



June 3rd 2020

EMPLOYMENT SUPPORT SERVICES: Benchmarking outcomes, activities, hours and price

Contents:	Page
Matrix Template	1
Commentary	5
Intent of proposed Changes	5
The Main Changes	5
Other Observations and Issues to Note	7
Project Brief from MSD	9

Employment Support: Benchmarking Outcomes, Key Activity, Hours and Price

Outcome Milestones	Key Activities and Pathways	Indicative hours	Price
<p>1. <u>Enrolment & Planning</u></p> <p>(Practice Guidelines 1- 4)</p>	<ul style="list-style-type: none"> • Processing referrals and determining eligibility • Determining initial pathway (existing vacancy/partially customised/fully customised/training) • High level initial planning and goal setting • Initial Job seeker profile • Accessible Information about benefit/wage dynamics • Family/personal network and agency liaison 	15hrs	\$900
<p>2. <u>Job Development & Employment Outcome (placement)</u></p> <p>(Practice Guidelines 4 – 6)</p>	<p>2.1 Existing vacancy pathway</p> <ul style="list-style-type: none"> • Detailed job seeker profile and career plan • CV preparation • Job search and interview support/coaching • Employment proposal (including accommodations and support plan) • Employment offer and negotiation <p>2.2 Partially customised pathway</p> <ul style="list-style-type: none"> • Existing vacancy but with modifications/adaptations to tasks/role • Some discovery process /job exploration activity; minor to moderate job carving analysis • Coaching and mentoring/pastoral support • Job development proposal including accommodations and adaptations • Initial in work support plan • Proposal negotiation and agreement <p>2.3 Fully Customised Pathway</p> <ul style="list-style-type: none"> • Comprehensive discovery process • Employer research including comprehensive job carving analysis • Job development proposal/s (customised employment opportunity) 	20hrs	\$1200
		40hrs	\$2,400
		90hrs	\$5,400

	<ul style="list-style-type: none"> • Initial in work support plan • Coaching and mentoring support; pastoral support • Proposal negotiation and agreement (placement) • Self-employment/micro enterprise proposal and plan <p>2.4 Training pathway</p> <p>a) Prior to leaving school:</p> <ul style="list-style-type: none"> • Planning and engagement in Job exploration, work experience, internships, vocational/tertiary training pathways • 12-month activity and support plan <p>b) Post school</p> <ul style="list-style-type: none"> • Identification of suitable/accessible training opportunity specifically linked to employment goals • Training support plan including access needs 	30hrs	\$1,800
<p>3. <u>Continuing employment milestone 3 months</u></p> <p>(Practice Guidelines 4 – 6)</p>	<p>3.1 Existing vacancy pathway</p> <ul style="list-style-type: none"> • Monitoring of support plan/accommodations; coaching and mentoring • Employer and employee liaison and feedback • Changes and shaping of support in response to feedback • Fade to natural supports <p>3.2 Partially Customised pathway</p> <ul style="list-style-type: none"> • In-work support including facilitation of co-worker relationships, some systematic instruction; on-boarding co-worker support roles • Supporting co-workers/supervisors in use of training techniques; use of accommodations and any assistive technology • Monitoring support plan; coaching and mentoring; pastoral support • Fade to natural supports <p>3.3 Fully Customised Pathway</p> <ul style="list-style-type: none"> • Comprehensive Intensive in-work support including facilitation of co-worker relationships, systematic instruction, and on-boarding co-worker support roles • Supporting co-workers/supervisors to use systematic instruction including use of accommodations and any assistive technology • Monitoring support plan; coaching and mentoring; pastoral support 	15hrs	\$900
		40hrs	\$2,400
		80hrs	\$4,800

	<ul style="list-style-type: none"> • Begin fading to natural supports • Self-employment/micro enterprise implementation <p>3.4 Training Pathway</p> <p>a) <u>Prior to leaving school:</u></p> <ul style="list-style-type: none"> • Engagement and support to implement activity plan <p>b) <u>Post school:</u></p> <ul style="list-style-type: none"> • Supporting course registration, enrolment and fee payment • Organising learner support/resources • Monitor support plan 	20hrs	\$1,200
		5hrs	\$300
<p>4. <u>Post Placement Support (6,9 and 12 months)</u></p> <p>(Practice Guidelines 4 – 6)</p>	<p>4.1 Existing Vacancy Pathway</p> <ul style="list-style-type: none"> • Respond to employee/employer requests for job retention/re-training, support and guidance activity <p>4.2 Partially Customised pathway</p> <ul style="list-style-type: none"> • Periodic liaison with employers, co-workers and network; continue monitoring of support plan; coaching and mentoring; pastoral support • Growing hours and responsibilities <p>4.3 Fully Customised Pathway</p> <ul style="list-style-type: none"> • Regular liaison with employers, co-workers and network; continue monitoring of support plan; coaching and mentoring; pastoral support • Growing hours and responsibilities • Negotiate fading to natural supports <p>4.4 Training pathway</p> <p>a) Prior to leaving school</p> <ul style="list-style-type: none"> • Monitoring, review and ongoing support of activity plan <p>b) Post school</p> <ul style="list-style-type: none"> • Monitor support plan and return to existing vacancy employment pathway (at conclusion of training). 	10hrs x3	\$1,800
		20hrs x3	\$3,600
		50hrs x3	\$9,000
		10hrs x 3	\$1,800
		2hrs x3	\$360
<p>5. <u>Ongoing and ad hoc support (Post 12 Months)</u></p> <p>(upon application)</p>	<p>5.1 Existing Vacancy Pathway</p> <ul style="list-style-type: none"> • Job retention, retraining, growing hours and career planning support; mentoring and pastoral support 	15	\$900

(Practice Guidelines 4 – 6)	<p>5.2 <u>Partially Customised Pathway</u></p> <ul style="list-style-type: none"> • Job retention, re-training; re-negotiation of job development proposal/growing hours and co-worker support plan; pastoral support <p>5.3 <u>Fully Customised Pathway</u></p> <ul style="list-style-type: none"> • Job retention, re-training; re-negotiation of job development proposal/growing hours and co-worker support plan; intensive pastoral support <p>5.4 <u>Training Pathway (final year of school)</u></p> <ul style="list-style-type: none"> • Review and development of activity plan for work experience, internships and a comprehensive transition from school to work plan 	25	\$1,500
<p>6 <u>Employer/stakeholder Engagement And Development</u></p> <p>(upon application)</p> <p>(Practice Guidelines 7 and 8)</p>	<p>6.1 <u>Inclusion or Accessibility Audit service</u></p> <ul style="list-style-type: none"> • Recognised/accredited programmes <p>6.2 <u>Confident Employer training sessions</u></p> <ul style="list-style-type: none"> • Recognised/accredited programmes <p>6.3 <u>Marketing and brand awareness project activity</u></p> <ul style="list-style-type: none"> • Involving employers, stakeholders, families and whanau • Proposals that emphasise collaborative effort across agencies and communities 	Up to 100 hrs	\$6,000
		Up to 100 hrs	\$6,000
		Up to 100 hrs	\$6,000

To facilitate discussion, analysis and feedback a draft of this template and supporting notes were shared with the NZDSN Employment Advisory Committee, other providers and the consultants involved in the development of the Employment Support Diploma qualification. Zoom sessions were held to consolidate and further analyse feedback.

Commentary

The intent of the proposed changes:

- To align the allocation of effort (hours) to those activities that will increase the likelihood of an employment outcome as evidenced in the Employment Support Practice Guidelines
- To recognise that a bigger investment in job development activities and the first 3 month's post placement support will more likely lead to sustainable employment outcomes.
- To reflect a "pathways" approach based on the degree of customisation rather than the current SLI rating system which can easily under or over represent the support required.
- To dis-incentivise "place and pray" approaches where the focus is on short term outputs (enrolment/planning and three-month employment milestones – with a wage subsidy thrown in for good measure) rather than more sustainable employment outcomes of 12 months and beyond.
- To reduce the number of "price points" in a milestone payments system and thus reduce the administrative burden
- To increase the hours available for ongoing and ad hoc support – these have been combined into single payment within each of the proposed employment pathways.
- A recognition of self-employment as a valued employment pathway.
- To recognise the value of a training pathway when this is linked to a specific employment outcome – both for school leavers and post school.
- A final service component has been added (as additional hours) to focus on innovative approaches on the demand side of the employment equation: Supporting employer confidence and family aspiration. This could operate along the lines of an "innovations fund."

The main changes are:

1. **A "Pathways" Approach.** Upon enrolment and through initial planning a pathway is determined based on a combination of the outcomes being sought and how customised the service response will need to be:
 - 1.1 **Existing vacancy pathway** where the person is being supported to fill an existing vacancy with minimal changes to the role and tasks as outlined by the employer/in the job description
 - 1.2 **Partially customised pathway** where moderate levels of adaptation to the role and key tasks are negotiated.
 - 1.3 **Fully customised pathway** where extensive job carving and adaptation create a new role that is negotiated. This pathway also includes self-employment/micro-enterprise development.
 - 1.4 **Training pathway** that is designed either with an individual in their last 2 years at school or post school.

Key activities in each pathway are outlined to provide guidance on how to match individuals with the appropriate pathway. Note that the term “**pastoral support**” is used to describe a broad range of coaching, mentoring and counselling activity provided to people with significant mental health conditions who have chosen not to disclose their use of an employment support service and/or their mental health status.

2. **Enrolment and some initial planning has been combined into a single outcome** to increase the likelihood that people will be positively engaged and so that income cannot be generated just from enrolment.
3. **Pre-employment activity and placement has been combined and replaced with a single outcome payment called “Job Development and Employment (placement).”** This has been done to ensure that job development activity is genuinely focused on sustainable employment outcomes.
4. **Removed the link between payment levels and hours of employment.** If the focus is on outcomes, then the hours employed are not necessarily relevant. A 5 hour per week job that is fully customised can be just as life changing as a 30 hr per week job secured through the existing vacancy pathway. A person centred approach assumes the employment consultant will respond if the person’s aspirations are increased hours of work.
5. **Reduced payment for those on wage subsidies has been removed.** In anticipation of a labour market where unemployment is high we can assume extensive use of subsidised jobs through various schemes. We should still emphasise good practice that minimises the use of wage subsidies and limits them to a one-off maximum of 3 months in duration, but acknowledges the specific role they can play in securing a long term employment outcome. Practices should be monitored through audit be exception for example where there is a high proportion of use with few employment outcomes beyond 3 or 6 months. **The productivity allowance should be abandoned** as a “minimum wage exemption in disguise.”
6. **A training pathway has been added and then split into two variations** based on the recent decision that allows providers to work with students for up to two years before leaving school. The **post school training pathway** is designed to link people with very specific course/programmes linked to the actual employment outcome being sought. The link must be real – we do not want to incentivise a “training treadmill.” The **prior to leaving school training pathway** enables a focus on job exploration, work experience, internships and comprehensive transition from school to work planning. **This pathway represents additional hours that have been added.** The allocation of hours assumes these activities are a shared endeavour with schools. If the effort becomes a focus on a specific employment outcome as part of leaving school, the person should transition to one of the three employment pathways.
7. **The post 12 months in work support and ad hoc support components have been rolled into a single payment** within each of the proposed employment pathways: ongoing/ad hoc support
8. **Adding self-employment and/or Micro enterprise development to the fully customised employment pathway.** Key activity descriptors for this pathway need further specifying. Self-employment needs to be a formally recognised approach to achieving sustainable employment outcomes.
9. **Employer/Stakeholder engagement and development has been introduced to better reflect practice guidelines 7 and 8. They are additional hours** and could be regarded as something of an “innovations fund” to reflect the lack of and variable activity in this space at present. There are some caveats to note:
 - (i) There will need to be a process that vets or accredits proposed programmes to ensure they meet appropriate standards and to ensure that there is not too much duplicated effort in a particular area. Provision also needs to be made for specialist providers (employer led; family led initiatives; and collaborations for example) to apply for just this service component.

- (ii) This is an opportunity to recognise collaborative effort across various stakeholder groups and regions that can drive aspirations, focus on enhancing quality and improved employment outcomes.

Other observations and issues to note:

Determining eligibility

At present MSD is reporting a 10% rate where the issue of eligibility is contested. Alternatively, for 90% of enrolments eligibility is not contested. There are differing views on the substance of the 10% that are contested: lack of training/awareness of MSD officials; providers pushing the envelope/not providing enough or the right kind of information. Frequently the issue appears to be resolved by defaulting to a diagnostic description. We think the proposed pathways approach may solve some of these issues by having both parties relating to the key activities in each pathway. We also think that being on the SLP or being ORRS verified should be straight forward proxies for eligibility. In the end – is contesting the eligibility for 10% of enrolments a problem? If messaging is consistent the percentage should reduce over time. It is important to note that “approval from Work and Income” is a barrier for some individuals who then choose not to engage.

Splitting milestone payments

There is a considerable amount of activity focused on collaborative effort across providers peppered with what is regarded by some as healthy competition. Whether by design or default there are specialities emerging across providers that are well-recognised by providers themselves as well as by clients and families. These specialities are based on expertise and experience with particular client groups as well as organisations that have become recognised specialists un particular components of the service pathway for example planning, job development or employer engagement/negotiation. However, such collaborative effort is stymied by the requirement for clients to stay with a single provider or only use one provider at a time - and no provision to split payments across providers for undertaking specific components of the service pathway. One of the reasons provided for not allowing split payments is that SORT won't allow it. This would have to be the least compelling reason possible. Enabling split payments that brings the best the system has to match the needs of a specific client would seem to be a no brainer. An example would be a provider whose speciality is planning with people who are deaf, but would want the person to access the marketing and employer engagement skills of a provider well recognised in this area.

Innovations fund

We have added a service component that would essentially function as an innovations fund in areas like confident employer training, access/inclusion audits, developing family aspirations and raising provider brand awareness. However other initiatives could also benefit from investment in this way: transition from school to work collaborations, internship programmes, mentoring programmes, employer operated support programmes and so on. Demand side focused initiatives have proven value in growing repeat business from employers. The concept of an innovations should be considered.

Self-Reviews

Current contracts require providers to undertake a self-review as outlined in the Employment Practice Guidelines. Such reviews can collectively provide a rich source of aggregated information to guide ongoing quality improvement across the sector as well as informing professional and workforce development priorities. The information could also be used to inform ongoing service design and changes to commissioning. It is important that a process is in place to receive the result of these annual self-reviews, and that the information is aggregated and made available to providers, funders and those using services. A robust self-review process also sets up organisations well for independent developmental evaluation.

Administrative burden/pricing

Providers regularly comment on the heavy administrative burden and cash flow challenges associated with milestone payments. We have tried to address some aspects of this by reducing the number of price points, however the burden associated with high transaction costs (mostly invoicing and reporting) will largely remain. These costs need to be reflected in pricing. Applying for ongoing/ad hoc support post 12 months is also regularly described as time consuming – this needs to be further explored.

Allowing for diverse and rapidly changing labour markets.

It has long been recognised that there are features of the New Zealand labour market related to regional and industry specific differences that make for “precarious” employment as the norm. Usually this has been related to regions where seasonal work dominates the market and the idea of permanent year round employment is relatively unusual. With the fall-out from COVID-19, together with rapidly advancing technology changes, there will be an added overlay of industry specific circumstances, a likely increase in precarious employment and where permanent employment will be very hard won, particularly in some regions – tourism related work being a current case in point. In such a context competition for existing permanent vacancies will be intense. This means that employment support providers will have to be that much better at “developing jobs:” well-crafted proposals that create a job opportunity for a specific individual *and* provide productivity gains for the employer. In regions and industries where precarious employment prevails these roles are likely to be casual, seasonal and temporary - and in the medium term, where wage subsidy/job creation schemes are common. All these contextual factors need to be considered when evaluating provider performance. Outcomes based contract payments need to be able to respond to the reality of episodic employment – based on the vagaries of the labour market and the varying impact of some impairments and health conditions.

Benchmarking hours and pricing

The project brief asked us to work within current contract pricing. This meant an emphasis on re-aligning the existing resource across the various service components and price points. While this may lead to a better emphasis on those activities that are likely to lead to more sustainable employment outcomes the reality is that the current total of hours and pricing falls short of what is actually needed. Given the practices and approaches outlined in the Employment Practice Guidelines we estimate that hours are approximately 100 short – and if available need to be added to job development/placement and ongoing/ad hoc support. Furthermore, the actual cost of all inputs, including a modest margin of 2% is in the vicinity of \$70 per hour, not the current \$60. This estimate is based on similar costs and salaries in the mainstream recruitment and career development industry, along with the actual costs of current providers.

Some further discussion on the distribution of hours across the various service components may be warranted to ensure that this is well matched to the intent of the changes – a greater investment in the job development process and the first 3 month’s post placement along with a job retention focus post 12 months. There is scope to shift further hours from the 6,9and 12month continuous employment payments into job development/placement, 3month employment milestone and ongoing/ad hoc support post 12 months.

Project Brief from MSD

As discussed, we would like some advice from NZDSN about possible settings for the Employment Service in a post Covid-19 world.

We are interested in the thoughts your group has already had as well as consideration of some specific areas:

- Overall alignment with the Employment Support guidelines
- Work readiness including whether someone enrolling in training to better their employment prospects and being supported through this training should be a milestone
- Should we incentivise job carving, if so, how?
- Eligibility for the service. At the moment the criteria are wide. As we have discussed previously, 90% of the time providers give us good descriptions of the disability, and more importantly, barriers to employment. However, some enrolment information isn’t robust and almost feels like providers have gone looking for something to retrofit so the person is eligible for the service. If we can hit on the right criteria we can make sure the service is targeting the right people and save everyone administration time
- Enrolments: There are providers with very high number of enrolments, they place a reasonable number of people into employment but often this is fixed term, short term or 90 trial employment that is not sustained. Or people are not placed in employment, the enrolment is ended after a year and they are re-enrolled in the service generating another fee
- Should we continue with the funding differential for people employed on Mainstream wage subsidies now we have changed the settings for Mainstream? What about people employed on Productivity Allowances, Flexi Wage or other subsidies that might be part of post Covid-19 life?
- Is there enough support to keep people in work who have been employed long term – currently covered by the ad hoc payment

Any changes will need to be made within the existing funding and with the existing contracted providers (most have contracts to 30 June 2024).

We will need the advice quickly, ideally by the end of May so we can use it to make and communicate decisions by the end of June. Implementation will take time because we need to make changes to SORT, vary contracts etc.