BRIEFING

WHĀNAU ORA NAVIGATOR FUNDING ALLOCATION

Date:	12 May 2015	**Priority**	High
Classification	In confidence	**Tracking Number**	28939

Action sought	**Date action required by**
Note the additional navigator funding made available through Budget 2015 $12.44m per year for four years; **Note** there are four options for allocating the additional $12.44m of navigator funding across the three Whānau Ora Commissioning Agencies; **Agree** to consult with Commissioning Agencies prior to allocating the funding and Budget 2015 announcements; **Approve** Option 2: to give the Commissioning Agencies an indicative range of funding based on the commissioning funding allocation and require the Commissioning Agencies to prepare short proposals outlining how they propose to use the funding	15 May 2015

Contact for telephone discussion (if required)				
Name	**Position**	**Telephone**	**Mobile**	**1st contact**
Di Grennell	Deputy Chief Executive, Regional Partnerships	04 819 6147	027 589 6374	X
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Other Agencies Consulted					
☐ MBIE	☐ MoJ	☐ NZTE	☐ MSD	☐ TEC	☐ MoE
☐ MFAT	☐ MPI	☐ MfE	☐ DIA	☐ Treasury	☐ MoH
☐ Other					

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Minister's office to complete:

- ☐ Approved
- ☐ Noted
- ☐ Seen
- ☐ See Minister's Notes
- ☐ Declined
- ☐ Needs change
- ☐ Overtaken by Events
- ☐ Withdrawn

Comments:

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Te Puni Kōkiri
REALISING MĀORI POTENTIAL

12 May 2015

Te Minita Whānau Ora

WHĀNAU ORA NAVIGATOR FUNDING ALLOCATION

Kaupapa/Purpose

1. The content of this briefing relates to the Whānau Ora priority kaupapa.

2. This briefing provides you with:
   a. Advice on a range of options for allocating the additional $12.44 million per year for Whānau Ora navigators to be confirmed in Budget 2015 from 2015/16 for four years;
   b. A preferred approach to allocating the additional $12.44 million per year of Whānau Ora navigator funding; and
   c. Advice on your options for providing guidance and direction to the Commissioning Agencies on the use of navigator funds.

Key Points

3. We have identified four options for allocating the additional $12.44m of navigator funding provided in Budget 2015 across the three Whānau Ora Commissioning Agencies.

4. The preferred option is for the Commissioning Agencies to be given an indicative range of funding based on the original commissioning funding allocation split. This would form the base for a short proposal from each Commissioning Agency outlining how they would use the funding. The allocation could then be finalised based upon a review of the short proposals.

5. You may wish to consult with Commissioning Agencies prior to Budget 2015 announcements concerning this allocation approach.

6. The commissioning approach is based upon purchasing outcomes / results which may incorporate using a navigation approach. While directing commissioning agencies to purchase navigators may be inconsistent with a pure devolved model, it can be done, but will have implications for each of the agencies models and approaches.

Attachments

7. Appendix A provides an overview of the navigator funding allocation options.

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8. Appendix B is a memo outlining the calculation of the commissioning funding allocation.

Recommended Action

9. Te Puni Kōkiri recommends that you:

   a. **Note** the additional navigator funding made available through Budget 2015 $12.44m per year for four years;

   b. **Note** there are four options for allocating the additional $12.44m of navigator funding across the three Whānau Ora Commissioning Agencies;

   c. **Note** that with each of the four options presented there are risks and benefits to each approach;

   d. **Note** that officials have considered the following design principles in recommending which allocation option should be adopted for the additional Whānau Ora navigator funding:

      i. Continuity of the current navigator workforce;

      ii. The complexity of each approach;

      iii. The time required to implement the approach;

      iv. The equity of each allocation option for both Commissioning Agencies and for whānau;

      v. Your ability to direct the Commissioning Agencies' use of the funds;

      vi. Whether any consultation is required with other stakeholders including the Whānau Partnership Group and Commissioning Agencies;

      vii. Alignment with Whānau Ora outcomes and requirements of high needs whānau; and

      viii. That the $5m of navigator funding from Budget 2014 is outside the scope of the allocation considered in this briefing.

   e. **Agree** to consult with Commissioning Agencies prior to allocating the funding and Budget 2015 announcements;

   f. **Approve** Option 2: to give the Commissioning Agencies an indicative range of funding based on the commissioning funding allocation and require the Commissioning Agencies to prepare short proposals outlining how they propose to use the funding;

   g. **Note** your options for reviewing the efficacy of navigators;

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h. **Note** the level of direction that you can attach to any navigator funding; and

i. **Note** that continuity of employment cannot be guaranteed for individual navigators; however officials will work with commissioning agencies to support continued access to services for whānau.

Di Grennell
Deputy Chief Executive, Regional Partnerships

APPROVED
Hon Te Ururoa Flavell Te Minita Whānau Ora
Date:_____ / _____ / 2015

Current Situation

1. Budget 2015 announcements on 21 May will provide $49.76 million of new funding for navigators over four years. This funding is expected to be allocated to the Commissioning Agencies for navigation. Decisions are required about how the new funding will be allocated among Commissioning Agencies and the level of consultation to be undertaken on the selected approach.

Background

2. The first phase of Whānau Ora was underpinned by a delivery model which focussed on service and organisational transformation and whānau integration, innovation and engagement. Navigators / kaiārahi were employed by Whānau Ora providers to work with families to identify the needs of whānau, help develop a plan to address those needs, and to broker their access to a range of health and social services.

3. In late March 2014, Cabinet approved support for continuation of existing investment in navigation during the establishment phase of the Commissioning Agencies, to ensure continuity of service for whānau during the transition. Funding for this came from monies previously allocated to commissioning activity for FY13/14. Accordingly, Te Puni Kōkiri has contracted navigators through existing providers / provider collectives to provide continuity. All of these navigator contracts will end by 30 June 2015.

4. The 2014 budget identified annual funding of $5m for navigators in 2015/16 and out years. Te Puni Kōkiri allocated the $5m for the 2015/16 year on the basis of the current navigator workforce profile.

5. Irrespective of the option selected, it is unlikely that Commissioning Agencies will be in a position to have contracted with providers for navigators or a navigator approach. This means existing FTEs will not have continuity of employment. This presents a communications risk.

Summary

6. Officials have considered the following design principles in recommending which allocation option should be adopted for the additional Whānau Ora navigator funding:

    a. Continuity of the current navigator workforce;

    b. The equity of each allocation option for both Commissioning Agencies and for whānau;

    c. Your ability to direct the Commissioning Agencies' use of the funds;

    d. Whether any consultation is required with other stakeholders including the Whānau Partnership Group and Commissioning Agencies;

    e. Alignment with Whānau Ora outcomes and requirements of high needs whānau; and

    f. That the $5m of navigator funding from Budget 2014 is outside the scope of the allocation considered in this briefing.

10. This briefing sets out a range of options for how the additional navigator funding ($12.44m per year from 2015/16 for four years) could be allocated to the Commissioning Agencies:

- Option 1:
  Applying the original allocation method used to determine the current allocation for the three Whānau Ora Commissioning Agencies commissioning funds.[1]

- Option 2:
  Giving the Commissioning Agencies an indicative range of funding based on the original commissioning funding allocation split. This would form the basis for a short proposal from each Commissioning Agency outlining how they would use the funding over the four years. The allocation would then be finalised based upon review of the short proposals.

- Option 3:
  Applying the original commissioning funding allocation method but changing the weighting of the variables to make population the primary variable.

- Option 4:
  Allocating the additional navigator funding on the basis of the current navigator workforce profile.

11. Table 1 provides a summary of the share of funding across each of the Commissioning Agencies based on these options.

Out of scope

Table 1: Summary of navigator funding allocation options

Agency	Option 1	Option 2*	Option 3	Option 4
North Island Commissioning Agency	45%	45%	58%	90%
[redacted]				

*Indicative allocation which subject to confirmation through a short proposal process with Commissioning Agencies

12. The different options for allocating funding have linear trade-offs; any additional funding provided to one Commissioning Agency comes at the expense of the others.

13. Within the allocation it is expected that each Commissioning Agency will wish to negotiate operating funding to assist with the costs of contracting and contract management, reporting, engaging with providers, and developing methodology around how they intend to spend the funding. Officials note that the Outcome Agreements with Commissioning Agencies provide for 20% of commissioning funds to be applied to operating costs.

[1] A detailed description of the original funding allocation formula, including data references and calculation steps, is attached as Appendix B.

Benefits	Risks / Issues	Indicative Allocation
lit of navigator funding is consistent with the ssioning funding split. ımmissioning Agencies are aware of the ı allocation model used and would tand the basis for allocation. ɔuld be a simple model to utilise as no ıal calculations would be necessary.	• This approach assumes that the appropriate allocation for the navigator funding is the same as the allocation for commissioning funding despite differing scopes. • This approach does not reflect the different commissioning models adopted by the three agencies and their ability to absorb the navigator resource. • Using the original commissioning allocation may result in questions from the South Island and Pacific Families Commissioning Agencies as to why the $5m allocated in 2015/16 was not done on the same basis. • Commissioning Agencies may try to negotiate to use funding for a different purpose.	The indicative allocation would be: • North Island 45% • [redacted] • [redacted]
vigator funding to be utilised where ssioning Agencies view that it will have the : impact. This is consistent with the ssioning model. ng short proposals to be prepared by the ssioning Agencies would allow the ssioning Agencies to reflect their ssioning models in the proposed use of the i Kōkiri would know in advance of the ated use of the funding and could then enter ıtions with the Commissioning Agencies on sis. These negotiations would then form the ɔr any contract variations. ations with the Commissioning Agencies allow clear expectations and parameters to :hat align with your intentions for the use of ding. These expectations and parameters ıeed to be agreed with the Commissioning es before the funding was released. ɔposals and negotiations will allow the ch to operating costs to be identified early transparent.	• As the allocation decision would be based on a review of the Commissioning Agencies proposals Te Puni Kōkiri would need to put evaluation criteria and processes in place. • Additional time would be necessary to allow the Commissioning Agencies to prepare short proposals and for them to be evaluated. • Requesting short proposals from each Commissioning Agency may allow the Commissioning Agencies to try to negotiate to use funding for a different purpose. This may mean that instead of purchasing navigator FTEs, Commissioning Agencies use the funding to underpin a navigator approach which is consistent with their approach.	The indicative allocation would be: • North Island 45% • [redacted] • [redacted] This could also be varied through consideration of the short proposals and any subsequent negotiations with the Commissioning Agencies. Out of scope
:us of a navigator approach is on engaging ɜ population in a region. As such, the total :ion of the constituent areas will be more ɔ align with the navigator approach.	• Choosing to change the allocation formula would require a clear rationale and argument for deviating from the commissioning funding allocation formula. • Population alone does not reflect the geographical reach of the agencies or the relative levels of deprivation in each region and may negatively impact on the South Island Commissioning Agency that has a lower population but a wider geographic area to cover. • There has been significant discourse from the South Island and Pacific Families Commissioning Agencies at the allocation of the $5m additional funds from Budget 2014 using the current navigator workforce approach. Using a new approach that has not previously been utilised may result in	The indicative allocation would be (based on population as the sole variable): • North Island 58% • [redacted] • [redacted] Note that this is based on the 2013 Census data release.

	model via the Commissioning Agencies going forward would be prejudicial to the commissioning model. • This approach assumes that the current profile of the navigator workforce is equitable. • Of the options where the allocation will be determined objectively, this option is the furthest removed from the commissioning funding allocation model. Additionally, it does not reflect the changes in Whānau Ora following the move to a commissioning model. • The South Island and Pacific Families Commissioning Agencies expressed their concerns at the allocation of the $5m additional funds from Budget 2014 using the current navigator workforce approach. Using this same approach for the additional funding from Budget 2015 will cause significant relationship issues with the South Island and Pacific Families Commissioning Agencies as they would again be provided with very limited funding in comparison to the North Island Commissioning Agency.	

Other considerations

Timing Risks

14. Irrespective of the allocation option, is unlikely that Commissioning Agencies will be in a position to have contracted with providers for navigators or a navigator approach before 30 June 2015. This means existing FTEs will not have continuity of employment. This presents a communications risk.

15. The proposed timeline of implementing the preferred option (Option 2) is outlined below in Table 5:

Table 5: Proposed timetable

	May				*June*	*July*	*August*
Steps /Week	Wk 1	Wk 2	Wk 3	Wk 4	[redacted]		
Request short proposals	Budget Announcement [redacted]						
Evaluate short proposals							
Agree reporting and accountability frameworks							
Incorporate into AIPs							
Vary Outcome Agreements							

16. Additional time would need to be included in the proposed timeline above if Commissioning Agencies are consulted with prior to Budget 2015 announcements on 21 May 2015.

Commissioning Agencies' Models

17. Each of the Commissioning Agencies' models accommodates the use of navigators or a navigational approach in different ways.

18. The different commissioning models proposed by the three Commissioning Agencies should be considered when determining the most appropriate allocation of the navigator funding across agencies. Each of the Commissioning Agencies' models accommodates the use of navigators or a navigational approach in different ways, as described below:

    a. [redacted] Out of scope

    b. Te Pou Matakana intends to use existing navigator resource to assist with Whānau Direct, a grants-based model through which whānau can apply for direct resource. Whānau will access Whānau Direct through existing navigators / kaiārahi and Whānau Ora providers, who will assist with an application form and whānau assessment to identify the need, support requested and results sought. As Te Pou Matakana rolls out its Collective

Impact approach navigators would also work with collective impact partners to deliver whānau outcomes. Out of scope

c. [redacted]

19. [redacted]

20. Te Pou Matakana has indicated in its draft 2015/16 Annual Investment Plan that any additional navigator funding will be prioritised to existing Whānau Ora Partners contracted to Te Pou Matakana. Out of scope

21. [redacted]

Consultation with Commissioning Agencies and Whānau Ora Partnership Group

22. Officials note that there is an expectation of the Commissioning Agencies and Whānau Ora Partnership Group members that consultation takes place on any future funding allocation. The Minister of Finance indicated to the Whānau Ora Partnership Group in an earlier meeting that it would be consulted as part of any allocation of the additional navigator funds.

23. As such, there are a range of options for consultation outlined in Table 3 below.

Table 3: Analysis of consultation options

Consultation Option	Benefits	Risks / Issues
The Whānau Ora Partnership Group are consulted on the proposed allocation model before any allocation is confirmed.	• The Whānau Ora Partnership Group can provide insight and advice on each of the allocation options.	• Additional time would be necessary as the next meeting of the Whānau Ora Partnership Group is not until July 2015. • Allocations could not be included in the annual investment plans. • Conflicts of interest would need to be managed.
The Whānau Ora Partnership Group are informed of the allocation approach only.	• The allocation option can be implemented more quickly.	• The Whānau Ora Partnership Group was informed that it would be consulted and may feel it should be consulted. • Conflicts of interest would need to be managed.

Request short proposals from the Commissioning Agencies (as outlined in option 2) post Budget 2015 announcements on 21 May.	• No confidentiality concerns for Budget sensitive information	• Consultation could only begin after Budget announcements resulting in lost time. • Allocations may not be able to be included in the annual investment plans.
Request short proposals from the Commissioning Agencies (as outlined in option 2) prior to Budget 2015 announcements on 21 May.	• Allocations could be included in the annual investment plans.	• Agreement from the Minister of Finance would be required. • Commissioning Agencies would need to agree to strict confidentiality terms before any Budget sensitive information was released.

24. The preferred option is to request short proposals from the Commissioning Agencies prior to the Budget 2015 announcements on 21 May 2015 and to inform the Whānau Ora Partnership Group only. This would allow additional time for the proposals to be prepared by the Commissioning Agencies and for them to be evaluated. This would increase the likelihood of the allocations being included in the Annual Investment Plans.

Reviewing the efficacy of navigators

25. Budget 2014 announced additional funding of $5 million for navigators from July 2015. In November 2014, you were provided with a paper setting out options for how to administer the additional navigator funding (refer briefing #27787). You agreed to administration by the Whānau Ora Commissioning Agencies, allocated based on the current navigator workforce profile (i.e. the share of current navigator FTEs across the North Island, South Island and Pacific families).

26. The resulting funding profile is set out in Table 4 below:

Table 4: Summary of Budget 2014 allocation

Commissioning Agency	Navigator funding allocation
The North Island Commissioning Agency	89.7% $4,484,000 per annum Out of scope
[redacted]	

27. As part of the condition of the navigator funding being administered by the Commissioning Agencies, you indicated that it is your intention to review the

allocation and administration of this funding against a set of navigator specific performance measures on an annual basis.

28. Officials have commenced discussions with the Commissioning Agencies regarding the development of their FY15/16 Annual Investment Plans. These plans will address the administration of the $5 million of navigator funding secured through Budget 2014. Upon approval by Te Puni Kōkiri, the Annual Investment Plans will be incorporated into the Outcome Agreements between Te Puni Kōkiri and each Commissioning Agency.

Influence and direction of Commissioning Agencies

29. You have asked for advice on the scope of direction and influence that you can have as Minister over how the Commissioning Agencies invest their navigator funding.

30. You are responsible for setting the policy direction of Whānau Ora as a whole. This includes providing direction on Whānau Ora outcomes and priorities. This overall policy direction may also be informed by the Whānau Ora Partnership Group, comprising iwi representatives and stakeholder Ministers.

31. Under the Whānau Ora commissioning model introduced in mid-2013, the key mechanism available to you to influence the direction and priorities of the Commissioning Agencies is the your annual letters of expectations to the Commissioning Agencies.

32. These annual letters of expectation to the Commissioning Agencies, together with guidance provided to the commissioning agencies by Te Puni Kōkiri, inform and guide the development of Commissioning Agencies' Annual Investment Plans. These Annual Investment Plans describe each Commissioning Agency's annual investment priorities and objectives.

33. Annual Investment Plans must be consistent with any formal and reasonable directions from you or Te Puni Kōkiri (such as reporting and performance metrics) and Government policy, but commissioning agency are responsible for setting their priorities and execution strategies.

34. The arrangement within the Whānau Ora commissioning model reflects the level of autonomy held by Whānau Ora commissioning agencies, which are tasked with investing in a portfolio of interventions to deliver Whānau Ora outcomes for whānau and families. These investments are made according to each commissioning agency's particular priorities and objectives.

35. As such, the level of direction available to you is limited to setting:

    a. The priority outcomes to be achieved through the investment of the funding using a navigator approach;

    b. The regions of focus for the investment of the navigator funding.

36. The level of direction available to you precludes:

    a. Requiring the Commissioning Agencies commission specific providers;

    b. Requiring the Commissioning Agencies and their provider collectives to employ specific navigators.

37. Given the specific purpose of the Budget 2015 appropriation is to support the Whānau Ora navigator workforce, officials consider that the Commissioning

Agencies may be directed to purchase FTEs with this funding without conflicting with the Whānau Ora commissioning model. However, the nature of the outcomes / results sought by Commissioning Agencies via their navigator workforce, and the way in these outcomes / results will be sought, is at the discretion of Commissioning Agencies.

38. Officials also note that legal advice received indicates that TPK could not force Commissioning Agencies to provide navigation services. Put another way, the agencies would be entitled to say no and not action the direction (i.e. if it was inconsistent with their model), without fear of breaching their agreement with TPK. While officials consider that this approach is unlikely, if this was the approach taken, officials would look at alternative mechanisms such as reallocating the navigator funding.

Length of contracts

39. As part of the condition of the $5m of Budget 2014 navigator funding being administered by the Commissioning Agencies, you indicated that it is your intention to review the allocation and administration of this funding against a set of navigator specific performance measures on an annual basis.

40. To ensure sustainability and certainty for the navigator workforce and the Commissioning Agencies, you may wish to consider the period for which the additional $49.76m of navigator funding allocation is fixed. Te Puni Kōkiri recommends aligning the time frame with the Commissioning Agencies' contract period.

41. This would fix the allocation until 2016/17 at the end of the three year contracts with the agencies and ensure certainty of funding for agencies where they opt to contract for FTEs. The allocation can then be reviewed and fixed until 2018/19 assuming the two year right of renewal is exercised with the agencies.

Recommended allocation option

42. Option 2 (requesting short proposals from the Commissioning Agencies to augment the original commissioning allocation formula) is the recommended allocation approach.

43. This approach would result in the additional funding to be utilised where Commissioning Agencies view that it will have the biggest impact consistent with the commissioning model. Additionally the negotiations with the Commissioning Agencies would allow clear expectations and parameters to be set that align with your intentions for the use of the funding.

44. The following steps outline how Option 2 could be applied:

    i. Engage with the Minister of Finance to request early release of the Budget 2015 announcements to the Commissioning Agencies only;

    ii. Notify the Commissioning Agencies of the additional navigator funding provided through Budget 2015 under strict confidentiality terms;

    iii. Outline the proposed allocation approach to Commissioning Agencies and invite them to submit short proposals describing how they would invest the funding;

iv. Review the Commissioning Agencies' short proposals and agree the appropriate allocation with each agency;

v. Agree the reporting and accountability frameworks with the Commissioning Agencies, and if necessary, refine or confirm how the funding will be applied;

vi. Incorporate the additional funding into the Commissioning Agencies' FY15/16 Annual Investment Plans; and

vii. Work with the Commissioning Agencies as appropriate to vary their Outcome Agreements to incorporate the new navigator funding.

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Appendix A: Overview of navigator funding allocations

The tables below outline the indicative funds that each Commissioning Agency would receive under the range of allocation options and maximum FTEs those funds would purchase. These calculations assume a fixed allocation of $12.44m per year over a 4 year period with $80,000 per navigator and does not reflect any reduction in navigator FTEs to accommodate funds applied to operating costs.

Option 1:

Applying the original allocation method used to determine the current allocation for the three Whānau Ora Commissioning Agencies commissioning funds.

		2015/16		2016/17		2017/18		2018/19	
Agency	Share	($m)	FTEs	($m)	FTEs	($m)	FTEs	($m)	FTEs
North Island Commissioning Agency	45.3%	5.64	70.4	5.64	70.4	5.64	70.4	5.64	70.4
[redacted]									
Total	99.9%*	12.44	155.3	12.44	155.3	12.44	155.3	12.44	155.3

*Small rounding differences result in a smaller indicative FTE number using the commissioning funding allocation. This would be adjusted in any final allocation.

Out of scope

		2015/16		2016/17		2017/18		2018/19	
Agency	Share	($m)	FTEs	($m)	FTEs	($m)	FTEs	($m)	FTEs
North Island Commissioning Agency	45.3%	5.64	70.4	5.64	70.4	5.64	70.4	5.64	70.4
[redacted]									
Total	99.9%*	12.44	155.3	12.44	155.3	12.44	155.3	12.44	155.3

*Small rounding differences result in a smaller indicative FTE number using the commissioning funding allocation. This would be adjusted in any final allocation.

Option 2:

The Commissioning Agencies will be given an indicative range of funding based on the original commissioning funding allocation split. This would form the base for a short proposal from each Commissioning Agency outlining how they would use the funding. The allocation could then be finalised based upon a review of the short proposals.

	Share	2015/16		2016/17		2017/18		2018/19	
Agency		($m)	FTEs	($m)	FTEs	($m)	FTEs	($m)	FTEs
North Island Commissioning Agency	45.3%	5.64	70.4	5.64	70.4	5.64	70.4	5.64	70.4
[redacted]									
Total	99.9%*	12.44	155.3	12.44	155.3	12.44	155.3	12.44	155.3

*Small rounding differences result in a smaller indicative FTE number using the commissioning funding allocation. This would be adjusted in any final allocation.

Out of scope

Option 3:

Applying the original commissioning funding allocation but changing the weighting of the variables to make population the primary variable.

Agency	Pop. share	2015/16 ($m)	FTEs	2016/17 ($m)	FTEs	2017/18 ($m)	FTEs	2018/19 ($m)	FTEs
North Island Commissioning Agency	58.0%	7.22	90.2	7.22	90.2	7.22	90.2	7.22	90.2
[redacted]									
Total	100.0%	12.44	155.5	12.44	155.5	12.44	155.5	12.44	155.5

Out of scope

Option 4:

Allocating the additional navigator funding on the basis of the current navigator workforce profile.

Agency	Share	2015/16 ($m)	FTEs	2016/17 ($m)	FTEs	2017/18 ($m)	FTEs	2018/19 ($m)	FTEs
North Island Commissioning Agency	89.7%	11.16	139.5	11.16	139.5	11.16	139.5	11.16	139.5
[redacted]									
Total	100.0%	12.44	155.5	12.44	155.5	12.44	155.5	12.44	155.5

Out of scope

Appendix B removed as out of scope