2006, 299,829 working-aged people were in receipt of a main income-tested benefit.
- 4 On 14 February 2005 Cabinet agreed in principle to further work to reshape the existing social support system to create a modern, flexible system that supports a comprehensive active work-focused service without compromising security for those unable to work [POL Min (05) 2/5 refers].
- 5 Further work has proceeded under three broad work streams:
 - reform of working-age income support to make the social support system more active, work-focused and designed around outcomes, including reforming the basis for extra help for people with ill health or disability

¹ Statistics New Zealand *Household Labour Force Survey*, December 2005 quarter. Households where all members are outside the working-age population of 18-64 are not included in this figure.

- change the way in which employment interventions are administered and funded to improve flexibility and responsiveness to changes in the labour market and the diverse needs of Work and Income's working-age client base
 - improve service delivery so that service delivery is focused on work from the time of first contact with a person, and access to employment services is not driven by benefit category but by a person's individual circumstances and need for assistance to obtain work.
- 6 All three work streams are crucial to enabling a comprehensive active work-focused social support system. That is, the effectiveness and value of introducing changes under one stream will be less if changes are not made under the other two. The positive impact on work outcomes of the service delivery changes introduced to date and proposed going forward will be limited and take longer to be reflected in Work and Income client outcomes without changes to the social support system and employment programmes.
- 7 Over the next six months Cabinet will be asked to consider a suite of papers that outline proposals for introducing changes under the first two streams. This paper is about the service delivery stream.

The New Service Model Prototype

- 8 In June 2005 a prototype of the new service model was rolled out in 12 Work and Income service centres and two contact centres. The prototype is targeted at working-age people (18-64 years) and includes both young and older workers.
- 9 The upfront work-focused service changes introduced in June 2005 were designed to:
- support a consistent work focus with Work and Income working-age clients from first contact
 - establish with the client their work status at time of contact, and formally assign the client to one of four service streams that would inform decisions regarding appropriate employment assistance: retention in work, early response (rapid return to work), work-focused (able to work but not immediately)² (eg people with terminal cancer)
 - provide appropriate³ employment assistance to help Work and Income working-age clients obtain work regardless of which main income-tested benefit they receive
 - be more proactive in providing employment assistance earlier in the relationship with clients to enable them to obtain work sooner.
- 10 For working-age people contacting prototype sites for employment/income support, this has meant:
- a greater focus on work outcomes from the start in their discussions with Work and Income staff and the support they require to obtain work or remain in work

² Work-unlikely clients would not be offered employment assistance, as it is assumed that it is not required and/or would be inappropriate. The situation can, however, change if the client expresses a desire to work and would like employment assistance and/or their circumstances change such that they can work.

³ "Appropriate" refers to the requirement that it is clear that the client requires the assistance to obtain work and may not obtain work without it.

- wider offers of employment assistance even if they are not applying for an Unemployment Benefit (UB) and earlier in the relationship with Work and Income (eg attendance at a WRK4U seminar and completion of jobz4u profile prior to receipt of benefit).
- 11 In September 2005 three additional employment services for clients experiencing ill health or disability were rolled out to the Work and Income prototype sites.
 - 12 Early findings indicate that changes introduced in June 2005 are generally working well and that service delivery in prototype sites is heading in the desired direction of creating an active work-focused service.
 - 13 There is early evidence that people applying for a Domestic Purposes Benefit (DPB), Sickness Benefit (SB) or Invalid's Benefit (IB) are self-identifying as able to work now and making use of employment services prior to receipt of benefit (eg attending a seminar). This indicates that offering employment services primarily to UB clients is missing a group of non-UB clients who are willing and able to work now and who would benefit from greater access to employment services.
 - 14 Feedback from clients indicate that the work-focused message is received consistently, seminars are useful, and case managers are using discretion well in offering seminars or creating a jobz4u profile, a skill-profiling tool that enhances the ability of Work and Income staff to match clients with potential employers.
 - 15 It is too early to comment on client outcomes and whether more non-UB clients are spending less time on income support and successfully obtaining work. The evaluation of the prototype is expected to be completed in June 2006 and will contain an assessment of changes in clients' situations.
 - 16 Participation in upfront work-focused services prior to receipt of benefit is voluntary. The prototype is operating within current legislation, which means the Ministry of Social Development cannot require a person to participate in any prescribed employment activity prior to receipt of benefit.⁴
 - 17 Work and Income starts from the presumption that people wish to participate in upfront work-focused services, with people opting out of those services if they do not want to participate. Currently less than 10% of people invited to participate are choosing not to.

Rolling Out the Upfront Work-focused Services in May 2006

- 18 Cabinet approval is sought for Work and Income to rollout the upfront work-focused services to all 142 service centres and five contact centres on 23 May 2006, within existing baselines. This would:
 - widen access to employment services to all Work and Income working-age clients and not just those in receipt of UB, where it is clear that a client requires and would benefit from assistance to obtain work
 - send a clear and consistent message to all new clients affirming the importance of work, and that Work and Income will assist those for whom work is a realistic option into employment either now or in the future.

⁴ Post receipt of benefit, required participation in employment activities is driven by the expectations and obligations attached to the specific benefit a client is in receipt of (eg UB clients are subject to a work test whereas IB clients are not)

- 19 Initially the service would be offered only to new clients, with existing clients being involved from September 2006 onwards once the upfront work-focused services have bedded in.
- 20 The three employment services targeted at people experiencing ill health or disability trialled since September 2005 will continue to be trialled in prototype sites. It is too soon to determine what impact these services are having and whether it is worth rolling them out to all Work and Income service centres.

Proposed Subsequent Enhancement to Service Delivery

- 21 Service delivery can be further enhanced by allocating resources on the basis of clients' actual service requirements and employment potential, not their benefit category. Now that less than 20% of clients on an income-tested benefit are UB recipients, focusing employment services on UB clients does not necessarily indicate where the greatest employment potential or desire to work lies amongst clients and where resources could be used most efficiently.
- 22 Changing the allocation of resources can be done in advance of the other reform proposals and within existing legislation. The proposed service enhancements to service delivery are:
 - deliver case management and employment assistance on the basis of work status/readiness and associated service needs rather than benefit type, so that the extent and intensity of service support is driven by the type of services required by the individual client and their ability to make use of these services, not their benefit type
 - set caseload ratios on the basis of clients' service level requirements and service support needs
 - create an efficient upfront job search facilitation and assessment service designed to reduce the flow of people requiring income support in the first instance to release resources that could be reallocated for the support of people with higher service requirements and support needs.
- 23 To inform work on proposed subsequent service enhancements, the Ministry of Social Development intends to test some aspects in its Wellington Willis Street service centre from April 2006.
- 24 The Ministry of Social Development working, with the Treasury, Department of Labour and other officials as appropriate, proposes to do further work on the subsequent proposed enhancements and report back in August 2006. Officials would report back to the Cabinet Social Development Committee if there are any fiscal implications; otherwise officials would report back to Joint Ministers.
- 25 The report back would provide a more detailed scope of the proposed subsequent enhancements to service delivery and their feasibility, give an indication of how the proposed enhancements are expected to impact on client outcomes, and timeframes for implementation and evaluation.

Background

- 26 In June 2001 the Government published *Pathways to Opportunity*. This statement set out the beginnings of an overhaul of social security in New Zealand. Its new approach to social security was set out in six areas:

- a simpler system
- making work pay and investing in people
- supporting families and children
- mutual responsibilities
- building partnerships
- tackling poverty and social exclusion.

27 Since the release of *Pathways to Opportunity* the Government has introduced a number of changes to improve employment opportunities and make work pay. Important steps included:

- policy and service changes to support Work and Income clients in receipt of a DPB or Widows Benefit (WB) prepare for a return to work when their situation allows (2002)
- the *Jobs Jolts* package, containing 15 specific initiatives that will help employers with skill shortages, people with disabilities, long-term sickness and invalids beneficiaries, mature job seekers, drug dependent job seekers, youth, and people who have been made redundant obtain work (2003)
- the *Sickness and Invalid's Benefit Strategy* introduced by the Ministry of Social Development, focused on trialling initiatives in 14 Work and Income concept sites to support people with ill health or disability towards work and independence (2004)
- *Working for Families*, designed to make work pay through increasing the take-home income of families and providing financial support to overcome barriers to participation in work (eg childcare assistance) (2004/2005).

28 The most recent statistics to the end of January 2006 indicated that the number of working-age people in receipt of an income-tested benefit fell over the previous year. While most of this decline was accounted for by the reduction in the number of people receiving an UB, there were other positives in a small decline in the DPB, and a reduction in the growth rate of SB and IB.

29 Yet despite low unemployment and the dramatic decline in the number of people receiving UB, more than 13% of households have no-one in work. At the end of January 2006 there were still 299,829 working-age people in receipt of a main income-tested benefit.

30 If we want all New Zealanders to participate in the benefits of economic growth and be able to control their own lives, then we still need to do more to improve the opportunities for working-age people on a benefit to obtain work and remove the disincentives to work built into the social support system.

31 On 14 February 2005 Cabinet agreed in principle to further reform work to reshape the existing social security system, so that it:

- offers financial security to people who are not in work, and appropriate opportunities and incentives for people who can work to move into employment
- promotes an early response (rapid return) to work where possible, and backs that expectation with services that build people's capacity to work, place people in the right jobs, and support both clients and employers to ensure people get a secure foothold in the labour market

- recognises the diversity of people's individual needs and outcomes, without assuming that some people cannot work because of the type of income support they get [POL Min (05) 2/5 refers].

32 As part of these reforms, the Ministry of Social Development has been developing a new service model that will:

- enable people to move into employment
- support people who cannot work now to move towards employment and increase their independence and participation either through direct assistance or referrals to other appropriate agencies able to assist
- make work pay by supporting people to stay in work and to change jobs without needing to get a benefit.

33 On 23 May 2005 Cabinet agreed to the trial of a prototype of the new service model. Cabinet also directed officials to report back by December 2005 on evaluation findings of how the prototype was performing [SDC Min (05) 11/1 refers].

34 While service integration is at the core of the Ministry of Social Development's success in helping working-age people in receipt of a benefit obtain work, improving the design of the social support system and the responsiveness of employment interventions will be crucial to enabling a comprehensive active work-focused service. Without these other reforms the value of changing service delivery will be limited and the impact on client outcomes will take more time to occur.

35 On 1 August 2005 Cabinet directed the Ministry of Social Development, working with other relevant departments and agencies, to report back in December 2005 to the Cabinet Social Development Committee on final proposals for the core benefit [POL Min (05) 17/6 refers]. Over the coming months Cabinet will be asked to consider a suite of papers covering:

- consultation on the proposed programme of reform (April 2006)
- employment and training programmes (May 2006)
- IT systems to support reforms (July 2006)
- core benefit (July 2006)
- introduction of required legislation (November 2006).

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The New Service Model: The Right Job at the Right Time, Right from the Start

37 The new service model extends and modifies existing Work and Income services to improve the focus on getting people into the right job at the right time, right from the start. The model starts with the client, not the benefit, and builds services around the outcomes the client can achieve. This is a significant shift in Work and Income's approach. The broad approach is to

also take a wider perspective, by working with clients in the context of their daily lives⁵, providing services that improve outcomes for clients' families, linking clients with other service providers, and working with employers to make services responsive to the demand for skills and labour.

The New Service Model Prototype

- 38 The new service model prototype is a further step in moving toward a more active work-focused service. It involves trialling a range of service enhancements that:
- support a consistent work focus with Work and Income working-age clients from first contact
 - establish with the client their work status at time of contact, and formally assign the client to one of four service streams that would inform decisions regarding appropriate employment assistance: retention in work, early response (rapid return to work), work-focused (able to work but not immediately) and work-unlikely (eg people with terminal cancer)
 - provide appropriate employment assistance to help Work and Income working-age clients obtain work regardless of whether they are eligible for Unemployment Benefit, Domestic Purpose Benefit (DPB), Sickness Benefit (SB), Invalid's Benefit (IB) or any other main income-tested benefit
 - be more proactive in providing employment assistance earlier in the relationship with Work and Income working-age clients to enable them to obtain work sooner.
- 39 Participation in upfront work-focused services prior to receipt of benefit is voluntary. The prototype is operating within current legislation, which means the Ministry of Social Development cannot require a person to participate in any prescribed employment activity prior to receipt of benefit.
- 40 Work and Income starts from the presumption that people wish to participate in upfront work-focused services with people opting out of those services if they do not want to participate. Currently less than 10% of people are choosing not to participate.
- 41 The prototype was rolled out to 12 service centres and two contact centres on 7 June 2005. The service enhancements introduced were:
- a new pre-assessment process that enables Work and Income staff to do an initial assessment of a person's circumstances, needs and work status/readiness, to start offering them appropriate assistance from initial contact
 - expanded access to the WRK4U seminar for people who have expressed a desire and/or are able to work now (the seminar was previously offered only to UB clients). The WRK4U seminar is a short seminar providing an overview of how Work and Income can help people obtain employment and information on income assistance (eg eligibility, obligations etc). It has proved highly effective in reducing the number of people going on to apply for a UB

⁵ The ability to work is often constrained by factors that a person may have little control over. For instance, the availability of childcare or mental health support services that are necessary for a person to work. Taking into account the context of a person's daily life requires acknowledgement of and support to address these barriers if employment is to be a realistic outcome.

- a new Work and Income seminar for people who want to work but are unable to do so immediately due to constraints like caring responsibilities or illness. The Work and Income seminar is similar to the WRK4U seminar, except that a greater emphasis is placed on planning ahead for a return to work and providing information on useful local services that a client might wish to access
- access to work brokerage and completion of a jobz4u profile for all clients able to work now, prior to receipt of benefit. Work brokerage services focus on linking clients with suitable employers in their local area. The jobz4u profile provides work brokers and employers with details on the client's skills and work experience and likely job matches in the local area
- wider and earlier access to employment programmes where it is deemed appropriate to assist a person into employment.

42 In September 2005 three additional service enhancements were rolled out in prototype sites. These were introduced to enhance employment services to clients experiencing ill health or disability. They are:

- a dedicated employment co-ordinator who works with case managers to help clients with higher support needs access employment services and work
- a preparation for work vocational assessment tool for staff to use when working with clients who have presented with ill health or disability and have confirmed that they are willing and able to plan for their return to work
- a targeted health intervention for clients wanting to return to full-time employment who require a single health intervention to enable them to return to work but are unable to access that intervention through the public health system within three months. To be eligible, clients need to show they have a job lined up.

Expected Impact of Service Enhancements on Client Outcomes

43 DPB, SB and IB clients are expected to benefit most from the service enhancements and see improvements in their outcomes. The benefits to DPB, SB and IB clients of the introduction of the service enhancements are:

- employment as an option from initial contact, be it full-time or part-time
- access to information and the ability to apply for local job opportunities through Work and Income
- support in preparing for a return to work if not able to return to work immediately
- access to employment services that will enhance their ability to obtain a job where it is clear that the client is at significant risk of not obtaining work without assistance.

44 If the service enhancements are effective, the impact on DPB, SB and IB client outcomes are expected to be:

- shorter duration on primary income support before exiting to full-time work

- increased earnings from and participation in part-time work while on income support.⁶

45 UB clients would benefit less as they already have access to many of the service enhancements and the measurable change on employment outcomes occurred in the past.⁷ The major change that UB clients would experience is the early pre-assessment process, which may have a positive impact on UB outcomes insofar as Work and Income has better information on the service requirements of UB clients and can provide these earlier.

Participation in the Prototype

46 Between 7 June 2005 and 3 January 2006, 18,069 participations were recorded for 16,059 participants (ie some participants participated more than once over this time period). Less than 10% chose to actively opt out of the trial.

47 There are some early indications that, at the time of the initial pre-assessment, a number of clients who were likely to receive a benefit other than UB were self-identifying as able to work now.⁸ This is reflected in service stream numbers with 18% of potential DPB clients and 20% of SB/IB clients streamed as able to work now.⁹ This indicates that offering employment services primarily to UB clients only is missing a significant group of non-UB clients who are willing and able to work now and would benefit from greater access to employment services.

48 At this time it is too early to comment on impact on DPB, SB and IB client outcomes. The final evaluation in June is expected to provide some initial findings on impact on client's short term outcomes. Longer term outcomes would be subject to ongoing monitoring by Work and Income.

Client Perceptions of the Prototype

49 Information on client perceptions of the new service model prototype is limited at this time. Ministry of Social Development evaluators have been conducting interviews with a small sample of clients who have participated in the prototype to date, and have reviewed feedback forms on seminars. Generally clients considered that the work-focused message was received consistently, seminars are useful and that case managers were using their discretion well in offering seminars or creating a jobz4u profile.

50 Clients who contacted Work and Income but did not go onto apply for primary income support were generally positive about the new engagement process and the information provided by Work and Income staff.

Rolling Out the June 2005 Prototype Upfront Work-focused Services to all Work and Income Service and Contact Centres in May 2006

51 Cabinet approval is sought for Work and Income to proceed with a rollout of the upfront work-focused service enhancements, as these are taking the service in the right direction towards an active work-focused service. The purpose of implementing the prototype nationwide is to:

⁶ Includes clients who due to their circumstances are unlikely to ever be able to work fulltime but can participate to a limited degree.

⁷ When WRK4U was introduced there was a 20% reduction in applications for a UB.

⁸ During the pre-assessment all clients who say they are not working now are asked whether they are able to work now.

⁹ To the end of January 2006.

- widen access to employment services to all Work and Income working-age clients and not just those in receipt of UB, where it is clear that a client requires and would benefit from assistance to obtain work
- send a clear and consistent message to all new clients affirming the importance of work, and that Work and Income will assist those for whom work is a realistic option into employment either now or in the future.

- 52 There are no indications that the service enhancements have compromised income services to clients or are preventing people receiving income support. The provision of income support still has to conform to existing Work and Income business practices, and if any negative impacts were observed Work and Income would move quickly to resolve them.
- 53 Work and Income would make use of evaluation findings to inform ongoing service development through a 'learn as we go' approach.
- 54 With Cabinet's approval, Work and Income proposes to rollout the June 2005 upfront work-focused services on 23 May 2006 to all 142 service centres and five contact centres. This rollout would initially be offered only to new clients with existing clients being actively involved from September 2006 onwards when the changes have bedded in.
- 55 Figure One shows how it differs from service delivery today. The key differences are highlighted in the white box. The changes mostly reflect a different way of delivering services and the order in which they are provided, rather than a major change to the range of services offered by Work and Income to clients.

Figure One: Proposed rollout of upfront work-focused services

Client Groups	Current Services	From 23 May 2006
UB and Work-tested partners on all benefit types	<ul style="list-style-type: none"> • Income support • Case management • WRK4U seminars and JOBZ4U skill profiling • Employment support services; some limited due to duration rules 	<div style="border: 1px solid black; padding: 5px; margin-bottom: 10px;"> <p>At initial contact</p> <p>Where employment is an option:</p> <p>Access to:</p> <ul style="list-style-type: none"> • Seminar services • Skills profiling <p>Early availability of employment programmes and services</p> <p>Linking – brokering to connect people with other agencies that deliver services they need</p> </div> <ul style="list-style-type: none"> • Income support • Case Management
DPB/WB clients and Non-work-tested clients with responsibilities	<ul style="list-style-type: none"> • Income support • Case management • Limited access to employment support services 	<ul style="list-style-type: none"> • Income support • Case Management
SB/IB and partners on all benefit types who have an exemption from work-test due to illness or disability	<ul style="list-style-type: none"> • Income support • Case management • Limited access to employment support services • Vocational services for up to 20,000 clients • PATHS (in selected sites) • Preparing for work assessments 	<ul style="list-style-type: none"> • Income support • Case Management • Specialist Employment coordinators (prototype sites only) • Access to targeted health treatment (prototype sites only) • PATHS (in selected sites) • Preparing for work assessments
Non-Beneficiaries	<ul style="list-style-type: none"> • In-work assistance (e.g. Childcare and AS) • Very limited access to employment- focused services 	<ul style="list-style-type: none"> • In-work support

- 56 The September 2005 service enhancements will continue to be trialled. Work and Income will:
- extend the employment co-ordinator trial in the 12 prototype sites until 30 June 2006, at which point more information will be available to make decisions about the future of the role
 - keep the targeted health interventions fund open in the 12 prototype sites until 30 June 2006, and make a decision on its future prior to that date
 - continue with the preparing for work assessment.

Risks and Concerns

Managing Demand for Employment Programmes

- 57 Access to employment programmes remains subject to existing Cabinet and Ministerial guidelines and expenditure is capped. The purpose of widening access to employment programmes is to enable Work and Income to allocate resources based on where they can achieve the best employment outcomes without necessarily spending more. Existing operational guidelines, which were changed for prototype sites, make it difficult for Work and Income to provide the full range of employment assistance to DPB, SB and IB clients who require and would benefit from employment assistance.
- 58 Operational guidelines would continue to ensure that case managers work to set criteria and processes for referring clients to employment programmes and services.
- 59 Any increased demand pressure consequent on a significant downturn in the economy would be managed according to where resources can be used most effectively in such a climate, including the setting of caseload ratios within the limits of funding.

Meeting the Needs of a Diverse Client Base

- 60 Work and Income is aware of the challenges in delivering services to its diverse and complex client base, especially people experiencing ill health or disability. Since 2004 a number of changes have been progressively implemented to assist people with ill health or disability to work to the extent they can under the Sickness and Invalid's Benefit Strategy (SB/IB Strategy).
- 61 The rollout of the new service model prototype from 23 May 2006 will see Work and Income engaging with people about employment when they first apply for SB or IB. Those who are capable of some work and who require assistance to achieve employment will be able to access employment-focused services at that point, rather than after a period on income support.
- 62 As the 2004 SB/IB Strategy changes and the more recent new service model changes come together, Work and Income will evaluate the effectiveness of the resulting employment-focused service, with a view to finding the right mix of case management, work brokerage and employment services to increase employment for SB and IB recipients.
- 63 Work and Income is also continuing to build partnerships with other agencies like District Health Boards where, to support a client obtain work, specialist/non-employment-related assistance (eg mental health or rehabilitation needs) is required. Alternatively, where Work and Income is not the best provider of employment assistance, specialist service providers like Workwise or Workbridge are contracted in.

Proposed Subsequent Enhancement to Service Delivery

- 64 Service delivery can be further enhanced by allocating resources on the basis of clients' actual service requirements and employment potential, not their benefit category. Now that less than 20% of clients on an income-tested benefit are UB recipients, focusing employment services on UB clients does not necessarily indicate where the best employment potential or desire to work lies amongst clients.
- 65 Achieving a better allocation of resources can be done in advance of the other reform proposals. It is proposed that Work and Income:
- deliver service on the basis of work status/readiness and associated service needs rather than benefit type, so that the extent and intensity of service support is driven by the type of services required by the individual client and their ability to make use of these services
 - set caseload ratios on the basis of clients' service level requirements and service support needs.
- 66 Taking this opportunity means that service delivery will be more effective in helping those who can and/or want to work to obtain work regardless of whether they receive a UB, DPB, SB or IB. It will also mean more efficient service delivery, as clients will receive a particular service on the basis not of their benefit category but more appropriately the assistance they actually require to obtain work.
- 67 Case management practice would be built round the service stream categories Work and Income has been using in the prototype pre-assessment process:
- retention in work for people who are at risk of falling out of work (eg their current job is about to end)
 - early response (rapid return) for people who are out of work but able to return to work now
 - work-focused for people who are out of work and able to work but not immediately
 - work-unlikely for people who are out of work and unlikely to return to work anytime in the near future (eg people with terminal cancer).
- 68 Caseload ratios would be set in relation to the number of services and the level of service support a client needs. That is, clients who only need one or two services and have the ability to conduct their work search (or other activity) independently would be assigned to a case manager with higher ratio. Alternatively where a client requires a number of services and whose confidence and ability is limited will be assigned to a case manager with a lower ratio who is better able to proactively work with the client.
- 69 Work and Income proposes to achieve this change by developing an upfront job search facilitation and assessment service focused on getting people able to work now into a job as quickly as possible. On initial assessment:
- clients identified as having low service requirements would receive services on a group basis (ie not be assigned to a case manager on a one-on-one basis) for the first 13 weeks. If after 13 weeks the client has not found a job then their situation will be reassessed and be assigned to a case manager to develop a more tailored service
 - those identified as requiring extra support to obtain a job will be assigned a case manager.

- 70 The proposed approach would free up resources that Work and Income can then reallocate to provide greater support to new and existing clients who have higher service and support requirements.
- 71 To support case managers and other front-line staff to effectively deliver the new job search facilitation and assessment service and new case management approach, Work and Income is also:
- enhancing assessment processes to help case managers identify who needs what services and when
 - continuing to enhance services to employers to identify what kind of skills and aptitudes they are looking for in employees, and building this into services for clients
 - continuing to enhance its ability to meet the service needs of clients experiencing illness or disability.
- 72 To inform work on proposed subsequent service enhancements, the Ministry of Social Development intends to test some aspects in its Wellington Willis Street service centre from April 2006.
- 73 The Ministry of Social Development proposes, in consultation with Treasury, the Department of Labour and other departments as appropriate, to report back in August 2006 with a more detailed scope of the proposed subsequent enhancements to service delivery and their feasibility, an indication of how the proposed enhancements are expected to impact on client outcomes, and timeframes for implementation and evaluation.
- 74 Officials would report back to the Cabinet Social Development Committee if there are fiscal implications that cannot be met from within existing Vote Social Development baselines. If there are no fiscal implications officials will report to the Minister of Finance, the Minister for Disability Issues, and the Minister for Social Development and Employment.

Consultation

- 75 The Ministry of Health, Department of Prime Minister and Cabinet, Office for Disability Issues, Office for Senior Citizens, Accident Compensation Corporation, Ministry of Women's Affairs, Te Puni Kokiri, Treasury, Ministry of Education, Ministry of Pacific Island Affairs, Ministry of Justice, Ministry of Youth Development and Department of Labour have been consulted.

Financial Implications

- 76 The new service model prototype can be rolled out within existing baselines. There is a minor fiscal risk associated with expanded access to employment programmes, which Work and Income will manage.

Human Rights Implications

- 77 Overall, the proposals in this Cabinet paper appear to be consistent with the New Zealand Bill of Rights Act 1990 and the Human Rights Act 1993. However, the proposal for targeted health interventions to enable people to participate in employment may give rise to issues of discrimination on the grounds of disability and employment status, because some clients may be eligible for a health intervention while other people in analogous situations may not be; and

the assistance is available only to those not currently working. The discrimination on the grounds of disability is likely to be justifiable on the basis that clients eligible for this service will not displace others on public waiting lists. In relation to employment status discrimination, the targeted assistance accords with the purpose of the proposal, which aims to assist clients with potential to work to access employment more rapidly.

Legislative Implications

78 There are no legislative implications associated with this paper.

Regulatory impact and compliance cost statement

79 There are no regulatory impact and compliance costs associated with this paper.

Gender Implications

80 Women make up a significant proportion of Work and Income clients. This initiative is likely to enhance women's labour market participation rates and will especially assist those experiencing labour market disadvantage. The proposal is consistent with the *Action Plan for New Zealand Women*.

Disability Perspective

81 The service enhancements rolled out under the new service model prototype and the proposed realignment of service delivery are likely to improve opportunities for people experiencing disability to obtain employment. This is consistent with Objective 4 of the New Zealand Disability Strategy – to provide opportunities in employment and economic development for disabled people.

Publicity

82 The Ministry of Social Development would prepare a communications strategy as part of the rollout of upfront work-focused services.

Recommendations

83 I recommend that the Committee:

Previous Decisions

- 1 **note** that to create a modern, flexible work-focused social support system further reform is required and to this end:
 - 1.1 on 14 February 2005 Cabinet agreed in principle to further reform work to reshape the existing social support system [POL Min (05) 2/5 refers]
 - 1.2 on 23 May 2005 Cabinet approved the trial of a new service model prototype to improve work-focused services to all beneficiaries [SDC Min (05) 11/1 refers]

1.3 on 1 August 2005 Cabinet directed the Ministry of Social Development, working with other relevant departments and agencies, to report back to the Cabinet Social Development Committee by December 2005 with final proposals for the Core benefit [POL Min (05) 17/6]

- 2 **note** this paper responds to paragraph 1.2 and is a precursor to a suite of papers the Minister for Social Development and Employment will be submitting to the Cabinet Social Development Committee on paragraphs 1.1 and 1.3

Rollout of Upfront Work-focused Services Trialled under the New Service Model Prototype

- 3 **note** that a prototype of the new service model has been operating in 12 service centres and two contact centres since June 2005

- 4 **note** that the prototype offers the following service enhancements:

4.1 upfront work-focused services to all working-age clients and not just those in receipt of an Unemployment Benefit, where it is clear that the client requires and would benefit from assistance to obtain work (from June 2005)

4.2 better employment services for clients experiencing ill health or disability (from September 2005)

- 5 **note** that early findings indicate that upfront work-focused service changes introduced in June 2005 are generally working well and that service delivery in prototype sites is heading in the desired direction of creating an active work-focused social support system

- 6 **note** that there is early evidence that people applying for income-tested benefits other than Unemployment Benefit are self-identifying as able to work now and are using employment services prior to receipt of benefit, and that this indicates that offering employment services primarily to Unemployment Benefit clients is missing a significant group of non-Unemployment Benefit clients who are willing and able to work now and who would benefit from a greater access to employment services

- 7 **agree** to rollout within existing baselines, to all 142 Work and Income service centres and five contact centres in May 2006, the upfront work-focused services that have been trialled in 12 prototype service centres and two contact centres since June 2005 to:

7.1 enhance the opportunities for all Work and Income clients, and not just those on Unemployment Benefit, who want to work and/or are able to work to access employment services and do so earlier

7.2 send a clear and consistent message to all new clients to affirm the importance of work, and that Work and Income will assist those for whom work is a realistic option into employment either now or in the future

- 8 **note** that the upfront work-focused services would initially be offered only to new clients, with existing clients actively involved from September 2006 onwards once the changes have bedded in

- 9 **note** that the employment service enhancements introduced in September 2005 for people experiencing illness or disability [SDC Min (05) 11/1 refers] are still being trialled in Work and Income prototype sites and are not proposed to be rolled out to all Work and Income service centres at this stage

Proposed Subsequent Enhancement to Service Delivery

- 10 **direct** officials to investigate the feasibility of improving work-focused service delivery further through:
 - 10.1 delivering case management and employment assistance on the basis of work status/readiness and associated service needs rather than by benefit type, so that the extent and intensity of service support is driven by the number of services and level of support required by the individual client and/or their desire to work, rather than their benefit type
 - 10.2 setting caseload ratios on the basis of clients' service level requirements, support needs and risk of not obtaining employment without assistance, rather than benefit category
 - 10.3 creating an efficient job search facilitation and assessment service focused on getting people able to work now back into work as quickly as possible within 13 weeks
- 11 **note** that the Ministry of Social Development is engaged in other activity that would support a shift from focusing on benefit type to focusing more on work status/readiness including:
 - 11.1 enhancing assessment processes to help case managers identify who needs what services and when
 - 11.2 continuing to enhance services to employers to identify what kind of skills and aptitudes they are looking for in employees, and building this into services for clients
 - 11.3 continuing to enhance its ability to meet the service needs of clients experiencing illness or disability
- 12 **direct** officials (Ministry of Social Development (lead), Treasury, Department of Labour and other departments as appropriate) to report back in August 2006 with a more detailed scope of the proposed subsequent enhancements to service delivery and their feasibility, an indication of how the proposed enhancements are expected to impact on client outcomes, and timeframes for implementation and evaluation
- 13 **note** that officials will report back to the Minister of Finance, the Minister for Disability Issues, and the Minister for Social Development and Employment if there are no fiscal implications, or to the Cabinet Social Development Committee if the proposed further enhancements to service delivery have fiscal implications that cannot be met from within existing Vote Social Development baselines

Reform Work Timeline for Proposals on Core Benefit and Employment Programme Review

- 14 **note** that service delivery changes introduced to date and proposed subsequent enhancements will be limited and will take longer to be reflected in client outcomes without other reform to the social support system and employment programmes

15 **direct** officials from the Ministry of Social Development and other relevant agencies to report back to the Cabinet Social Development Committee on:

15.1 consultation on the proposed programme of reform (April 2006)

15.2 employment and training programme (May 2006)

15.3 IT systems to support the reforms (July 2006)

15.4 core benefit (July 2006)

15.5 introduction of required legislation (November 2006).

Hon David Benson-Pope
Minister for Social Development and Employment