

A photograph of a family (a man, a woman, and a child) walking away from the camera on a sandy path through tall, dry grass. The path leads towards a small wooden bridge or boardwalk in the distance. The scene is captured from a high angle. Overlaid on the image is a large, semi-transparent circular graphic composed of several concentric rings. Four small, solid yellow circles are positioned at the intersections of these rings, creating a stylized, abstract design.

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**Partnered delivery
in social investment**
A path to better
outcomes



Introduction

Partnered delivery stands as a cornerstone of effective social investment. Evidence consistently shows that services and interventions delivered close to the communities they serve are more effective, trusted, and yield better outcomes. The proximity and familiarity foster trust and relevance, essential components for successful social programmes.

Service delivery during the COVID19 pandemic provided an excellent proof point of this – reaching communities to provide immediate social supports, to deliver vaccination campaigns, and meet health needs, all drew on a network of community-based providers with much greater success than government-led services.

There are various approaches to partnered delivery, ranging from traditional contracting to full devolution. Each represents a strategic choice with distinct implications for how services are managed and delivered. This article delves into commissioning, particularly outcomes-based commissioning, recognised globally as best practice.

Outcomes-based commissioning

Outcomes-based commissioning (OBC) is a strategy where funding is tied to the achievement of specific, measurable outcomes rather than the provision of specific services or outputs. This approach shifts the focus from inputs and processes to the actual impact on individuals and communities. It also allows for greater freedom for providers to develop the set of inputs and activities that will create the desired outcomes based on their knowledge of community context, rather than relying on the funder to specify this. By aligning incentives with desired outcomes, OBC encourages innovation, efficiency, and a stronger emphasis on meeting the needs of service users.

How is New Zealand performing?

The New Zealand Government delivers a significant level of services through partnered provision, reflecting a commitment to leveraging community-based organisations and specialist providers to deliver essential services. However it is difficult to get a clear view of how much public sector organisations spend through commissioning and funding services (or the reverse view of what regions, providers and communities are receiving in public funding).

Alongside this increase in partnered delivery, New Zealand has been on a committed path to shift towards outcomes-based commissioning, particularly in health and social services.

Despite this commitment, much of the current practice remains at the level of contracting, with elements of commissioning integrated around it. This transitional phase presents both opportunities and challenges for providers and commissioners alike.

Challenges in the current system

The hurdles faced by providers and commissioners of services are often two sides of the same coin – neither side is able to be most effective in working together.

Challenge	Providers	Commissioners
Clarity of Outcomes	Difficulty in understanding and aligning with outcome expectations	Struggle to define and measure outcomes effectively
Capacity & Capability	Limited resources and skills to implement and manage outcome-focused programmes	Need for greater investment in building internal capabilities for outcome-based commissioning
Data & Evidence	Insufficient access to data and evidence to inform service design and delivery	Challenges in collecting, analysing, and using data to drive decisions
Flexibility & Innovation	Restricted by rigid contracts and funding arrangements	Balancing flexibility with accountability and risk management
Collaboration & Integration	Difficulty in fostering collaboration among multiple stakeholders	Need for integrated approaches across different sectors and agencies
Sustainability	Uncertainty about long-term funding and support for innovative initiatives	Ensuring sustainable funding models that incentivise long-term planning and investment in preventative measures

What does the next frontier of social commissioning look like?

To achieve excellence in outcomes-based commissioning, we can look at the stages of high quality commissioning, as reflected in the “commissioning wheel” and the four major roles that government agencies can play in shaping the commissioning landscape.



In working with community, community-led, social and private providers, government needs to play four major roles:

Strategist

Through identifying needs and defining outcomes, Government acts as a 'strategist' – working collaboratively and providing clarity on what success looks like. Key enablers of this role are:

- **Clear investment strategies:** Applying investment disciplines to set out medium- and long-term objectives at the cohort level will enable alignment and collaboration, encourage innovation and investment into delivery, and provide the shared frame for measuring success.
- **Outcome frameworks and tools:** The Government can invest in evidence-based, peer-reviewed outcomes taxonomies and standards, available to providers and funders to support independent evaluation of interventions in a standardised way.

Steward

Through management of performance against expectations, and long-term, community-informed evaluation of outcomes, Government acts as a 'steward' of the quality and learning of the system. Key enablers of this role are:

- **Capacity building:** Investing in the skills and capabilities of both providers and commissioners to manage outcomes-based models effectively. Offering targeted support and resources (whether direct funding, or provision of shared capabilities) for capability and capacity building, including training and organisational strengthening, can enhance the capability of providers to deliver high-quality, impactful services.
- **Evaluation standards and tools:** Establishing a consistent framework for evaluation, and guidance for selecting appropriate evaluation methodologies and indicators, will improve the credibility, reliability and comparability of evaluation, and promote best practice in evaluation and evidence-based learning.

Operator

Through smart commissioning, procurement and contracting and management of performance, Government acts as an efficient and effective 'operator' of commissioning delivery. Key enablers of this role are:

- **Robust data infrastructure:** The Government can work towards establishing mechanisms for improved data sharing and collaboration between government agencies, local authorities, and providers. This could involve creating platforms for sharing community needs data and projections, informing service delivery and improvement, and identifying opportunities for collaboration and shaping the provider sector.
- **Using smart AI:** AI can analyse large datasets to identify patterns, trends and insights to inform commissioning choices, and can forecast and model service demands and outcomes to better inform strategic planning and resource allocation.
- **Outcome based contracts:** Moving away from purely output-focused contracts towards outcome-based contracting models (that operate across agencies / appropriations) can enable providers to deliver more holistic and impactful services, aligning with community needs and long-term sustainability. Creating flexible frameworks within contracts (including in reporting and evaluation standards) to reflect evolving community needs and service delivery models can empower providers to innovate and respond effectively to changing circumstances.

- **Simplified regulatory regimes:** The Government can streamline compliance requirements and reporting obligations, ensuring that these processes are proportional and not overly burdensome for providers, and are consistent or consolidated across agencies. Ensuring stability and clarity in regulatory frameworks can support providers in maintaining compliance and adapting their operations to changing legal and regulatory landscapes.

Catalyst

Through collaborative design, market shaping and careful consideration of incentives, supports and structures, Government acts as a 'catalyst' to create the right ecosystem of provision. Key enablers of this role are:

- **Flexible funding models:** Designing funding arrangements that allow for innovation and adaptability while maintaining accountability.
- **Inclusive co-design approaches:** Providing opportunities and establishing funding / support for providers to actively participate in policy development and decision-making processes can ensure that government strategies are informed by frontline expertise and community needs. Defining and working to shared understanding of what consultation and co-design means, with clear expectations of decision rights and what happens with the outputs from collaborative processes.
- **Sustainable Investment:** Implementing longer funding cycles and providing greater certainty in funding streams can support providers in planning and implementing sustainable solutions, reducing operational uncertainty and enabling better service delivery.

CASE STUDY

The UK Justice Data Lab

The Justice Data Lab, launched by the UK Ministry of Justice in 2013, is a pioneering platform designed to provide social sector organisations with access to data on the impact of their services. The lab allows charities and other service providers working in criminal justice to evaluate their interventions using robust data on reoffending rates. This initiative is part of a broader effort to improve the commissioning of services by empowering providers with insights to improve outcomes.

How it works

Access to government data: The Justice Data Lab gives social sector organisations access to anonymised government data on the individuals they've worked with, specifically around reoffending rates. Organisations can submit data on their service users, and the lab provides detailed analysis comparing the reoffending rates of their clients against a matched control group.

Supporting service design: By providing this data, the platform helps organisations understand the effectiveness of their interventions, allowing them to refine and better target their services. For example, if a rehabilitation program is found to reduce reoffending by 10% compared to the national average, the organisation can use this insight to improve service delivery and demonstrate impact to funders.

Commissioning decisions: This data-driven approach has been instrumental in informing commissioning decisions. Commissioners in the justice sector can use this data to fund programs that have been proven to work, making public spending more effective by focusing resources on evidence-based interventions.

Impact of digital tools on service delivery:

Informed service providers: Social sector providers working in areas such as rehabilitation, probation, and re-entry programs now have access to hard data to assess their services. This has improved the design of interventions, enabling providers to make data-backed decisions and improve their impact on reducing reoffending.

Evidence-based commissioning: The platform has enabled more effective, evidence-based commissioning of services. Funders and commissioners can now make decisions based on rigorous data, supporting the programs with the most demonstrated positive outcomes. This improves resource allocation and encourages innovation among providers seeking to improve their services.

Scaling of successful programs:

Successful programs are more likely to receive further investment and scaling opportunities because of the proven effectiveness shown by the data lab results. This creates a positive feedback loop where programs that work are expanded, and those that don't can be adapted or discontinued.

Long-term SROI

The Justice Data Lab helps create a culture of continuous improvement in service design, driven by real-world data. Over time, this has resulted in more effective rehabilitation services, better outcomes for individuals involved in the criminal justice system, and reduced reoffending rates—delivering significant long-term social and financial returns by reducing the burden on the prison system and improving public safety.

CASE STUDY

Scotland's Whole System Approach to youth justice

Introduced in 2011, the Whole System Approach (WSA) is a strategy by the Scottish Government aimed at reducing youth offending and improving outcomes for young people at risk of entering the criminal justice system. Rather than addressing youth offending through isolated services, WSA uses a cohort-based approach that involves multiple agencies (including education, social services, health, and justice) working together across a range of interventions to provide tailored, long-term support for each young person.

How it works

Joined-up services: WSA coordinates services across various sectors, ensuring that young people receive comprehensive support addressing their multiple and often complex needs, such as mental health services, educational support, substance abuse treatment, and family intervention programs. The approach follows young people through different stages of intervention, from early prevention to reintegration after any involvement with the justice system.

Cohort-based focus: Rather than looking at individual services in isolation, WSA looks at youth offenders as a cohort with shared needs. This cohort-based model focuses on early identification and continuous support for at-risk youth to prevent offending and reduce reoffending. The services are not siloed but instead designed to follow individuals over time, addressing root causes like family instability, education issues, or substance abuse.

Multiple time horizons: The approach includes both short-term interventions (like police warnings and community-based responses) and long-term support (such as mental health care, education re-engagement, and family interventions). By focusing on both immediate needs and long-term development, the WSA supports the cohort over different stages of their lives, helping them transition away from offending and into more stable, positive outcomes.

Impact on service delivery:

Improved results: By focusing on outcomes rather than outputs, NSW has seen better results in areas such as reducing homelessness, improving child protection services, and enhancing mental health support. For instance, in housing services, outcomes-focused contracts have led to more sustainable housing solutions, with service providers being incentivised to help clients achieve long-term stability rather than just temporary housing.

Flexibility and innovation: This commissioning approach has given providers more flexibility to innovate. Instead of being tied to rigid output-based contracts, they can adapt their methods to best achieve the outcomes.

For example, a service provider may experiment with different approaches to support at-risk families if it aligns with the broader goal of improving family well-being.

Reduced administrative burden:

Streamlining reporting has also cut down on bureaucracy, allowing service providers to focus their resources on delivering better services. The outcome data that is required is more meaningful and helps both the government and providers understand what's working and what isn't, enabling continuous improvement.

Long-term SROI

The WSA has not only led to better outcomes for young people and reduced crime but also delivered financial savings for the justice system and other public services. By preventing offending and reoffending through early intervention and cross-sector collaboration, the program has reduced the costs associated with court proceedings, detention, and long-term social care. The investment in early intervention has resulted in long-term social and economic benefits, both for the individuals involved and for society as a whole.

CASE STUDY

New South Wales human services outcomes framework

In 2017, the New South Wales government introduced an outcomes-focused approach to the commissioning of human services across the state. This framework aimed to streamline reporting and performance management, moving away from output-based contracts (focused on quantity of services) toward contracts that are focused on achieving measurable social outcomes. The approach has been applied across sectors such as housing, health, and social services to ensure that government-funded programs are delivering meaningful, long-term results for individuals and communities.

How it works

Outcomes-focused contracts: Under this framework, contracts for service providers are now based on achieving specific, agreed-upon outcomes rather than simply delivering a set number of services. For example, in the housing sector, contracts may focus on long-term housing stability and improved quality of life for residents, rather than just the number of people housed.

Streamlined reporting: The framework includes simplified reporting requirements for service providers, reducing the administrative burden and focusing more on performance data that tracks outcomes. This allows providers to focus more on delivering services rather than on paperwork, while still being accountable for the results of their interventions.

Data-driven performance management: Providers are required to report on key performance indicators (KPIs) that align with the desired outcomes (such as reductions in homelessness or improvements in mental health).

These KPIs are tracked over time to assess whether services are making a real impact. The government provides digital tools and data to assist providers in tracking these outcomes, which helps improve both performance management and accountability.

Impact of digital tools on service delivery:

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Long-term SROI

By aligning service delivery with desired social outcomes, NSW's outcomes-based commissioning has delivered more effective services, reduced costs associated with less effective interventions, and created better social and financial returns. For instance, successful housing programs reduce reliance on emergency shelters and crisis interventions, saving money while delivering better long-term results for service users.

How to get started

For organisations looking to transition to outcomes-based commissioning, a structured approach is essential. Assuming you have an investment strategy in place, here are the steps to get started:

1. Walk before you run

Before diving into outcomes-based commissioning, ensure your contracting processes are robust and well-managed. This foundational step is crucial for building a system capable of supporting more advanced commissioning models.

2. Start with small risk for the commissioner, and big value to the provider

Reviewing and consolidating contracts for scale providers is relatively low risk for a commissioner – provider maturity is likely to be higher, and commissioners are not introducing new spend or contracts. For providers, the potential impact in streamlined contract administration and reporting can be significant. Measuring the impact of the changes – as well as learning more about what works – provide a blueprint for making change at scale.

3. Understand your current portfolio

Evaluate your existing portfolio to determine how well it aligns with your objectives and serves your target cohorts. Many commissioners struggle to understand investment by cohort or even region.

A first step to understanding is to use contracting or spend data to build a single view of funding by provider. This also helps identify priority partnerships and opportunities for streamlining current portfolio.

4. Assess portfolio and commissioning maturity and gaps

Conduct a thorough assessment of your organisation's maturity in commissioning practices. Identify gaps not only within your own processes but also in the provider ecosystem. Assess the portfolio's adherence to the evidence base and identify areas for improvement.

Build a prioritised action plan to address the biggest gaps or unknowns relative to your target cohorts.

5. Shift focus to cohorts and investment objectives

Transitioning to genuine commissioning requires a fundamental shift from focusing on expenditure to prioritising cohorts and outcomes. Defining the cohorts that you are investing in, and defining your investment objectives (with providers and communities) will signal to partners and collaborators what you are focused on, and how you will measure success. This shift encourages cross-commissioner collaboration and integrated working.

6. Invest in the data and digital infrastructure for the ecosystem

Effective outcomes-based commissioning relies on robust digital and data infrastructure throughout the ecosystem.. Invest in systems that enable comprehensive data collection, analysis, and reporting to support decision-making and performance measurement. Work differently with the provider sector by playing a more active role in shaping, stewarding, and building capability. This will involve greater infrastructural investment to ensure providers have the capacity to deliver on outcomes.

Conclusion

Partnered delivery and outcomes-based commissioning are a transformative pillar of social investment. By focusing on outcomes and leveraging community-based delivery, we can achieve more effective, trusted, and sustainable social services. However, this shift requires careful planning, capacity building, and a commitment to continuous improvement.

In our next article, we will explore the critical role of digital and data infrastructure in supporting outcomes-based commissioning. We will provide insights into how organisations can build the necessary systems to capture, analyse, and use data effectively, ensuring that social investments deliver the desired impact.

Stay tuned for more insights into the evolving landscape of social investment and how we can work together to create a better future for all.

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Social Investment series



Social investment in action

We know too many people in our society are experiencing poor life outcomes and many children are at risk. Putting pressure on this, in the coming decades a combination of the ageing population, low productivity and revenue growth, and the need to reduce government debt will impose immense fiscal pressures.



From spend reallocation to strategic investment management

The defining feature of social investment is that an investment approach spends today in expectation of a future return or outcome. This paper sets out a view of systemic investing, applying investment disciplines to turbo charge New Zealand's social investment approach.



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