

HEI WHAKATAU | BRIEFING

Options to Align Whānau Ora Investment with Social Investment

Date:	1 August 2024	Priority	High
Classification	Commercially Sensitive: In Confidence	Tracking Number	49277

<p>It is recommended that you:</p> <ol style="list-style-type: none"> note on 27 July you met with myself and Dave Samuels to further discuss best means to advance Whānau Ora and align it with the Social Investment approach. note that time sensitive decisions are now required on your preferred approach. either direct Te Puni Kōkiri to commence procurement processes for Whānau Ora Commissioning services; (recommended) or direct Te Puni Kōkiri to commence renegotiation with the current three Whānau Ora Commissioning Agencies (not recommended) 	5 August 2024
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Contact for telephone discussion (if required)				
Name	Position	Telephone	Mobile	1 st contact
Grace Smit	Deputy Secretary, Regions		9(2)(a)	✓

Other Agencies Consulted					
<input type="checkbox"/> MBIE	<input type="checkbox"/> MoJ	<input type="checkbox"/> NZTE	<input type="checkbox"/> MSD	<input type="checkbox"/> TEC	<input type="checkbox"/> MoE
<input type="checkbox"/> MFAT	<input type="checkbox"/> MPI	<input type="checkbox"/> MfE	<input type="checkbox"/> DIA	<input type="checkbox"/> Treasury	<input type="checkbox"/> MoH
<input type="checkbox"/> MHUD	<input type="checkbox"/> Other				

Attachments	Appendix 1 – Trade-Offs Between Options 1 & 2
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Minister's office to complete:

- | | |
|---|--|
| <input type="checkbox"/> Approved | <input type="checkbox"/> Declined |
| <input type="checkbox"/> Noted | <input type="checkbox"/> Needs change |
| <input type="checkbox"/> Seen | <input type="checkbox"/> Overtaken by Events |
| <input type="checkbox"/> See Minister's Notes | <input type="checkbox"/> Withdrawn |

Comments:



1 August 2024

Minita mō Whānau Ora

Options to Align Whānau Ora Investment with Social Investment

1. This paper seeks your directive as to whether you desire Te Puni Kōkiri to:
 - a. undertake an open procurement process for future Whānau Ora Commissioning services (recommended)
 - or
 - b. renegotiate with the existing three Whānau Ora Commissioning Agencies for future Whānau Ora Commissioning services.

Executive Summary

2. Whānau Ora was established in 2010. In 2014, current Whānau Ora Commissioning Agencies entered into outcome agreements with government and since then, have been continuously funded in a non-contestable environment to purchase and guide the delivery of Whānau Ora services. To this end the three commissioning agencies have contracts in place until 30 June 2025.¹
3. Your priority for the Whānau Ora portfolio is to enable its adoption as a public service model for improving outcomes for New Zealanders with distinct needs.
4. Te Puni Kōkiri has advised that in our expert view it is now appropriate to establish a procurement process for services beyond that date. This is to best fulfil public sector stewardship responsibilities, and to ensure strong alignment with the objectives of the Government - particularly in regard to advancing a Social Investment framework within this sector, and to move more services to the 'frontline'. A Ministerial directive from you on this matter is now required.
5. If you direct Te Puni Kōkiri to tender for this service we will appropriately inform and consult you on further operational matters, including for example, the number of regions and/or other determinants for the selection of commissioning agencies. It is important to note at the outset that there is no pre-determined outcome from procurement: existing or new suppliers may bid and be successful.
6. Alternatively, you may direct Te Puni Kōkiri to continue contracting with the existing commissioning agencies. 9(2)(i)

9(2)(i)

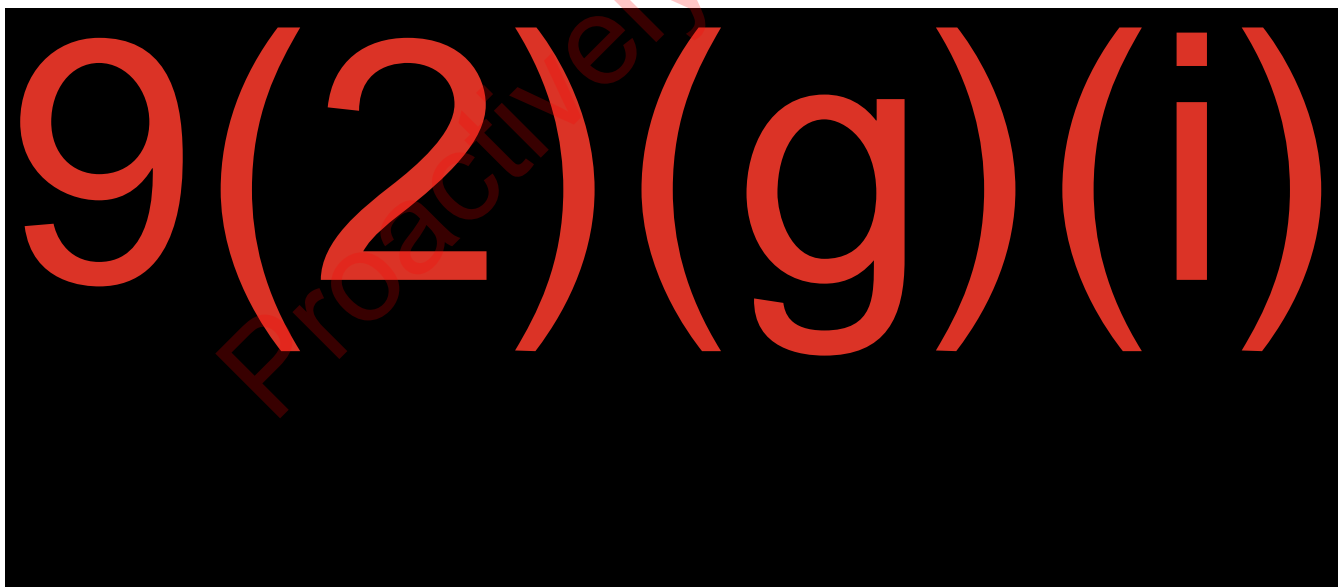
¹ When the current contracts terminate in June 2025, Commissioning Agencies would have held these contracts for over 11 years. One of the main reasons why services have not been re-procured over this period is that contracts were extended during the pandemic. Notwithstanding, MBIE guidance is that a term of 3 -5 years is appropriate before returning to the market or considering a renewal.

7. Under either option the core tenet of Whānau Ora will not be changed. That is, the approach will continue to be centred on core design elements offered by Sir Mason Durie mā, including a positive whānau-centred approach focused on the seven wellbeing outcomes, delivered through services devolved to communities. However under either option there are important considerations necessary to ensure the ongoing success of Whānau Ora.

Background

8. Since 2010 Whānau Ora Commissioning Agencies have been continuously funded in a non-contestable environment to purchase and guide the delivery of Whānau Ora services. The value of these general commissioning services is currently \$156 million per annum.² To this end, the three commissioning agencies have contracts in place until 30 June 2025.
9. MBIE guidance is that contracts for government services are for a term of three to five years. Commercial and legal advice indicates that it is timely to return to the market and undertake an open and transparent procurement process.
10. On 27 July, Dave Samuels and I met with you to further discuss the best means to advance Whānau Ora.
11. We discussed potential procurement options for Whānau Ora, following formal advice rendered to you in April 2024 *Strategic Reset of Whānau Ora* and June 2024 *Outline for Whānau Ora Cabinet Paper*. Accordingly supplementary advice herein is provided to assist you to confirm your decision as to whether you consider open tender (option 1) or renegotiation (option 2) will best meet your aspirations to take Whānau Ora delivery forward.

Whānau Ora Commissioning 1 July 2025 onwards



Option 1: Open Procurement (recommended)

14. Te Puni Kōkiri has advised you that in our expert view it is now appropriate to establish an open procurement process for services beyond 30 June 2025. This is to best fulfil sector stewardship responsibilities, and to ensure strong alignment with the objectives of the Government. We consider that via procurement, it will be possible to:

² In FY2023/24, an additional ~\$19m also allocated to localised commissioning prototypes and Whānau Ora pilot initiatives.

- a. **increase the frontline workforce size** (specifically the number of navigators);
- b. **extend the reach** and better ensure strong connections with vulnerable populations that government traditionally struggles to reach (for examples whānau/families living in gang contexts);
- c. **improve nimbleness** – better ensure responsiveness speed to social issues and hazard impacting on whānau households and communities (for example being immediately able to support whānau impacted on by severe weather events); and
- d. **uphold public sector stewardship** – including improved fiscal management, devolution to communities and increased localised decision-making, alignment with emerging social investment methodologies and creating opportunity for further investment in the Whānau Ora network from other agencies.

15. If you direct Te Puni Kōkiri to re-procure for this service we will appropriately inform and consult you on further operational matters, including for example the number of regions and/or other determinants for the selection of Whānau Ora Commissioning Agencies.

9(2)(g)(i)

17. It is important to note that there is not, and cannot be, any pre-determined outcome from the procurement: existing and/or new commissioning agencies may bid and be successful. For example, an existing commissioning agency might bid for an increased or decreased service provision, including for just one demographic group of people, if that related to their competency area. 9(2)(j)

All respondents would be assessed on their merits, based on advice from a credible expert panel.

9(2)(h)

19. We further advise that under any re-procurement, it will be important to ensure population groups most in need continue to be served. For example, we will be seeking an increase in supplier responsiveness to Pacific communities, given this population is increasing in size and diversity throughout the country. 9(2)(g)(i)

9(2)(g)(i)

Option 2: Renegotiation (not recommended)

21. If you do not seek to procure Whānau Ora services at this time you may direct Te Puni Kōkiri to renegotiate contracts with the existing network of commissioning agencies. Under this option we will inform and consult you on further operational matters, including further integration of social investment methodologies, and on the optimal length of contracts.

9(2)(j)

9(2)(g)(i)

9(2)(g)(i)

Core Elements of Whānau Ora to remain

26. As previously advised you will note that under either option, the core elements of Whānau Ora are not proposed for change. Namely, Whānau Ora is to retain the key design elements originally offered by Sir Mason Durie mā, including:

- a. support approaches are to be centred on whānau gains against an established Whānau Ora Outcomes Framework, which includes seven wellbeing elements developed;
- b. support should focus on the whole needs and aspirations of whānau and families (i.e. not just individuals); and
- c. service delivery is to be devolved, with non-Crown commissioning entities engaging a network of localised providers to work with whānau that might otherwise be hard for central agencies to reach and positively connect with.

27. Te Puni Kōkiri considers the evidence base makes it clear that these critical elements are central to the success of Whānau Ora, and under any operational and delivery model these aspects are to remain paramount to ensure the integrity of initiative.

9(2)(f)(iv)

Trade-offs between the Two Options

28. The trade-offs between the two options are set out in the attached **Appendix One**. A series of criteria have been used to assess and compare the two options. These criteria reflect issues which have been raised in our discussions with you on the options.

Next Steps

29. Time sensitive decisions are now required on your preferred approach. Since 26 June 2024, upon receiving your Letter of Expectation, we have paused our procurement work. If you choose Option 1, we will need to recommence this work immediately in order to complete all necessary steps prior to issuing a Request for Proposals (RFP) into the market. If you choose Option 2 we will need to formally terminate engagements on the procurement work.

Recommended Action

30. It is recommended that you:

1. **Direct** Te Puni Kōkiri to commence procurement processes for Whānau Ora services post 30 June 2025 (recommended) **Yes/No**

Direct Te Puni Kōkiri to commence renegotiation with the current Whānau Ora Commissioning Agencies (not recommended) **Yes/No**



Grace Smit
Hautū, Te Puni Rohe | Deputy Secretary, Regions

Hon Tama Potaka
Minita mō Whānau Ora

Date: ____ / ____ / 2024

9(2)(g)(i)

Proactively released