



Cabinet Government Administration and Expenditure Review Committee

Minute of Decision

This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.

Te Pae Tawhiti Programme: Detailed Business Case for Horizon One - Investing in the Ministry of Social Development's Future

Portfolio **Social Development and Employment**

On 8 June 2023, the Cabinet Government Administration and Expenditure Review Committee (GOV):

Background

- 1 **noted** that the Ministry of Social Development's (MSD's) current operating system is limiting the Government's ability to achieve its vision for the welfare overhaul;
- 2 **noted** that the Te Pae Tawhiti Transformation Programme (the Transformation Programme) aims to transform how MSD interacts with clients, whānau, communities, and partners by redesigning MSD's operating model to support better integrated and easier to access services and supports;
- 3 **noted** that in May 2022, GOV:
 - 3.1 considered the Te Pae Tawhiti Programme Business Case and agreed that the preferred way forward is a transformation to support fully integrated services, with a tiered approach, supported by redesigned business processes and renewed technology platforms;
 - 3.2 invited the Minister for Social Development and Employment to report back in early 2023 with a Detailed Business Case;

[GOV-22-MIN-0011]
- 4 **agreed** that the Transformation Programme be delivered over nine years through three horizons of three years each;
- 5 **noted** that transformation through the Transformation Programme will enable MSD to better meet the needs of New Zealanders and support the overhaul of the welfare system;
- 6 **noted** that MSD will continue to deliver on Government priorities, but will have constrained capacity to take on additional work during the implementation of the Transformation Programme;


Scope of Horizon One (1 July 2023 to 30 June 2026)

- 7 **agreed** that the Horizon One is investment ready, as MSD has:
- 7.1 determined the procurement requirements across the Horizon One service changes and supporting work described below, and that there is a viable market for the key procurements it needs to undertake;
 - 7.2 detailed plans and schedules in place that set out the work for delivery of service changes and supporting work in Horizon One, including the scope, sequencing, and prioritisation of work,
 - 7.3 the capability and capacity to implement these changes while continuing to provide existing services without disruption,
 - 7.4 comprehensive governance and assurance arrangements in place;
- 8 **agreed** to start the Transformation Programme, beginning with Horizon One, for the three-year period 2023/24 to 2025/26;
- 9 **approved** the Te Pae Tawhiti Horizon One Transformation Detailed Business Case (Horizon One DBC) attached as Appendix Two under GOV-23-MIN-0016;
- 10 **agreed** to the following preferred option in the Horizon One DBC, which will deliver tangible benefits through four service changes and supporting work:
- 10.1 *Service Experience*: establish a new service experience platform and business capabilities that will be foundational for MSD's future systems, processes and practices, which will be used to improve services to students in Horizon One;
 - 10.2 *Employment Service*: establish a digital employment platform that will transform the ability of jobseekers to connect with employers and gain upskilling opportunities to help them get better jobs and sustainable employment;
 - 10.3 *Client Engagement Practice*: design a new way for MSD's staff to engage with clients, testing at selected sites, and implementing the changes required to support the transformed service experience for students;
 - 10.4 *Kotahitanga*: design and test components of a Relational Commissioning Operating Model with a selected number of partners, as well as redesigned funding and information models, information approaches, and implementing a new Foundational Contracting and Procurement System;
 - 10.5 *Supporting work*: foundational, design, and programme management work necessary to support the service changes;
- 11 **noted** that Horizon One will primarily benefit students, jobseekers, and partners of MSD, while laying the foundation for the next Horizons;
- 12 **agreed** to implement Horizon One using Option C (partially implement) as set out in the Economic Case of the Horizon One DBC;

Funding for Horizon One


- 13 **noted** that Budget 2023 approved funding of up to \$183 million for the first two years of the Transformation Programme, consisting of:
- 13.1 \$20 million appropriated directly in the 2023/24 financial year to enable the Transformation Programme to continue,
 - 13.2 \$80 million held in tagged contingency to enable the Horizon One to begin; and
 - 13.3 up to \$83 million of further savings from within MSD's baseline;
- 14 **noted** that the Minister for Social Development and Employment and the Minister of Finance (joint Ministers) agreed that the funding held in contingency could be appropriated, subject to:
- 14.1 Cabinet's approval of the Horizon One DBC, including the scope of Horizon One, and agreement that Horizon One is investment ready,
 - 14.2 joint Ministers being satisfied that the further savings available from within MSD's baselines for reprioritisation are sufficient to progress the first two years of Horizon One;
- 15 **noted** that a paper seeking joint Ministers' approval to draw down the funding held in contingency, and to make other financial changes necessary to reprioritise funding from within MSD's baseline, will be submitted shortly;
- 16 **noted** that the funding referred to in paragraph 13 above is only sufficient to meet the costs of the first two years of Horizon One, and further funding will need to be agreed if the Transformation Programme is to proceed beyond that point;

Ongoing reporting

- 17 **noted** that joint Ministers will receive quarterly reports on the Transformation Programme's progress;
- 18 **invited** the Minister for Social Development and Employment to report back to GOV with six-monthly reports on the Transformation Programme's progress, including an update on how communications with staff are being managed;
- 19 s 9(2)(f)(iv)
- 

20

s 9(2)(f)(iv)



Jenny Vickers
Committee Secretary

Present:

Hon Dr Megan Woods (Chair)
Hon Michael Wood
Hon Andrew Little
Hon David Parker
Hon Kieran McAnulty (part of item)
Hon Dr Duncan Webb
Hon Dr Deborah Russell

Officials present from:

Office of the Prime Minister
Officials Committee for GOV
Ministry of Social Development