Te Puni Kōkiri
REALISING MĀORI POTENTIAL

14 November 2014

Minister for Whānau Ora

Navigator Funding from 1 July 2015 – assessment of options

Purpose

1. This briefing paper responds to your request for an assessment of the options available to administer and allocate the additional $5 million per year for Whānau Ora navigator / kaiārahi funding that was confirmed in Budget 2014.

Summary of key points

2. The investment approach for navigator funding is underpinned by:
   - Which agency will administer the funds;
   - How the funds will be allocated; and
   - Impact of the Commissioning Agencies' models on the investment option.
3. Officials recommend retaining the administration and management of whanau-facing navigators within Te Puni Kōkiri, but devolving responsibility for current Pacific-family facing navigators to Pasifika Futures.
4. This arrangement builds on the dual-pathway approach that underpins Whānau Ora and provides you and Te Puni Kōkiri with mechanisms to directly influence and engage with providers and navigators.
5. Direct access to providers and navigators would also assist you in continuing to grow and develop the Whānau Ora approach in line with the focus on high-need whānau and vulnerable children, and future co-investment options through Whānau Ora.
6. Funding from 1 July 2015 for navigators falls within the Non-Departmental Commissioning Whānau Ora Outcomes appropriation. In order to deliver the preferred arrangement, part of this would have to be transferred to the Non-Departmental Whānau Ora Service Delivery Capability appropriation.
7. Transferring the funds between these two appropriations represents a change in the Whānau Ora policy approach agreed to by Cabinet [SOC MIN (13) 14/3 refers], and Cabinet would therefore need to agree to the change in March as part of the budget process.
8. There are a number of options for how the new navigator funding could be allocated. Some are best suited to management by Te Puni Kōkiri, and others have been developed to allocate funding to the Commissioning Agencies in a transparent manner. Once you have decided on how the funds will be administered, officials are available to discuss options for how to allocate the

funding should you wish to consider alternatives to the profile of the current workforce.

9. The new funding is insufficient to maintain the current levels of active navigators). If you wish to maintain current levels of active navigators within the hybrid administration approach recommended by officials, you would need to seek additional or reprioritised funding from Cabinet.

10. The options set out in this briefing are based on no increases to the $5m per annum available but focus on how the $5m would be allocated.

Recommendations

It is recommended that you:

a. **note** the contents of this briefing;

b. **note** that the hybrid option (option 3) for administering the navigator funding between Te Puni Kōkiri and Pasifika Futures is the recommended option;

c. **note** that there are alternative options to allocating funding based on the current profile of the navigator workforce should you wish to further consider the allocation approach;

d. **note** that any transfer of funds from the commissioning appropriation to the service delivery capability appropriation represents a change in policy approach and will require Cabinet agreement;

e. **note** that it will be important to communicate your decision with the Commissioning Agencies as soon as practicable to enable them to meet their 2015/16 Annual Investment Planning timeframes; and

f. **discuss** your preferred administration and allocation approach with officials.

Michelle Hippolite
Chief Executive

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Hon Te Ururoa Flavell **Minister for Whānau Ora**
Date:_____ / _____ / 2014

Navigator Funding from 1 July 2015 – assessment of options

Purpose

1. This briefing paper responds to your request for an assessment of the options available to administer and allocate the additional $5.0 million per year for Whānau Ora navigator / kaiārahi funding that was confirmed in Budget 2014.

Background

2. Assisting whānau to achieve their goals and aspirations requires a dual pathway approach:
   - Service provision (focus of phase 1); and
   - An up-lift in whānau capability (focus of phase 2).
3. The first phase of Whānau Ora was underpinned by a delivery model which focussed on service and organisational transformation and whānau integration, innovation and engagement. Navigators / kaiārahi were employed by Whānau Ora providers to work with families to identify the needs of whānau, to help develop a plan to address those needs, and to broker their access to a range of health and social services.
4. With whānau-centred service delivery progressing well, Cabinet agreed [SOC MIN (13) 14/3 refers] to broaden the scope of Whānau Ora to focus on more direct support for whānau capability building, through a commissioning approach.
5. As the phase 1 Whānau Ora contracts with provider collectives, navigators and the Whānau Innovation, Integration and Engagement fund concluded, this funding was reoriented to support the commissioning model.
6. In late March 2014, Cabinet approved support for continuation of existing investment in navigation during the establishment phase of the Commissioning Agencies, to ensure continuity of service for whānau. Funding for this came from monies previously allocated to commissioning activity for FY13/14 (due to contracts with Commissioning Agencies commencing later than anticipated, it could not be expended via commissioning).
7. Budget 2014 announced additional annual funding of $5.0m for navigators from July 2015 and out years. However, the investment approach for this additional funding is yet to be determined.
8. You have indicated an interest in understanding the mechanisms available to enable you to continue to influence, develop and grow the Whānau Ora approach to complement the devolved commissioning model. The investment options set out below provide options for how this could be achieved.

Investment options

9. This section sets out three considerations for selecting an investment approach to navigator funding from July 2015:
   - Which agency / agencies would administer the funding;
   - How the funding will be allocated; and
   - Impact of the Commissioning Agencies' models on the investment decisions.

Agency responsible for administering the funding

10. At present all contracts for navigators are managed and administered by Te Puni Kōkiri.

11. Under the commissioning approach, Te Puni Kōkiri's on-going contractual relationships are with the Commissioning Agencies only, and not with the provider agencies contracted by the Commissioning Agencies to deliver outcomes for whānau.

12. There are three options for assigning the administration of the new navigator funds:

    - Te Puni Kōkiri administers and manages the contracts directly with providers (status quo);
    - The three Commissioning Agencies take over responsibility for investing in navigators that fall within the scope of their agency; or
    - A hybrid model where the whānau-focussed navigators continue to be administered by Te Puni Kōkiri, and responsibility for navigators working with Pacific families sits with the Pacific Families Commissioning Agency who have rolled out a navigation approach with commissioning (recommended option).

13. The expected benefits of the hybrid approach are that it:

    - Maintains Te Puni Kōkiri's direct access to provider collectives and specialist navigator providers;
    - Provides Te Puni Kōkiri with a right to continue to collect results reporting from collectives through contracts for navigators;
    - Provides greater opportunities to influence the ongoing direction of Whānau Ora aligned to the dual pathway approach and focus of high-needs whānau and vulnerable children;
    - Aligns with the service transformation phase of Whānau Ora which was administered by Te Puni Kōkiri previously;
    - Leverages the existing systems, processes and networks in place to prepare and administer the contracts;
    - Demonstrates consistency with the recommendation set out in *Whānau Ora Navigators Investment Options* briefing paper; and
    - Incurs potentially lower overheads than funding all three Commissioning Agencies to take on an additional contract management role for which they may not currently have capacity.

14. The risks of the hybrid approach are set out in Table 1 with a proposed mitigation strategy

Table 1: Risks and Mitigations of the hybrid approach

Risk	Mitigation
The approach is not well-aligned with the devolved commissioning approach agreed by Cabinet [SOC MIN (13) 14/3 refers], as it involves a greater level of departmental responsibility for Whānau Ora investment decisions than previously anticipated.	The approach reflects the dual pathway approach of Whānau Ora and the risk can be managed through your conversations and engagement with colleague Ministers and stakeholders.
Expectations have been raised with the Commissioning Agencies that the funding will be transferred to them to administer, and any changes to this approach will require careful management and communication with the three agencies.	Expectations will be managed through communications with the Commissioning Agencies as described in paragraph 30.

How the additional $5m per annum could be invested

15. Table 2 overleaf sets out three options for how the additional $5.0m per year could be invested. The table also includes a discussion of the dependencies, benefits and risks of each option.

16. The different options for allocating funding all have linear trade-offs; for example, any additional funding provided to one Commissioning Agency comes at the expense of the others.

17. The hybrid option (option 3) builds from the funding allocation model that was developed to apportion funds to the Commissioning Agencies as part of the procurement process. Officials are able to provide you with further detail on this approach if required.

Table 2: Investment allocation for Whānau Ora Navigators from July 2015

Option	Approach	Indicative allocation of funds[1]	Benefits and risks of the allocation approach	Dependencies
1	**Administering Agency**: Te Puni Kōkiri. **Allocation:** based on share of current navigator FTEs across North Island, South Island, and Pacific Families.	**North Island** • 89.7% • $4,484,000 per annum • Representing 56 FTEs [redacted]	• This reflects an extension of the existing navigator workforce, with the change in funding representing a change to size of the current workforce. • This approach has the greatest potential workforce continuity as Te Puni Kōkiri would have control over the navigators it contracts. • This approach assumes that the current profile of the navigator workforce is equitable. • Of the potential range of options to allocate funding, this option is the furthest removed from the commissioning funding allocation model[2]. • The approach does not reflect the policy changes in Whānau Ora following the move to a commissioning model.	• Te Puni Kōkiri cannot administer the funding while it is in the *Commissioning for Whānau Ora Outcomes* appropriation. • Subject to Cabinet approval, the funds would be moved in Budget 2015. • Te Puni Kōkiri's new operating model is based on an incrementally reduced number of Whānau Ora contracts to be managed. Additional capacity or reprioritisation will be required to manage Navigator contracts.

Out of scope

[1] The FTEs have been rounded to the nearest whole number and have been calculated assuming $80,000 per navigator FTE

[2] The Commissioning allocation model was developed based on population and deprivation factors and allocated the 45.3% of the funding to the North Island, 21.7% to the South Island and 33.9% to the Pacific families facing Commissioning Agencies.

Option	Approach	Indicative allocation of funds[1]	Benefits and risks of the allocation approach	Dependencies
2	**Administering Agency:** Commissioning Agencies. **Allocation:** based on share of current navigator FTEs across North Island, South Island, and Pacific Families.	**North Island** • 89.7% • $4,484,000 per annum • Representing 56 FTEs [redacted]	• This reflects an extension of the existing profile of the navigator workforce, with the change in funding representing a change to size of the current workforce. • This approach assumes that the current profile of the navigator workforce is equitable. • Of the options where the allocation will be determined objectively, this option is the furthest removed from the commissioning funding allocation model. • The approach does not reflect the policy changes in Whānau Ora following the move to a commissioning model. • While there is the potential for workforce continuity, the approach cannot guarantee that the current navigators will be retained as who is contracted will be at the discretion of the Commissioning Agencies. • The approach does not reflect the commissioning agencies investment models and the appropriation scope is limited to use for navigation.	• Acceptance by all three commissioning agencies to administer the Navigator funding. • Capacity of the commissioning agencies to take on the additional contract management function. • Additional costs (which may result in commissioning agencies needing additional operational funding). • Willingness to accept the funding allocation proposed.

Out of scope

Option	Approach	Indicative allocation of funds[1]	Benefits and risks of the allocation approach	Dependencies
3 (preferred option)	**Hybrid option** **Administering Agency**: Te Puni Kōkiri and Pasifika Futures. **Allocation**: based on share of current navigator FTEs across North Island, South Island, and Pacific Families.	**North Island** • 89.7% • $4,484,000 per annum • Representing 56 FTEs [redacted]	• Using the commissioning allocation formula ensures that the split of navigator funding is consistent with the commissioning funding split. • Commissioning Agencies are aware of the funding allocation model used, meaning that this approach would ensure consistency with previous funding decisions. • This approach assumes that the appropriate allocation for the navigator funding is the same as the allocation for commissioning funding, which was based on measures of population and deprivation. • The approach does not reflect the different commissioning / investment models adopted by the three agencies. • Inconsistent approach to how the navigator contracts are managed.	• Te Puni Kōkiri cannot administer the funding while it is in the *Commissioning for Whānau Ora Outcomes* appropriation. • Subject to Cabinet approval, the funds allocated for whānau facing navigators in the North and South Island would be moved in Budget 2015. • Te Puni Kōkiri's new operating model is based on an incrementally reduced number of Whānau Ora contracts to be managed. Additional capacity or reprioritisation will be required to manage Navigator contracts. • Acceptance by Pasifika Futures to the funding allocation applied. • Capacity and capability of Pasifika Futures to manage contracts for up to 21 additional FTEs.

Out of scope

Impact of the Commissioning Agencies' models on the investment option

18. The additional navigator funding has a very specific purpose and a limited scope. A media release on 15 May 2014 as part of Budget 2014 announcing the additional budget support for navigators noted that the funding is intended to support the "Whānau Ora navigators' work with whānau and families".[3]

19. The different commissioning models proposed by the three Commissioning Agencies should be considered when determining the most appropriate allocation of the navigator funding.

20. While each of the Commissioning Agencies' models accommodates the use of navigators or a navigational approach in different ways, Pasifika Futures' model is most closely aligned with the current navigation approach. The models are described below:

- [redacted] Out of scope
- Te Pou Matakana intends to use existing navigator resource to roll out Whānau Direct, a grants-based model through which whānau can apply for direct resource. Whānau will access Whānau Direct through existing navigators / kaiārahi and Whānau Ora providers, who will assist with an application form and whānau assessment to identify the need, support requested and results sought; and
- [redacted] Out of scope

Additional considerations

Process to transfer funds to the Service Delivery Capability appropriation

21. The Navigation funding of $5.0m per annum from 2015/16 sits in the Commissioning for Whānau Ora Outcomes appropriation. The funds are in this appropriation to align with the reforms that moved Whānau Ora to a devolved commissioning model.

22. The $5.0m per annum (or a portion of it) cannot be administered by Te Puni Kōkiri while it is in this appropriation. Therefore if the hybrid approach (option 3) is selected the funds will need to be moved to another appropriation.

23. This is because of the scope of the Commissioning for Whānau Ora Outcomes appropriation that the navigation funds are in *is limited to purchasing the*

[3] Budget 2014 Media Release, *Extra Budget support for Whānau Ora navigators*, sourced from http://www.beehive.govt.nz/release/extra-budget-support-wh%C4%81nau-ora-navigators

achievements of Whānau Ora outcomes from non-government commissioning agencies.

24. Te Puni Kōkiri recommends moving any navigator funding that Te Puni Kōkiri would administer to the *Whānau Ora - Service Delivery Capability* appropriation. This is the appropriation that Navigators were previously funded from and therefore has an appropriate scope for this activity.

25. Transferring navigator funds from commissioning to service delivery capability implies a shift in the policy approach, which would require initial consultation with the Minister of Finance and Cabinet agreement.

26. Te Puni Kōkiri advises that the transfer should be done as part of Budget 2015 in March which requires a Cabinet decision. At this time, it would also be appropriate to consider and put forward any further options for supporting the dual pathway approach to Whānau Ora.

27. If the transfer and policy change is approved, Te Puni Kōkiri would do a Fiscally Neutral Adjustment (FNA)[4] from the *Commissioning for Whānau Ora Outcomes* appropriation to the *Whānau Ora - Service Delivery Capability* appropriation for the Navigation funds.

Contract timeframes

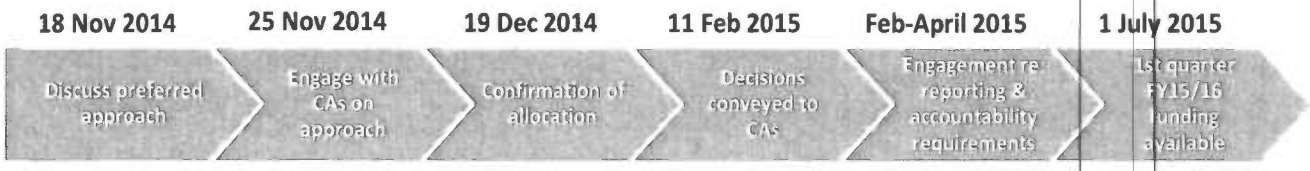
28. To ensure sustainability and certainty for the navigator workforce and the Commissioning Agencies, Te Puni Kōkiri recommends aligning the time frame with the Commissioning Agencies' contract period. This may involve a right to review the allocation formula in FY16/17 at the end of the three year contracts with the agencies, and again in FY18/19 assuming the two year right of renewal is exercised with the agencies.

29. The most recent Statistics New Zealand Census data release will be up to date until 2018, meaning that any changes to an allocation formula that relies on census data will reflect changes in the method used to allocate funding, rather than changes to the raw data.

Annual Investment Plan timeframes

30. Figure 1 below outlines indicative timelines in order to ensure that sufficient time is available to enable Commissioning Agencies to incorporate navigator resources into their commissioning models by the start of FY15/16.

Figure 1: High level timeline for allocating navigator funding



Communications with the Commissioning Agencies

31. There is a significant communications risk with the Commissioning Agencies if either Option 1 (Te Puni Kōkiri Administration) or Option 3 (the hybrid) is selected.

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[4] A Fiscally Neutral Adjustment is a technical change to existing baselines within a single year.

Officials consider it will be important to engage with the Commissioning Agencies as soon as practicable on how the funds will be administered and the indicative allocation.

32. Officials consider that a letter should be sent from your office, with a follow-up conversation with Te Puni Kōkiri. With the current changes to the administration of the Māori Housing funds, officials anticipate that Te Pou Matakana will be particularly sensitive to any change of approach.