Chair
Cabinet Policy Committee

Machinery of government arrangements for the delivery of child, youth and families services

Proposal

1   This paper recommends a package of management initiatives intended to improve the delivery of services for children, youth and their families. The paper also reviews the extent to which four machinery of government options may impact on service delivery, including the need for good coordination of policy and operations in this area [CAB Min (05) 41/5 refers].

2   Ministers are asked to either approve a job description so that the State Services Commissioner can advertise the Chief Executive of the Department of Child, Youth and Family (CYF) position or to agree the merger of CYF and the Ministry of Social Development (MSD).

Executive summary

3   The Department of Child, Youth and Family Services (CYF) has been the subject of a number of reviews since its inception in 1999. The last of these, the Baseline Review (BLR), is now two years into a three-year implementation plan. Despite the change programmes initiated from the reviews, CYF still faces a number of problems including a lack of a system wide approach to managing business process, poor management and performance information; weak youth justice capability; insufficient policy co-ordination.

4   Against this back drop the difficult and large volume of work by CYF staff is acknowledged.

5   The State Services Commission (SSC) has identified a number of management initiatives required to address performance issues within CYF's control and where necessary initiatives across the social and justice sector, such as a joint policy work programmes.

6   The SSC has also reviewed four machinery of government options in terms of their likely impact on the problem definition. In the SSC's view the Status Quo option and CYF/Ministry of Social Development (MSD) merger option are both viable options at this stage.

7   The State Services Commissioner advises that the job description for the Chief Executive, CYF, has been significantly revised and sets out a very challenging management job. The likelihood of finding a Chief Executive with the range and depth of skill required to get the step change needed may be difficult but not impossible.

8   The Status Quo option assumes the appointment of a high performing Chief Executive, CYF with a clear mandate for change management and a leadership team accepting the need for change. The status quo offers the prospect of performance improvements over the medium term, with the least disruption. The status quo structural arrangements do not provide a catalyst for change, nor do they reduce the gap between policy and operations.

Bridging policy and operations will remain a significant challenge for the Chief Executive, CYF.

9   The Status Quo is likely to lead to some loss of momentum because it is anticipated that it will be six months before a new Chief Executive takes up the role.

10 The merger option places CYF within MSD. This option assumes minimal disruption because the merger would be implemented in the same way that the Department of Work and Income and Ministry of Social Policy was. There is, however, the potential for some staff, to feel cynical about more change on top of an unfinished change programme.

11 The merger brings together a range of policy and operational functions, with one Chief Executive accountable for making 'the whole' work. CYF business information and other management needs would be supported by MSD's systems, processes and competencies.

12 The State Services Commissioner would appoint the Chief Executive, MSD to be acting Chief Executive, CYF to manage any transitional issues, continue current initiatives and launch new ones. An Order in Council would be required to remove the Department of Child, Youth and Family from the First Schedule of the State Sector Act and to transfer functions of CYF to MSD. It will also limit the risk of 'technical redundancy' of employees affected by the transfer of functions and protects their existing collective agreements. It is anticipated that an Order in Council can be implemented within three months of a decision being taken.

13 Adding the CYF functions to MSD will make for a challenging Chief Executive role. The State Services Commissioner considers however that the merger option is preferable because it brings policy and operations together under one Chief Executive. MSD has embedded business processes that will support change in CYF and can be implemented quickly, thus maintaining momentum.

Background

14 CYF has been subject to multiple reviews since its inception in 1999 arising from concerns about its performance, the table below summarises the key events.

1999	CYF is established as a standalone entity, following the merger of the New Zealand Children and Young Persons' Service (CYPS) and the New Zealand Community Funding Agency (NZCFA). CYF was established as a standalone agency to ensure transparency of funding and a focus on child protection to improve outcomes for children and youth at risk.
2000	Justice Michael Brown reviews CYF in response to perceived performance failure in Youth Justice and the inability of CYF to cope with workload pressures.
2000-2002	CYF commences its 'New Directions' strategy to remedy problems identified in the Brown Review. CYF commences a range of initiatives. A restructuring is undertaken of senior management during 2002.
2003	Cabinet asks for a First Principles Baseline Review. The review is completed in September 2003 and Cabinet approves a funding package over three years to fund CYF operations.
2003	Chief Executive resigned followed by 7 months of Acting Chief Executive(s).
2004	New Chief Executive takes up position.
2004	Implementation of the BLR recommendations and a restructuring of the organisation commences.
2005	In October, the CYF, Chief Executive resigns.

15   The frequency of reviews and changes in Chief Executive have meant that CYF has had insufficient time to fully implement the findings of each review. The Baseline Review (BLR) is now two years into a three-year implementation programme.

16   A machinery of government review of this nature tends towards identifying performance problems and risks. It needs to be recorded that CYF manage approximately 5,000 children in care, conduct 35,000 statutory investigations and receive 50,000 notifications per year. Social workers carry out difficult work in, often, appalling circumstances. Considerable effort has been made by the relatively new senior management team to implement the recommendations of the BLR.

Review process

17   The purpose of the review has been to identify how to improve performance, it has not been about identifying cost savings. The SSC has drawn conclusions about CYF (and in some cases wider sector performance) from an analysis of stakeholders; its participation in various fora and information gathered through its general performance management role. Annex One sets out the SSC's view as to how four structural options may impact on the problem definition.

18   This paper outlines the current problems, and issues that face CYF and the wider sector, proposes a package of management initiatives, aimed at addressing the problems and finally considers the impact of four structural options.

CYF and wider sector problems definition

19   Since 2003, a number of initiatives intended to improve results have commenced. For example, the demand management strategy has been implemented. Its successor, the Differential Response Model (triage), is ready to pilot. An evidence-based approach to social work is under development and a quality assurance system has been established to check child and youth plans meet CYF's standards. An agreement has also been reached between the Minister for Social Development and Employment and the Associate Minister for Social Development and Employment (CYF) to share policy advice. The impact of these and other initiatives has yet to be realised.

20   There remain some key performance areas within CYF, and in the wider social sector that demand attention. Of these, SSC considers the most critical are:

20.1 System-wide management

20.1.1   There is an urgent need to manage the number of notifications and referrals, improve the effectiveness of the Family Group Conference (FGC) process (including health and education sectors), and improving the management of children in care. The SSC is also concerned by the apparent lack of engagement by the health and education sectors during the assessment, planning and allocation of resources during the FGC process.

20.1.2   The SSC does not yet see evidence of an approach to simultaneously managing these three business-critical processes and practices. For example, CYF has reduced unallocated cases, but this seems to be at the cost of taking its eye off the amount of the time children spend in temporary care.

20.2 Management information

20.2.1 The 'system wide management' problem is aggravated by a lack of performance and management information. The CYF baseline has repeatedly experienced unexpected and unplanned pressure. There is a lack of both performance and management information, in part due to an over-reliance on counting telephone calls (notifications) as the sole cost driver. In other words, managing by what you can measure rather than the right measures. CYF cannot reliably report on the number and current status of children in care and their related costs; and there is a lack of information about the effectiveness of interventions, i.e. Family Group Conference. The SSC is advised that the Management Information Strategy (which is in the detailed design phase and in the process of going to market) is intended to address these information deficits.

20.3 Youth Justice capability

20.3.1 The BLR found that there was insufficient information to assess the adequacy of CYF's capability to meet Youth Justice needs. It directed CYF to complete a Youth Justice Capability Review to define the level of skill, resources, management attention, systems and processes necessary to improve performance in the Youth Justice area. The Youth Justice Capability Review has not been given priority despite the high-degree of concern from the judiciary; while work is now under way the review is nine months behind schedule.

20.3.2 A practical issue confronts social workers responsible for youth justice. Often a frontline social worker is faced with the choice of assisting a 15-month-old vulnerable baby or working with a 15 year old youth offender. Typically priority is given to the baby. This is something that needs addressing in the Youth Justice Capability Review.

20.4 Culture

20.4.1 The SSC's stakeholder reviews have consistently found there is a culture of 'resistance' amongst some front-line CYF staff. In the SSC's view this reflects 'professional disregard' for management. In the past, this may have been due to disconnected policy processes failing to gain the respect of social workers. This culture manifests itself by some social workers choosing not to follow prescribed process. Reviews into child tragedies have consistently found that failure to follow agreed process has been a key factor leading to the tragedy.

20.4.2 The judiciary is also concerned that youth justice plans are not given priority or are not implemented by social workers. In the SSC's view this could be another example of the 'resistance' culture that puts priority on the views of the social worker over procedures, and in this case, legal systems and administration of justice.

20.5 Policy Co-ordination

20.5.1 CYF is expected to respond to policy initiatives from up to six agencies in the social and justice sector. These multiple policy streams are not necessarily co-ordinated or prioritised, so frontline staff can feel torn.

20.5.2 There is a significant gap between operational experience and policy formulation. This gap is likely to reinforce the culture of resistance or 'professional disregard' of management. There is a need to bridge the gap

between policy formulation, operational design and practice. For example, policies provide less money for families to take on a child permanently than to care for children on a temporary basis, such as foster care. This policy seriously undermines the work of frontline staff.

20.5.3 There have been some improvements in policy analysis, for example, understanding barriers to operational improvements. However, this seldom translates into new policy and practice. For example, child tragedy reports all have concluded that there must be information sharing; yet there has been little progress on this either internally or across the sector.

21 In summary, priorities to be addressed within CYF, and where appropriate by the social and justice sectors include:

21.1 System-wide management;

21.2 Management information;

21.3 Youth justice capability;

21.4 Culture; and

21.5 Policy co-ordination.

22 These are all long-standing problems, in some cases extending back to before CYF was established. For some, there are initiatives underway, and while these can continue, it is inevitable that there will be some loss of momentum during the hiatus created by the Chief Executive's resignation. It was always going to be difficult to re-focus CYF for better results. This is now likely to be more difficult.

Improving performance (CYF and the wider sector)

23 In the SSC's view, regardless of the structural arrangements in the sector, there are a number of management initiatives that require strong leadership at the frontline, organisation and sector levels. These are essential to addressing the performance problems identified above and to achieving improved results in managing demand, reducing time in care and administering youth justice.

23.1 System wide management

23.1.1 Improving system wide management will require strong leadership internally and across the sector (s). It is proposed that Chief Executives of Justice, Health, Education, Police, Housing and MSD (lead) and the leader of the agency accountable for the functions under the Young Persons and Their Families Act (1989) (CYP&F Act (1989)) be directed to report to Ministers on how they will work together to improve intake, assessment, planning, resourcing and meeting needs of children and youth.

23.1.2 The Family Group Conference (FGC) is a fundamental service delivery intervention and co-ordination mechanism under the CYP&F Act (1989). Because of the importance of the FGC, it is proposed that the Chief Executive of the agency accountable for the functions under the CYP&F Act (1989) chair a review of the operation of FGC in consultation with

joint Chief Executives listed above. As part of that review it is proposed that the Chief Executives be directed to report to Ministers on a timetable to investigate the effectiveness of the FGC. This is likely to include identifying opportunities to simplify the CYF legislation to enable greater flexibility in business process.

23.2 Management information

23.2.1 There has been a history of poor management and performance information. Completing the 'costing the baseline' project to understand the cost drivers and volume within the entire system, and confirm the appropriate business model must be a priority going forward along with implementation of a management information system. As with all such systems this will need to be tightly project managed, and assessed against current and future business needs to ensure fit for purpose.

23.3 Youth justice capability

23.3.1 Improving youth justice outcomes will reduce the pressure on other CYF services and the wider criminal justice sector. The priority is to complete and implement the Youth Justice Capability Review. This needs be done in consultation with the Ministry of Justice and the wider justice sector because it is anticipated that it will affect how several agencies work.

23.4 Culture

23.4.1 Changing culture takes time and requires a concerted and comprehensive leadership effort. All systems, policies and processes need to mutually reinforce the desired change in culture. Some specific interventions that the SSC recommends are to:

• continue sharing good practice across sites through management training and performance management, and

• continue to introduce prioritisation system for assessment, investigation and referral for their clients supported by an evidence-based practice model.

23.4.2 International research shows that 'Engagement Surveys' provide management with excellent information about how to improve the performance of their staff and managers. Such surveys are not resource hungry and can be completed quickly. It is recommended that subject to consultation with the Public Service Association (PSA), CYF staff participate in an "Engagement Survey" recommended by the SSC. Related to this is the need to work effectively with the PSA through Partnership for Quality.

23.5 Policy co-ordination

23.5.1 Addressing fragmentation and sector leadership requires the Chief Executives, MSD (lead) Justice, Health, Education and the leader of the agency accountable for the functions under the CYP&F Act (1989) to prepare a joint work programme for Child and Family welfare policy, with a focus on what works when dealing with at risk children and youth, as well as preventing children from entering the CYF system. In order to give this co-ordination mechanism 'teeth' it is recommended that these Chief Executives seek agreement to, and report progress against, the joint work

<blockquote>programme to Ministers.</blockquote>

23.5.2 A priority for the Chief Executive accountable for the functions under the CYP&F Act (1989) will be to work with the Secretary for Justice (and any other relevant Chief Executives) to develop a joint policy work programme in relative to youth justice and report back to Ministers.

23.5.3 A priority for the Chief Executive accountable for the functions under the CYP&F Act (1989) will be to connect CYF operations to policy and research capability. Or alternatively, to attract policy capability into CYF. Note, however, that attempts in the past to build CYF policy and analytical capability have proved difficult.

24 In the SSC's view these initiatives, combined, will go some way to addressing the problems outlined in this paper. However, a fundamental question remains: how do we get CYF plugged into policy so that leadership can focus on strategic management (that is, getting the whole system working)?

The role of structure

25 The SSC has reviewed the extent to which four machinery of government options may impact on the problems identified above (paragraphs 20 and 21). The details are in Annex 1. A summary about each follows:

25.1 Option 1 - Status Quo;

25.2 Option 2 - CYF/MSD merger;

25.3 Option 3 - Split CYF Functions; and

25.4 Option 4 - Create a new Ministry of Human Service.

Option 1 - Status Quo

26 This option retains CYF in its current form and with its current functions. There are no consequential changes in the sector. This option presents the least disruption to staff and allows the leadership team to continue its change programme.

27 In assessing this option it has been assumed that a high-performing Chief Executive has been appointed, the management initiatives outlined in this paper endorsed, and that the leadership of CYF collectively accepts the problem definition and continue to plan and implement changes to address it.

28 Retaining the current structure doesn't, in itself, address any of the problems defined above, nor does it provide a catalyst for cultural change. The appointment of an experienced Chief Executive, with a clear mandate for change, and capable of leading the strategic thinking needed to get the system working as a whole, together with the other management initiatives, may lift performance over time.

29 Having said this, in SSC's view, CYF has had a history of not taking a system wide approach. Neither has it prioritised performance and management information or youth justice. Given this history, it is a matter of judgement as to how realistic it is to anticipate a step change in performance over the short to medium term.

30 Stakeholders' response to retaining the status quo is likely to be mixed. Feedback from stakeholders indicates that while some will be pleased with the stability afforded by the status quo, others will see it as a lost opportunity to deliver the necessary change in culture and performance.

31   A draft job description for the Chief Executive, CYF, is attached. Should the status quo option be preferred, the position could be advertised immediately. An appointee is unlikely to take up a position before September 2006.

Option 2 - MSD/CYF merger

32   This option relocates all CYF functions to MSD, retaining CYF operations as a business unit. The Chief Executive, MSD would be accountable for functions under the CYP&F Act (1989) and would be responsible for appointing the head of the CYF business unit. This appointment is expected to be at Deputy Chief Executive level. The Ministry of Justice will continue to lead the Youth Justice policy and strategy. Youth Justice operations would continue to be provided by the CYF business unit in MSD.

33   Assessment of this option is based on the assumption that the management initiatives outlined in this paper are endorsed and that the leadership of MSD collectively accept the problem definition and implements changes to address it.

34   It is anticipated that this option would have minimal impact on service delivery because CYF operations would continue intact, however staff may feel unsettled in the short-term. There is the potential for some staff, especially in National Office, to feel cynical about more changes on top of unfinished change.

35   The merger option, in itself, does not address all of the problems. It provides a catalyst for change because placing CYF in a larger organisation brings together social policy and operations, bridges Family and Community Services (preventative) and CYF care and protection (reactive) services under a single Chief Executive providing the incentives for joint work. Further, MSD has a stable leadership team with a history of system wide management, prioritising management information, valuing research and evaluation and strong business processes. The merger enables the CYF business unit leadership to focus on systems development and process improvement, supported by MSD's management practices.

36   This option broadens the accountabilities and functions of the Chief Executive, MSD, but not so as to result in a substantively new role. While the scope of operation will be expanded, there are significant similarities between CYF functions and existing case management approaches to preventative services delivered by MSD. The merger will add some $450 million (excluding capital funding) of taxpayer funds to the MSD budget. However, the Chief Executive, MSD is already currently responsible for administering approximately $14 billion (excluding capital funding). The Chief Executive, MSD will continue to be accountable for policy, operations and legislation. The State Services Commissioner therefore does not consider that the change in role is of such significance so as to require re-advertising of the Chief Executive, MSD position. This conclusion takes account of previous decisions about Chief Executives continuity of tenure in relation to a merger decision.

37   The perception of stakeholders would be mixed. Some stakeholders do see benefit in co-locating general support services for families, early intervention and community funding with services to at-risk children and youth. Others may see this as a return to the Department of Social Welfare. However, the MSD functions and style of operating is significantly different from that of the DSW, for example it is more integrated with communities focused on prevention and funding for child protection ring-fenced.

38   SSC experience of both the MSP/WINZ merger and the MoJ/Courts merger is that bringing operations and policy agencies (in a "soft merger") together can be managed

successfully with minimal disruption to services and provides a platform for performance improvement.

39   If this is the preferred option, the SSC would prepare an Order in Council. It is anticipated such an Order in Council can be implemented within three months of a decision being taken. The State Services Commissioner would appoint the Chief Executive, MSD as the acting Chief Executive, CYF, as soon as a decision by the Government is made public. This is so that he can manage the transition to gain the benefits of the change quickly and maintain momentum around change initiatives.

Option 3 - Split CYF functions

40   This option would disestablish CYF and relocate Care and Protection, Adoptions, Community Funding and policy functions to MSD, and relocate Youth Justice operational functions to the Ministry of Justice. This option creates a lot of disruption for staff, services and clients. All staff who have both a care and protection and youth justice case load would be affected, and, therefore, would need to go through some sort of negotiated re-appointment process. This level of change may impact on service delivery in the short-term. In addition, clients who have both care and justice needs would fall under the aegis of two agencies.

41   This option provides a catalyst for change in culture, aligns youth justice policy and operations and care and protection policy and operations.

42   However, in the SSC's view, the risks associated with possible service delivery failure, fragmentation and duplication at the front-line, together with the transition costs, make this an unacceptable option at this time.

Option 4 - Ministry of Human Services

43   This option builds on Option 2 (merger) by including transfer of direct welfare services from Health and Education (for example, youth drug and alcohol programmes). The Ministry of Human Services would have strategic management capability, wide-spread policy responsibilities and service delivery responsibilities, including all welfare services to families including preventative services (Family and Community Services, Ministry of Youth Development, Youth Justice) support services (students, senior citizens and families) and reactive services (CYF, some Health and Education services).

44   This would be the most expensive and disruptive option because of the need to extract services (and staff) from Health and Education.

45   This option does, however, reduce the number of agencies that clients need to transact with and enables the Chief Executive to direct a range of resources as appropriate to support assessment, planning and to meet the needs of child, youth and their families.

46   The SSC does not recommend this option, at this time, because the current priority is to address performance improvements in CYF. Extracting the direct health and education services for at-risk children and youth is complex and would require more detailed investigation that would distract from progress on CYF.

Conclusion

47   In the SSC's view the management initiatives detailed in this paper are the minimum required to improve CYF's performance, and should be implemented regardless of decisions about structure.

48   In respect of structure, the SSC considers there are two viable options:

48.1 Option 1 - Status Quo;

48.2 Option 2 - CYF/MSD merger;

49   Assuming the appointment of a high performing Chief Executive, CYF a clear mandate for change management and a leadership team accepting the need for change, the status quo offers the prospect of performance improvements over the medium term, with the least disruption. The status quo structural arrangements do not provide a catalyst for change, nor do they reduce the gap between policy and operations. Bridging policy and operations will remain a significant challenge for the Chief Executive, CYF.

50   It will be approximately six months before a permanent Chief Executive commences at CYF and while the State Services Commissioner expects CYF to continue with its current change programme, it is also anticipates that there will be some loss of momentum leading up to the appointment.

51   The merger option nests CYF within MSD, leveraging off MSD's extant systems, processes, and competencies. It assumes minimal disruption to services because the merger will be implemented in the same way that the Department of Work and Income and Ministry of Social Policy was. There is, however, the potential for some staff to feel cynical about more change on top of an unfinished change programme.

52   The merger brings together a range of policy and operational functions, with one Chief Executive accountable for making "the whole" work. It does not, however, join youth justice policy and operations and this would need to be addressed through management initiatives, such as a joint work programme.

53   The merger could commence almost immediately, upon decision. The State Services Commissioner would appoint the Chief Executive, MSD to be acting Chief Executive, CYF so that he could manage the transition. An Order in Council would be required to remove the Department of Child, Youth and Family from the First Schedule of the State Sector Act and to transfer functions of CYF to MSD. It will also limit the risk of 'technical redundancy' of employees affected by the transfer of functions and protects their existing collective agreements. It is anticipated that an Order in Council can be implemented within three months of a decision being taken.

State Services Commissioner's view

54   The history of CYF, the inherently difficult nature of its work that it is required to do and the importance of that work in terms of outcomes for the most vulnerable in our society combine to create one of the most challenging Chief Executive's roles.

55   While acknowledging the leadership and management in the past, and that expected during the transition to the appointment of a new Chief Executive, I think, on balance, that merging CYF with MSD presents a stronger case for performance improvement than the status quo.

56   I have reached this conclusion for three reasons. First, many of the CYF performance risks relate to management and performance information and how this is integrated into what works. MSD values and uses evidence to design interventions that work. I think this is a sound environment that can positively influence CYF culture and performance.

57   Second, the merger is more likely to align child, youth and family operations and policy because one Chief Executive holds responsibility for both.

58   Third, while it is possible that I can recruit a Chief Executive with the skills required for this position the sooner there is certainty about the leadership and direction of CYF the more likely the current change initiatives will maintain momentum and the new management initiatives proposed in this paper will have effect.

59   I have considered the impact of a merger on the role of the Chief Executive, MSD and the Ministry's leadership team. As discussed in paragraph 36, I consider that while the additional responsibilities broaden the accountabilities of the Chief Executive, MSD, but not so as to result in a substantively new role.

Consultation

60   The Ministry of Social Development and Ministry of Justice and have been consulted in the development of this paper. The Treasury and PSA have seen the paper.

Financial implications

61   CYF is currently preparing some budget bids for increased funding in recognition of the much higher than anticipated demand for services. These bids have not yet been assessed by the Treasury or considered by Ministers. The options in this paper are unlikely to materially impact on these bids.

62   No assessment has been made of the financial implications of a merger. Experience suggests there will be some fiscal cost associated with the merger, although fiscal savings could also be expected over the medium term as duplicated processes are removed.

Human rights

63   There are no human rights or legislative implications arising from this paper.

Legislative implications

64   The SSC would prepare an Order in Council. It is anticipated such an Order in Council can be implemented within three months of a decision being taken.

Gender implications

65   There are no gender or disability implications arising from this paper.

Communication

66   The nature of communication will depend on the decision taken. If the decision is to retain the status quo machinery option, the State Services Commissioner will advertise the vacancy. If the decision is to merge CYF and MSD it is recommended that the Minister of Social Development and Employment and the Associate Minister of Social Development and Employment (CYF) jointly announce the decision, at an appropriate time.

Recommendations

67   It is recommended that the Committee:

Review process

1   **Note** that the SSC has identified further performance enhancements needed in the Department of CYFs and the early intervention, care and protection and youth justice systems across the whole of Government.

CYF and wider sector problem definition

2   **Note** that the performance of CYF has improved its performance in a number of areas since 2003, a number of change plans are ready for implementation, however further performance improvements in CYF and the wider sector are, required to address the following matters:

    2.1   Lack of system wide management i.e. managing assessment, planning and allocation of resources simultaneously, including making Family Group Conferences effective;

    2.2   Poor performance and management information i.e. includes costing the baseline and measuring effectiveness of interventions;

    2.3   Lack of priority on youth justice i.e. completing the Youth Justice Capability Review;

    2.4   Culture i.e. building a culture that values consistent business process and evidence based interventions.

    2.5   Policy co-ordination i.e. getting whole of sector policy working and bridging the gap between policy, operational design and practice.

Improving performance

3   **Note** that a package of initiatives, should be implemented, regardless of structural arrangements to achieve improved performance

    3.1   **direct** Chief Executives of Justice, Health, Education, Police and Ministry of Social Development (lead) and the Chief Executive of the agency accountable for the functions under the Young Persons and Their Families Act 1989 (CYP&F &F Act (1989)) to report to Ministers on how they will work together to improve intake, assessment, planning, resourcing and meeting needs of children and youth;

    3.2   **direct** the Chief Executive of the agency accountable for the functions under the CYP&F Act (1989) to:

        3.2.1   chair a review of the operation of Family Group Conference (FGC) and consult with appropriate Chief Executives and report to Ministers on a timetable to investigate the effectiveness of the FGC;

        3.2.2   identify opportunities to simplify the CYF legislation to enable greater flexibility in business process;

        3.2.3   complete the 'costing the baseline project';

        3.2.4   implement a management information system that meets business needs;

3.2.4   complete and implement the Youth Justice Capability Review.

3.2.5   continue the cross-fertilisation from effective sites;

3.2.6   continue to introduce a prioritisation system for assessment, investigation and referral for CYF children and youth supported by an evidence-based practice model;

3.2.7   contribute to a joint work programme for child, youth and family welfare policy with a focus on what works when dealing with at risk children and youth, and preventing children from entering the CYF system, and report to Ministers on progress;

3.2.8   work with the Secretary for Justice (and any other relevant Chief Executives) to develop a joint policy work programme in relation to youth justice and report to Ministers on progress;

3.2.9   bridge the gap between CYF operations to policy and research capability;

3.2.10 consult with the Public Service Association and the State Services Commission about how to measure and improve staff and management performance, for example, through an 'Engagement Survey'.

The role of structure

4   **Note** that four machinery of government options were reviewed to assess their impact on the problem definition, not to identify efficiency gain:

4.3   Option 1 -Status Quo; or

4.4   Option 2 -CYF/MSD merger;

4.5   Option 3 – Split CYF functions

4.6   Option 4 – Ministry of Human Services

5   **note** that in Options 1 and 2 the Ministry of Justice will continue to lead the youth justice policy and strategy;

6   **note** that the SSC considers Options 1 and 2 are both viable at this time;

7   **note** that the State Services Commissioner advises, on balance to merge MSD and CYF because this option provides greater potential for improved performance.

Either

8   **agree** to Option 1 – Status Quo;

9   **confirm** the attached position description and person specification as a basis for selecting a suitable candidate for appointment;

10   **note** that the State Services Commissioner advises that it will be approximately six months until a Chief Executive takes up the position.

Or

11   **agree** the merger of CYF and MSD with effect 1 July 2006;

12   **agree** the Minister of Social Development and Employment, the Associate Minister of Development and Employment (CYF) and the Minister of State Services jointly announce the decision at an appropriate time.

13   **direct** SSC to prepare an Order in Council to remove CYF from the First Schedule of the State Sector Act 1988 and to transfer functions of CYS to MSD. It will also limit the risk of 'technical redundancy' of employees affected by the transfer of functions and protects their existing collective agreements.

14   **note** that SSC advises that such an Order in Council can be implemented within three months of a decision being taken.

15   **note** that the State Services Commissioner will appoint the Chief Executive of MSD as Acting Chief Executive of CYF.

Hon Annette King
Minister of State Services

Option 1	Description	Assumptions	System wide Management	Management Performance Information	Youth Justice capability	Culture	Sector Policy Fragmentation	Gap between Operations and Policy	Time and Cost
Status Quo	Current service delivery and policy functions remain the same	High performing CE appoint Management initiatives endorsed Leadership accepts the problem definition	The recent restructure was intended to encourage more system wide management. It is too early at this stage to tell whether this has been successful. CYF has a history of failing to take a system wide approach which factors in the impact in one part of the business on others.	This option does not impact on performance and management information needs. These systems, behaviours and values need to be built as outlined in the MIS business case. The has been a history of CYF failing to prioritise information management	This structure does not improve Youth Justice capability. This will require the Youth Justice Capability Review to be completed and implemented.	A strong CE with a change programme could impact on the culture of resistance. However, retaining the status quo does not provide a catalyst for change.	The current structure does not resolve existing sector policy fragmentation issues. However, this could be improved through a joint prioritised work programme.	The gap between sector policy and operations would not be assisted by the status quo option. One way of bridging this gap is to co-locate policy and ops staff. It does not join youth justice policy and operations.	No fiscal cost Least disruptive option to service delivery. Six months until a new CE starts leading to loss of momentum of change. Programme from BLR and other CYF performance improvement programmes could, however, continue.

Option 2	Description	Assumptions	System wide Management	Management Performance Information	Youth Justice capability	Culture	Sector Policy Fragmentation	Gap between Operations and Policy	Time and Cost
CYF/ MSD merger	Relocate all CYF functions to MSD CYF becomes a business unit within MSD. CE position does not require advertising.	Management initiatives endorsed Leadership accepts the problem definition.	This option would be likely to encourage system-wide management across the social services, preventative and remedial child and family services. MSD currently takes a system-wide management approach and reassesses business processes.	The Ministry would need to build on the planned MIS to meet the policy and operational roles associated with this option. There has been a history of MSD prioritising management information and valuing research and evaluation. MSD has the methodology and processes needed to cost the baselines.	This structure does not improve Youth Justice Capability. This will require the Youth Justice Capability Review to be completed and implemented.	Organisational change can be a catalyst for culture change. Placing CYF in a larger organisation that values and uses evidence will influence how CYF do their job.	Places accountability for all child and welfare policy with a single CE thus reducing fragmentation. Encourages clearer trade-offs between prevention and remedial work. Builds on MSD existing research and policy capability and reputation. There has been poor engagement on Care and Protection policy due to poor policy capability .	Places accountability for most child and welfare policy and operations with a single CE thus creating a strong incentive to reduce the gap between operations and policy. Shorter feed-back loops from operations to care and protection policy due to being in a single organisation. It does not join youth justice policy and operations.	Minimal fiscal cost Minimal disruption whole of CYF transfer in its entirety. May make some staff cynical. Can be implemented immediately e.g. CE of MSD becomes acting CE CYF until Order in Council is implemented. Programme from BLR and other CYF performance improvement programmes can continue.

Option 3	Description	Assumptions	System wide Management	Management Performance Information	Youth Justice capability	Culture	Sector Policy Fragmentation	Gap between Operations and Policy	Time and Cost
Split CYF functions	Relocate Care and Protection, adoption, community funding and policy to MSD Relocate Youth Justice Functions to MoJ. CE positions would not require advertising.	Management initiatives endorsed Leadership accepts the problem definition.	This option would be likely to encourage system-wide management across social services and justice, but not across both together. Potentially creates further fragmentation and less of a whole of system approach – particularly the links between care and protection and Youth Justice.	Shared clients information being duplicated thereby adding to the complexity. Possibly need to build a new system in MoJ for YJ clients. There has been a history of MSD and more recently MoJ prioritising management information and valuing research and evaluation. MSD have the methodology and processes needed to cost the baselines.	The structural change will provide the opportunity to focus on Youth Justice more effectively.	Organisational change can be a catalyst for culture change. Breaking CYF up and placing the parts into larger organisations that values and uses evidence will influence how CYF do their job. Opportunity to build Youth Justice specialist skills and culture	Joins child and family welfare policy and joins youth justice policy and operations reducing fragmentation. Builds on MSD and MoJ existing research and policy capability and reputation.	Places accountability for most child and welfare policy and operations as well as Youth Justice and Justice under single CEs thus creating a strong incentives to reduce the gap between operations and policy. Shorter feedback loops from operations to care and protection and Youth Justice policy due to being in the same organisations.	Mid-range fiscal cost Likely to be disruptive to some staff and some clients Risk service delivery failure in youth justice during transition Programme from BLR and other CYF performance improvement programmes can continue.

Option 4	Description	Assumptions	System wide Management	Management Performance Information	Youth Justice capability	Culture	Sector Policy Fragmentation	Gap between Operations and Policy	Time and Cost
Ministry of Human Services	Unify the functions of CYF and MSD, and the welfare services from the Health and Education sectors.	No new CE appointments require. Management initiatives endorsed Leadership accepts the problem definition Health and Education services for children and youth at risk can be separated out respective ministries.	This option would be likely to encourage system-wide management across the spectrum of preventative-remedial child and family services. MSD currently takes a system-wide management approach and reassesses business processes	The new Ministry would need to build a completely new MIS to meet the diverse policy and operational roles associated with this option. There has been a history of MSD prioritising management information and valuing research and evaluation. MSD has the methodology and processes needed to cost the baselines	This structure does not improve Youth Justice Capability. This will require the Youth Justice Capability Review to be completed and implemented.	Organisational change can be a catalyst for culture change.	Places accountability for all child and welfare policy with a single CE thus reducing fragmentation. Encourages Clearer trade-offs between prevention and remedial work. Builds on MSD existing research and policy capability and reputation. There has been a history of Care and Protection policy being a low priority for MSD.	Places accountability for all child and welfare policy and operations with a single CE thus creating a strong incentive to reduce the gap between operations and policy. Shorter feedback loops from operations to care and protection policy due to being in a single organisation. It does not join youth justice policy and operations.	Higher fiscal cost May "affect" Health and Education staff depending on how clearly staff can be identified for transfer. Likely to delay implementation of change due to the length of time to establish which parts of Health and Education to transfer. Programme from BLR and other CYF performance improvement programmes can continue.