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## Ministry of Social Development: Using a case management approach to service delivery

Progress in responding to  
the Auditor-General's  
recommendations



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## Introduction

- 1.1 In December 2014, we published a report on how the Ministry of Social Development (the Ministry) applied a case management approach to providing services for working-age adults. We looked at case management because the Ministry provides financial and employment support to many people throughout New Zealand. In 2014, about 294,000 people were seen each week at its 160 Work and Income centres. Work and Income's staff costs were \$186 million in 2013/14, and the Ministry was paying out more than \$8 billion each year in financial support.
- 1.2 In 2014, the Ministry had recently changed its approach to case management. This change in approach was to meet the needs of its clients and the extra 80,000 people who needed to look for work as part of the Government's welfare reforms. Because the change in approach was at an early stage, the Ministry knew it had more work to do.
- 1.3 We expected the Ministry to show it had:
- used an evidence-based approach to inform the design and use of a case management approach that was consistent with government policy and the law;
  - focused its case management approach on clients' needs and that this approach was effective and efficient;
  - the capability and capacity to deliver the Government's welfare reform agenda and support case managers to do their jobs; and
  - used performance information, including the experiences of clients, to improve the effectiveness and efficiency of its case management practice.
- 1.4 We also sought comments from the people whose cases the Ministry manages – its clients. Like many people who use public services, the Ministry's clients have high, but not unrealistic, expectations about the standard of service they should receive.
- 1.5 Taxpayers also expect the Ministry to deliver cost-effective services.

## Our 2014 findings and recommendations

- 1.6 Overall, we found that the Ministry was getting most aspects of service right for most clients, most of the time. At the same time, the Ministry was reducing – in real terms – its client case management costs.
- 1.7 The Ministry tailored its case management approach to focus on clients who needed more support to achieve greater financial independence. It used

innovative methods to calculate whether its spending had the best return for taxpayers by getting the best results for clients. Although these methods were still being developed in 2014 and early results were mixed, the Ministry was still getting useful information.

- 1.8 There were some aspects that the Ministry could improve. Some clients were unhappy about how staff spoke to them. Other clients did not like the format and frequency of letters the Ministry sent to them. The Ministry's case management practices needed further improvement to build better relationships with clients.
- 1.9 The Ministry had work to do to make case management guidance and information technology systems more accessible for staff.
- 1.10 There were many instances of clients not attending appointments. Missed appointments carry an opportunity cost, and by not attending appointments some clients were not meeting their obligations.
- 1.11 Finally, the Ministry and other agencies did not always work in a co-ordinated way to address the multiple needs of people with the highest barriers to employment.
- 1.12 We made four recommendations. We recommended that the Ministry:
1. encourage the development of a cross-agency response to support working-age adults with the highest levels of complex needs into work, through its role on the Social Sector Chief Executives Forum;
  2. develop an approach to assessing and supporting case manager performance that reflects the importance of soft skills, such as effective client engagement, as well as the technical skills that case managers need to have;
  3. reduce the number of appointments that clients miss by:
    - improving how it communicates with clients about appointments;
    - encouraging other innovation to increase the percentage of appointments kept;
    - reviewing ways that clients can comply again after failing to attend an appointment; and
    - increasing management support and coaching for staff to help them manage clients who routinely miss appointments; and
  4. include full and clear financial information in suitably worded letters to clients, including letters sent after a change in a client's circumstances.

### **Summary of progress since 2014**

- 1.13 The Ministry has made progress on our four recommendations since 2014 but has not fully addressed them. In a follow-up audit, we found that the Ministry had:
- worked with other agencies and was running a few cross-sector trials for specific groups of adult clients;

- strengthened its programme to improve the capability of work-focused case managers<sup>1</sup>;
- streamlined some information technology systems and made progress on simplifying transactions, including online booking for appointments and online applications for hardship grants, although further improvements need to be made;
- modified, with some limits, letters sent to clients and moved more communication to clients online; and
- used data on client attendance to more accurately predict the number of staff needed in front-line positions.

1.14 The Ministry had not:

- progressed, through its role on the Social Sector Board, a sector response to working-age adults with complex needs. However, it has progressed its own initiatives in this aspect;
- completed the training for all case managers, due for completion in May 2017, and had recorded only small gains in capability;
- been reporting on the number of scheduled (proactive<sup>2</sup>) appointments clients missed, so it could not demonstrate progress in responding to our recommendation; and
- made as many changes to client letters as it would have liked, because of the limitations of its main payments system.

## The Ministry's progress on encouraging a cross-agency response to support working-age adults with complex needs

1.15 In 2014, our view was that the Ministry needed to work better with other social sector agencies to meet the needs of clients who have significant barriers to employment, such as unstable housing and poor health. Supporting clients with complex needs will also help the Ministry achieve its Better Public Services target.<sup>3</sup>

1.16 In September 2015, the Productivity Commission published its report *More effective social services*. The Productivity Commission noted that, for many people, mainstream services delivered satisfactory services. However, the report also stated:

1 In this report, we use the term "all case managers" when we are talking about a wider group than the work-focused case managers.

2 A proactive appointment is an appointment the case manager schedules with a client for a future date. These proactive appointments keep clients focused on job search or job preparation activities.

3 The Better Public Service target is to reduce working-age client numbers by 25% (from 295,000 to 220,000) and achieve an accumulated actuarial release of welfare liability of \$13 billion by June 2018.

*The situation is quite different for clients with complex needs – particularly when these needs are inter-dependent so that treating some needs but not others is likely to be ineffective. A significant degree of coordination across the services is required for good outcomes. Unfortunately, the provision of services separately through government silos rarely achieves adequate coordination.<sup>4</sup>*

### **The Social Sector Board’s role in improving co-ordination between social sector agencies**

- 1.17 We expected the Social Sector Board (the Board) to give direction to improving co-ordination between the social sector agencies. The Board has been preparing a framework to support joint decision-making and is looking at how to work with other social sector organisations to get better results.
- 1.18 The Board has prioritised 0-5 year olds and “at-risk” 15-24 year olds. Some of the latter group fall into the group of working-aged adults, which we focused on in our 2014 report. To date, the Board has not specifically focused on older adults. However, since 2012, there has been a Better Public Services target to reduce welfare dependency for adults.
- 1.19 Ministers agreed to disestablish the Board from 30 June 2017. The Board is changing into the Social Investment Board. The Social Investment Board will have an independent chairperson, and the Chief Executive of the Ministry will be one of the members. We were unable to establish whether the joint decision-making framework is complete or will be carried over from the Social Sector Board to the Social Investment Board.
- 1.20 The Social Investment Board will continue to integrate social sector data. This work is necessary to support better research into making social services more effective for clients.
- 1.21 We described the investment approach in our 2014 report. This approach, which uses evidence to guide investment decisions (for example, using results to inform purchase decisions), has the potential to reduce current and future financial liabilities for taxpayers. It could also change the way the Government allocates public money to services.
- 1.22 The Ministry is making progress with the investment approach but, as at June 2017, it looked unlikely that the Ministry would achieve the Better Public Services target for reducing working-age client numbers and welfare liability.

## **The Ministry is working with other agencies to achieve better results**

- 1.23 The Ministry is working with other agencies and partners to understand how to help clients who need extra support to work. These include some people with a health condition or disability and people with other barriers to work, such as ex-offenders. Māori can also need extra support, because they are over-represented in the groups of people with barriers to work.
- 1.24 We saw three examples of trials focused on adults with more complicated needs. The Ministry is:
- working with the University of Auckland and four district health boards to conduct *Oranga Mahi* trials. These trials are for clients with complex health-related issues. An investment of \$24 million supports these trials over a three-year period;
  - expanding its Intensive Client Support trial to include older clients (30-39 years old) if those clients entered the welfare system at an early age. Early positive results show that 30-39 year olds who get Intensive Client Support spend more time off benefits than those who do not get Intensive Client Support. This initiative now includes 25-29 year olds and is being expanded to 1500 clients across 25 sites; and
  - partnering with the Department of Corrections for the Offenders into Employment trial, which is aimed at increasing the employment prospects of released prisoners.
- 1.25 It is too early to say whether these trials are leading to sustainable results. It will take time for the Ministry to fully evaluate and understand the effects of the trials on clients. The numbers of people involved are relatively small. For example, the four projects with district health boards cover fewer than 300 people. The trials are deliberately designed this way so social sector agencies can understand how they might work better together.

## **The Ministry's progress on developing an approach to assessing and supporting case manager performance**

- 1.26 Case managers working with job-seeking clients need extra skills to those responsible for calculating benefit payments. In 2014, the Ministry provided thousands of hours of "welfare reform" training to hundreds of staff. However, the Ministry had prioritised delivery of technical training over soft-skills training.

## **The Ministry has introduced soft-skills training**

- 1.27 In 2014, the Ministry had set up a small practice development team. The team prepared practice guides and a broader training programme for case managers.
- 1.28 The practice support team has since grown, with practice leaders based in all regions and providing support to service centre managers.
- 1.29 Practice leaders have designed and supported the delivery of 10 training modules. The modules cover a broad range of soft skills, such as active listening, communication and empathy, and understanding the effect a case manager's behaviour can have on clients.
- 1.30 The Ministry expected to complete the delivery of the modules to case managers by May 2017. However, in some Work and Income centres, case managers had not completed all the modules. Each centre progressed to the next workshop only when staff applied lessons from earlier workshops to their case management work.
- 1.31 To date, all case managers have collectively completed 9810 modules – an average of just over five each.<sup>5</sup> Of the 10 modules, three modules have completion rates of 70% or more and seven modules have completion rates of about 50% or less.
- 1.32 The Ministry has continued funding the practice leader positions in 2016/17, and it intends to consider how the practice leader role and functions can be supported in the future. This raises some concerns for us because of the training completion rates for case managers so far.
- 1.33 The Ministry continues to prepare training modules for its staff. Some modules are in place now. One module involves training staff to support clients who are not required to work, but want to work in some capacity.
- 1.34 The Ministry plans further modules based on lessons from the Ministry's higher-performing case managers. One example is a training module on mental health, which focuses on matters such as dealing with bias and supporting well-being.

## **Coaching, support, and performance management**

- 1.35 Since our 2014 report, there has been substantial investment in having service centre trainers, and sometimes centre managers, observing and recording case managers' performance during client appointments. All service centre staff share good practice examples in team meetings.
- 1.36 Centre managers use the results of these observations for performance coaching. Senior managers monitor the observation results through regional and national quality dashboards. We reviewed a sample of these dashboards and saw that

<sup>5</sup> Based on 1833 case management staff.

there was an improvement in the performance of case managers when they were being observed.

- 1.37 The Ministry has also introduced case reflections reviews. Case reflections reviewers look at how well case managers demonstrate some aspects of case management practice with clients, such as planning, goal-setting, and frequency of engagement. Senior managers monitor the case reflections review results through the same regional and national quality dashboards.
- 1.38 Service centre trainers and quality officers carry out case reflections reviews based on the records case managers keep, rather than from the observation results. Unlike the observation results, the reflections reviews do not show strong improvement. There could be several reasons for this. If service centre trainers are observing client appointments, this can positively, but temporarily, affect the case manager's behaviour.
- 1.39 Case managers' written records may also be incomplete because of large workloads or system limitations. It may be difficult for case reflections reviewers to locate information they need to do the case reflections reviews. The Ministry needs to understand why there is a big difference in performance between observed practice and recorded practice. The Ministry recognises this and is working to address it.
- 1.40 We asked the Ministry how many staff were performing as expected. The Ministry told us it had just 25 staff who received a rating of "needs improvement". Most regions had only one or two staff in this category.
- 1.41 The Ministry's performance appraisal has increased its focus on the behaviours and values case managers demonstrate when doing their jobs. However, the Ministry still holds case managers accountable for the accuracy of their processing skills and this still strongly influences case managers' performance ratings.
- 1.42 We encourage the Ministry to ensure that the quality of case managers' engagement with clients, and the observation of the expected behaviours, is given enough importance in performance assessments so case managers can develop their skills in this area.

### **The Ministry has introduced a better induction package for new staff**

- 1.43 The Ministry has prepared a new induction package for case managers. This covers case management practice at the earliest possible point, stressing the importance of building relationships with clients. The Ministry trialled its new induction package in April 2017 and intended to roll it out nationally from 1 July 2017.

## **The Ministry has improved information technology systems**

- 1.44 In our 2014 report, we described the information technology systems that Ministry staff were using as “clunky”. Case managers were using three main systems and numerous others. It was not unusual for case managers to have at least eight applications running at once during a client appointment.
- 1.45 In July 2017, we observed the current information systems. We found the Ministry had retired an application called UCV2 and transferred all the information into a single system of client information. Service centre staff said the single system was now more logical and easy to follow.
- 1.46 However, several issues with the information technology systems that we observed in 2014 were still evident in 2017. Case managers still need extensive applications, tools, and guidance to undertake their work. Learning how to use these different systems affects the time it takes for a case manager to become fully effective in their role.
- 1.47 Of specific note, Engagement Log, used for recording scheduled appointments with clients, covers only a three-month period before a new log needs to be created. This can lead to multiple event logs for a client, making it difficult to review a client’s entire engagement history.
- 1.48 In some cases, case managers did not use the “client plans” section of the client management system for client planning. Instead, they used it for recording evidence to support decisions to sanction a client. We could not see reasons for why or how this practice had emerged, but it may partly explain why recorded evidence for the case reflection reports is difficult to find.

## **The Ministry has moved its transactional activity online**

- 1.49 The Ministry is significantly improving access to, and uptake of, digital services.
- 1.50 The Ministry’s Simplification programme is improving digital channels and clearing away transactional clutter, so clients can increasingly do more for themselves online and over the phone, and case managers can spend less time processing transactions. This creates more time for case managers to focus on necessary interactions in relation to employment and better support people with complex needs. All case managers are spending less time on transactional activities. Clients can access more online and telephone services.
- 1.51 By 30 June 2017, more than 375,000 people were registered to use MyMSD, the Ministry’s mobile-accessible web service. About 66% of these people are clients currently receiving financial assistance. In June 2017, the Ministry recorded an average of just over 166,000 logins to MyMSD each week.

- 1.52 Clients can now do some transactions online. These include:
- checking payments and debt balances;
  - managing transactional appointments;
  - updating contact and other personal details;
  - viewing Ministry letters;
  - applying for a benefit;
  - applying for a hardship grant; and
  - uploading documents directly through e-lodgements.
- 1.53 In addition, medical practices can now electronically lodge a client's work-capacity medical certificate directly with the Ministry. This means that the client no longer has to drop off a form at a service centre.
- 1.54 Client uptake of these services is increasing, although four services are behind expectations.
- 1.55 Clients are benefitting from improved transaction times. For example, in March 2017, 845 clients applying for help with food costs had those applications approved within 60 seconds.
- 1.56 The Ministry knows that it has more work to do to improve the functionality of online applications for hardship grants. The online application system produces a high number of errors, preventing many clients from completing their applications.

### **The Ministry's progress on reducing the number of missed client appointments**

- 1.57 The Ministry has made progress with case management appointments that are made on demand. It is using data to predict the likely volume of on-demand appointments so that service centre managers can plan their staffing levels better.
- 1.58 The Ministry is also making progress on moving transactional services online for those clients where self-service is appropriate. In addition, the Ministry is offering greater flexibility for clients by having some capacity set aside for walk-in appointments.
- 1.59 However, a finding expressed in our 2014 report was that about 25% of clients missed their scheduled case management appointments.
- 1.60 Missed appointments have opportunity costs for the Ministry. A client who misses an appointment is not engaging in proactive case management and is not complying with their obligations.<sup>6</sup>

<sup>6</sup> Clients can have social obligations, work preparation obligations, or job search obligations that they have to comply with as a condition of receiving a benefit.

- 1.61 Clients now receive a reminder phone call or text from their case manager the day before an appointment. The Ministry trialled an automated text service that led to a small increase in the number of appointments kept. However, the online MyMSD service now provides this function.
- 1.62 From the small amount of data we reviewed (national dashboard and one regional dashboard), we estimate that the rate of missed appointments is still about 24%.<sup>7</sup>
- 1.63 The Ministry plans to offer full case management appointments by telephone for some clients. If clients do not have to visit the service centre, it could increase the number of appointments kept.
- 1.64 The Government made a specific provision in the 2013 welfare reform legislation that required case managers to place sanctions<sup>8</sup> on clients who did not comply with their obligations. Case managers use this system of sanctions to encourage clients to re-engage with the service. Where clients do re-engage, the sanction can be lifted. Clients have safeguards that enable them to dispute decisions. Clients can also ask for reviews of decisions.
- 1.65 We identified in 2014 that case managers were sometimes reluctant to put sanctions on clients who regularly missed appointments. We understand that it is difficult for case managers to take away a client's source of income. Case managers worry about the adverse effects of imposing sanctions that lead to the reduction, cancellation, or suspension of benefit payments. They worry about the client and their dependants. They also worry about bad publicity or complaints. This was why we recommended in 2014 that managers should provide more support to case managers.
- 1.66 Recent Ministry data shows that, between June 2015 and June 2017, most of the sanctions imposed were for clients who missed appointments. For example, in the three months to June 2017, clients who failed to attend appointments accounted for 63.7% of the total sanctions applied.
- 1.67 The Ministry's use of sanctions is highly variable from year to year and within years. The number of sanctions related to appointments missed fell from a high of over 12,000 in June 2015 to a low of about 7000 in March 2016. Since then, the number has fluctuated with no discernible pattern.
- 1.68 Client behaviour is likely to account for some, but not all, of this variation. The application of discretion at a local level and management attention are equally likely to affect the rate at which sanctions are applied. For these reasons, direct year-on-year comparisons of the raw numbers has some limits.

<sup>7</sup> The Ministry no longer reports appointments data in the same way it did in 2014 when we did our last analysis.

<sup>8</sup> A sanction is a scaled reduction in benefit payment, based on the level of client non-compliance with their obligations.

- 1.69 Although the rate of sanctions applied varies, the percentage of missed scheduled appointments is about the same as it was in 2014. This may suggest a weak correlation between the application of sanctions and increased compliance with obligations by clients. This could be a matter for the Ministry to explore further.

### **The Ministry's progress on improving the quality of letters to clients**

- 1.70 In 2014, we saw room to improve the quality of letters the Ministry was sending to clients. The letters were impersonal and did not always have enough information for clients to understand the calculations of a benefit payment or arrears notice. Some clients told us they would get multiple letters after they told the Ministry about small changes in their circumstances.
- 1.71 The Ministry said there was only so much it could do to improve the content and presentation of existing letters because of the limitations of its SWIFTT software, which produces the letters.<sup>9</sup> The Ministry has made some format changes to the SWIFTT letters, including font changes and bolding important information. The new letters we saw had some minor improvements but they could still be confusing.
- 1.72 The Ministry also made changes to SWIFTT so it produces only one letter a day for any one client irrespective of the number of actions performed on the client's account.
- 1.73 The Ministry's Simplification programme has been making changes and investing in technology to simplify transactions and improve communication with clients. The Ministry has:
- introduced "online correspondence", which allows clients to use the MyMSD service to view their letters online and get email alerts when they have new correspondence. Clients have viewed more than one million pieces of correspondence online since August 2016;
  - identified and removed unnecessary letters – the Ministry has sent out 1.3 million fewer letters in the period since our 2014 audit than if no changes had been made; and
  - updated the general information on the Ministry's website to explain the actions clients can take online. This includes providing direct links to review rights information and forms, and clearer information about when clients need to tell their case managers about changes to their circumstances.
- 1.74 The Ministry told us it planned to move all clients to receiving only online correspondence from March 2017 (unless the client opts out), starting with those who currently use MyMSD.

1.75 All these actions go some way to addressing our recommendation. However, in our view, the letters will remain less than satisfactory until the Ministry replaces SWIFTT. As SWIFTT pays benefits to clients reliably, the Ministry is not considering a replacement within at least the next five years.



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