



Brotherhood
of St Laurence

Working for an Australia free of poverty

Reforms to human services

Response to the Productivity Commission

Brotherhood of St Laurence

February 2017

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Summary

The Brotherhood is committed to serving the common good. We seek to enable and develop community-based solutions to complex social problems. To this end we actively seek opportunities for collaboration and resource-sharing with other community sector organisations, with governments, as well as with those in the private sector who share our goals.

This submission reiterates our belief that what is needed to make Australia's human service system more effective, is not competition but collaboration.

But we do not expect the Commission to simply take our word for it.

We welcome the second stage of this Inquiry as an opportunity to share what we have learned from some of our own recent experiments in collaborative commissioning. This submission therefore draws as much on the practice wisdom of our most experienced staff as it does on the published evidence base.

We remain sceptical about the benefits that the Commission asserts will flow from the further application of competition principles to the six service areas identified.

The Brotherhood supports reforms that give citizens greater choice and control over services, but we believe that the Commission's concept of 'user choice' is both limited and limiting.

We put forward the concept of agency, or the positive freedom to exercise greater control over one's life. While user choice refers to the right for consumers to enter or exit a given service, agency implies not merely choice, but also voice; the opportunity to have meaningful input into the menu of choices available.

Drawing on the experience of individualisation internationally as well as our own experience of the recent aged care reforms, we show that without adequate opportunities for voice, reforms supposed to increase user choice can actually curtail agency.

We propose that before attempting to apply 'user choice' to new service areas, government reconsiders how to introduce greater user voice into services areas where individual budgets are already being used, such as by creating opportunities for coproduction with citizens.

And while competition may improve outcomes in some service areas, we maintain that where services cater to disadvantaged people with multiple, complex needs, competition between providers can worsen system fragmentation and create disincentives for agencies to work together to achieve better outcomes.

Even though governments recognise the value of co-locating services when addressing complex social problems, in reality existing commissioning practices tend to militate against collaboration even once providers are operating under the same roof.

Effective collaboration requires significant investment of time and other resources. In several of our services, we have taken on an active role in enabling closer working relationships and resource-sharing among providers. This approach offers one model through which governments

can invest in collaboration between multiple providers in the same location as a prelude to greater service integration.

We argue that if the government is to successfully steward human services through change it will need to take on great responsibility, not less. This will require the government to invest in public service infrastructure and in empowering communities by funding user-led and peer-led organisations to be involved in co-production.

In relation to the commissioning of family and community services we share the Commission's view that reform is urgently needed. The present system is fragmented, lacks a coherent means of identifying need, and the absence of a guiding logic or purpose undermines effectiveness.

Effective commissioning is 'the process of translating aspirations into timely and quality services for users which meet their needs; promote their independence; provide choice; are cost effective; and support the whole community' (CSCI 2006).

To do this, commissioners must keep the agreed purpose of the program foremost in their minds.

Commitment to a shared purpose enables decisions to be made about the expertise required, the appropriate mode of coordination between the parties and the method of engaging providers, so that effectiveness is not compromised.

In determining our 'fit for purpose' framework, we have identified a number of key elements that must be considered, and propose a phased approach which segments the commissioning process into distinct stages from pre-commissioning through to consolidation and iterative improvement. Drawing on this framework, we provide a set of guidelines to assist the commissioning of effective services.

Recommendations

Choice and voice: Putting citizens at the heart of service reform

Recommendation 1:

Commission services that demonstrate processes for amplifying the voice of citizens in individualised human service systems.

Recommendation 2:

Block-fund community inclusion services and processes to mitigate the atomising effects of marketisation where individualised funding is implemented.

Recommendation 3:

Invest in navigator/advocate roles to assist vulnerable or disadvantaged people to navigate complex service systems and markets.

Investing in collaboration for more effective human services

Recommendation 4:

Resource co-location to foster formal and informal collaboration between providers and across service areas.

Recommendation 5:

Allocate funding specifically for integration where providers are expected to collaborate.

Recommendation 6:

Invest in a more integrated support system for people who require multiple services by funding enabling organisations to develop providers' capacity for collaboration.

Reform for effective government stewardship

Recommendation 7:

Adopt an expansive view of stewardship in which government is more – not less – involved in working with providers to ensure positive social outcomes.

Recommendation 8:

Devolve commissioning responsibilities to intermediary bodies where it would improve the effectiveness of services.

Recommendation 9:

Invest in peer support networks to facilitate co-production.

Recommendation 10:

Provide for social capital in tendering and contracting processes, for example by requiring potential providers to demonstrate genuine connections to community.

The BSL framework for 'fit for purpose' commissioning

Recommendation 11:

Adopt a definition of commissioning which reflects a rebalancing of service provision to give greater voice and control to citizens.

Recommendation 12:

Fund enabling organisations to build the capacity of local community providers.

Recommendation 13:

Commission for purpose, ensuring program design, provider selection, implementation and mode of coordination all serve policy goals.

Introduction: The Brotherhood of St Laurence and human services reform

The Brotherhood of St Laurence (BSL) is an independent non-government organisation with strong community links that has been working to reduce poverty in Australia since the 1930s. Based in Melbourne, but with a national profile, the BSL continues to fight for an Australia free of poverty. We undertake research, service development and delivery, and advocacy with the objective of addressing unmet needs and translating the understandings gained into new policies, new programs and practices for implementation by government and others.

Collaboration for more effective human services

The Brotherhood is committed to serving the common good. We seek to enable or develop community-based solutions to complex social problems. Our innovative programs and practice models aim to strengthen community networks and harness community altruism to help equip disadvantaged people and communities with the opportunities, networks and resources they need to thrive. To this end we actively seek opportunities for collaboration and resource-sharing with other community sector organisations, with governments, as well as with those in the private sector who share our goals.

‘Showing what can be done’: the Brotherhood’s response to the second stage of the Inquiry on human services reform

The Brotherhood of St Laurence was established by Fr Gerard Tucker in response to the poverty he encountered in the Melbourne suburb of Fitzroy during the Depression of the 1930s. The Brotherhood’s mission then was not just to ‘do something’, but to ‘show what could be done’.

Today, the Brotherhood continues this mission. In every area in which we serve, in aged care, in our education and employment programs for refugees, young people and social housing residents and in our early-childhood programs, our ambition is to demonstrate what is possible as a means of influencing lasting policy change. Our mission demands preparedness to take risks, to innovate and to collaborate with others who share our purpose.

We welcome the second stage of this Inquiry as an opportunity to share what we have learned from some of our recent experiments in commissioning. In addition to holding contracts with state and federal governments to provide programs in our own right, the Brotherhood is involved in a number of arrangements in which we play a more expansive role in coordinating and collaborating with other agencies in matters of program design, implementation and governance. In the case of each program the core elements of the commissioning process evolved from an analysis of the particular problem to be addressed, and was guided by an agreed purpose. Details of each commissioning process are discussed in Section 4.

This submission responds to the Commission’s request for information relating to user choice and the value of competition as opposed to collaboration (**Requests for Information #2 and #3**). It also develops our argument that strong government stewardship of human services—whether services are commissioned or purchased by individual clients in an open market—is essential to

ensure that services meet the needs of the community, to preserve a diversity of providers and to foster a healthy culture of learning (**Request for Information #4**).

In addressing the above requests for information we focus on the implications of reform for the disadvantaged and vulnerable citizens on whose behalf we speak. The remainder of the submission responds to the Commission's request for information relating to the commissioning of family and community services (**Requests for Information #28, #29, #30 & #31**). The practice examples we discuss there are drawn from our experience of commissioning in several overlapping and interrelated policy areas (early childhood education, specialist employment services, youth services), all of which have direct relevance to this Inquiry.

Structure of this submission

Since this submission develops the arguments prosecuted in the first stage, we begin by recapping our contribution to the Inquiry so far. The purpose is to put the present submission in context.

Our response to the current Issues Paper is divided into four sections:

Section 1 addresses the potential further application of user choice in the six areas identified (**Request for Information #2**). We juxtapose the limited conception of 'user choice' with the more expansive concept of agency— that is, the empowerment of individuals in their communities.

Section 2 responds to the Commission's request for information about the costs and benefits of applying greater contestability, particularly how these may be applied without adversely affecting the capacity of collaboration between agencies (**Request for Information #3**).

Section 3 addresses the role of governments in relation to human service markets (**Request for Information #4**).

Section 4 responds to the Commission's request for information in relation to the commissioning of family and community services (**Requests for Information #28, #29, #30 & #31**).

The Brotherhood's response so far

During the first stage of the present Inquiry the Brotherhood implored the Productivity Commission to reconsider the assumption implicit in the *Terms of Reference* that the further application of competition, contestability and user choice would inevitably improve the quality, equity, efficiency, accountability or responsiveness of human services (BSL 2016). We cautioned that the injudicious application of market principles, especially to those programs catering to Australia's most disadvantaged communities, carried substantial risks for government, for citizens, especially vulnerable citizens, as well as for the broader public interest. Levels of equality, social cohesion community wellbeing, human dignity and economic growth are at stake in these reforms.

We are therefore gratified to note that the Commission appears to have heard the call for extreme caution issued by the Brotherhood and many others concerned with the wellbeing of the most disadvantaged Australians.

Social capital is the key to sustainability

In the first stage we urged the Commission to consider the substantial social capital invested in human relationships and networks between community-based providers, the people who use their services and the local community. We argued that a reform process that disrupts these relationships, displacing community networks in the name of market efficiency, risks this store of social capital at a significant social and economic cost to us all.

We therefore welcome the Commission's reiteration in the present Issues Paper of the value of social capital in helping to improve social inclusion and social cohesion, and the recognition that while 'difficult to measure or attribute to particular services', the broader societal benefits of community networks should be accounted for in considering further reforms (Productivity Commission 2016a, p. 3).

We are also heartened by the Commission's recognition that 'the wellbeing of an individual, or the welfare of the community, cannot be reduced to a simple economic metric or fiscal cost' (p. 4) and note the subtle redefinition of 'economic efficiency' as 'how well inputs are combined over time to provide human services that produce the outcomes the community values most highly'.

The Brotherhood will continue to stress to the Commission that investment in the social wellbeing of our citizens through access to networks and opportunities that build the common good is not merely an adjunct to good economic health. Such investment is a fundamental constituent of Australia's future prosperity, and we are not alone in prosecuting this argument: our position aligns with that of major international institutions including the OECD, World Bank and International Monetary Fund as well as the New Zealand Treasury.

Collaboration drives innovation

We argued from our own experience that what is needed to increase the effectiveness of Australia's human services is not more competition between providers, but greater, deeper and more diverse forms of collaboration.

Providers ought to be united by common cause in the wellbeing of people who use their services, especially the most vulnerable, not working against one another in the pursuit of market share. In our experience collaboration not only improves outcomes for individuals, but increases cost-effectiveness through the sharing of expertise, networks and in some cases even built facilities, all of which reduce duplication and multiply the social value produced for every dollar spent.

Collaboration built on trust and reciprocity also has the potential to foster innovation in human service delivery by creating opportunities for sharing ideas and experimenting with new approaches. Smarter commissioning would create incentives for providers to work together, and foster networks with the wider community rather than compelling them to squander time and energy competing for scarce resources. Most importantly it could achieve this while creating pathways for service users to collaborate with providers as drivers of innovation and reform.

We therefore welcome the Commission's recognition that introducing more competition into human services may not always be 'feasible or desirable' and that 'competition and contestability are not ends in themselves' but should only be introduced where they are likely to lead to more effective service provision (p. 7).

We also welcome the opportunity to provide information about how governments, providers and citizens can work collaboratively to improve the effectiveness of human services. This submission will present several examples of how collaboration between the Brotherhood and other agencies has led to significant innovations in programs to address complex, multifaceted social problems such as youth homelessness and long-term unemployment.

Better integration is the key to a more effective service system

We acknowledged that some transactional services might be suitable for marketisation, but argued that wherever human needs are complex and multi-faceted and positive outcomes require the expertise of multiple providers, a system based on competition is likely to be counterproductive.

In such cases, the creation of new service markets is likely to increase the fragmentation of the existing service system and make it more difficult for disadvantaged citizens to access the services they need. Evidence presented to the Commission argued that this is already a problem, with a lack of coordination across departments and levels of governments leading to wasteful duplication and poorly targeted programs.

We are gratified both by the Commission's recognition that many service users will require additional support to make choices about the services they need, and by the important concession that a user choice model may be inappropriate for people with multiple needs who require a combination of support services.

Fortunately there are other ways of putting citizens at the heart of the human service system that cost no more in the short term and are also more cost-effective over time. We believe that more strategic and purposeful commissioning practices could substantially reduce duplication and improve coordination between governments, commissioning agencies, providers and communities.

In this submission we present evidence of the benefits for government of devolving some responsibility for local service coordination to an intermediary, enabling organisation. The role of this entity would be not so much to manage other service providers as in a 'prime provider' type arrangement, but to help build the capacity of other providers to work more effectively both with each other and with other local agencies and community groups.

Small organisations are the key to unlocking community altruism

The Brotherhood strongly believes that a diversity of providers is necessary to deliver choice and accountability. However present trends in commissioning threaten diversity by placing undue pressure on smaller and mid-sized community sector organisations to merge in order to compete with larger providers

In our first submission we registered our long-standing concern that the creation of new human service markets, together with the preference of government for contracting to fewer, larger agencies, puts smaller organisations, especially those embedded in local communities, at a distinct disadvantage. Yet it is this embeddedness –the strength and duration of their relationships, the richness and reach of their networks— that enables them to comprehend the needs of the community they serve and harness local altruism to find solutions.

The Brotherhood is committed to preserving and strengthening the vital contribution of smaller local community service organisations. In keeping with the principle of subsidiarity, we partner with small local providers to deliver many programs, and build strong working-relationships with other local agencies and NFPs to deliver positive outcomes for Australians.

Our experience of collaboration with small community-based organisations has shown us that, with appropriate coordination, commissioning to smaller local providers is not less efficient, and is often far more effective, than contracting to larger, nation-wide providers that may be ill-equipped to adapt services to local conditions or harness community effort.

1 Choice *and* voice: Putting citizens at the heart of service reform

This section responds to **Request for Information #2** including the following:

- the potential of user choice to improve the effectiveness of service provision;
- lessons from previous reforms in Australia or overseas e.g. the NDIS, consumer directed aged care (CDC) and Local Area Coordination services in the UK;
- the supports needed for citizens to be able to exercise informed choice in human service markets or navigate complex service systems.
- cost-effective ways to support vulnerable or disadvantaged citizens who may find it difficult to navigate complex service markets or systems.

1.1 The limits of 'choice' alone

The Productivity Commission (2016a, p. 6) states that 'choice raises living standards for the service user, both by giving them a greater sense of control over their own lives, and also by placing pressure on providers to understand and meet their needs'. This statement assumes that a greater range of service options will self-evidently lead to improvements in quality of life and greater substantive freedom overall. Giving citizens greater control over their lives can indeed contribute to increased wellbeing, and any reform that increases the market power of users relative to providers is to be welcomed.

However, the assumption that more choice will automatically drive improvements in living standards overlooks the difficulty many people experience in navigating a complex and increasingly fragmented service system. Further, the burden of risk associated with the marketisation of human services largely falls on service users, carers and their families. Some are able to cope with this responsibility; many are not.

Very often there is a power imbalance in the relationship between the provider and the service user that can make it difficult for service users to assert their preferences and have their needs acknowledged. Despite substantial changes in recent decades, some human service sectors have a long history of disregard for the views of those they serve, and in some service areas the professional tendency to dismiss client concerns remains deeply embedded. Some service users too may readily defer to professionals even when they privately disagree. Other practitioners will be unused to sharing authority with services, and may struggle to adapt their service offers to individual client needs. And too often the official channels that are made available for customers to voice their dissatisfaction are inaccessible or intimidating for those unused to asserting themselves (Marshall 2004).

Choice may also be constrained by eligibility rules that exclude some people and restrict the range of services available to others. Although consumers in human service markets have some say over the support or services they receive, they are still subject to assessment conducted by the service

provider (or in the case of the NDIS, by a remote agency) that prescribes the types of services from which they can choose (Beresford 2009). The frustration people may feel over these bureaucratic limitations can be compounded by the tendency of some service professionals to underestimate their client's capacity to make their own decisions (Marshall 2004).

Despite these barriers to choice, it could still be argued that people purchasing services in a market always have the option of exiting one provider and choosing another. While choice exercised in this way can act as a useful signal for providers, it can also carry considerable risks for users who are heavily dependent on services in order to function. Putting the onus on vulnerable service users to 'vote with their feet' assumes that they will have viable alternatives. This may simply not be the case in some 'thin' markets, or people may find the prospect of starting over with another provider too stressful to contemplate. Rather there ought to be mechanisms in place to help users make their voices heard, with exit only a last resort.

To address the limitations inherent in the concept of user choice, the Brotherhood has adopted the concept of agency, of which choice is a key dimension. Drawing on the capabilities approach articulated by Sen (1999) and Nussbaum (2001), we define 'agency' as the freedom and capacity of empowered individuals 'to be and to do' in ways they have reason to value. To achieve agency in relation to services, choice needs to be coupled with voice, to ensure users have a more effective say in the direction, development, and delivery of services (Simmons 2011).

1.2 Amplifying the voice of service users

Any reforms that aspire to 'put service users at the heart of service delivery' must be informed and guided by the voice of service users. This means that governments need to find ways to incorporate these voices in the whole process of commissioning, from the service idea, through to design, contracting, establishment, delivery and review of the service. For this to happen, service users and their carers need to be recognised as having assets and valuable experience that can inform and reform human service provision.

Evidence from adult social care reforms in the United Kingdom indicates that a full range of mechanisms is needed to allow for the different expressions of voice. These mechanisms range from political engagement, to individual service provider engagement to group mechanisms, such as user groups, user forums, citizen's juries or councils and consultative committees (Simmons 2011). These mechanisms must not be established merely to give the appearance of consultation, but must be taken seriously. This means that policy makers will need to carefully consider the views of service users and be accountable and transparent about the decisions that are made (Wright et al. 2006).

Recommendation 1:

Commission services that demonstrate processes for amplifying the voice of citizens in individualised human service systems.

1.3 Lessons from previous reforms

Experiences of the marketisation and individualisation of human services within Australia and overseas tell a similar tale: effective service arrangements require that governments do more than just fund individual budgets and set market rules. Human services that adequately meet the needs of all citizens, and especially the most vulnerable, demand significant investment in the infrastructure to provide service users with advice about the options open to them, practical support navigating the system and advocacy when things go wrong (Slasberg & Beresford 2016). Without this investment, many service users may struggle to navigate a complex, loosely regulated market and be exposed to increased financial and personal risk.

Lesson #1 Funding community supports is an investment in wellbeing

In the UK, evidence has shown that service users do better when surrounded by active and supportive communities. The Think Local, Act Personal (TLAP) Partnership studied the effects of increased choice and control in British adult social care services. They found that investment in community infrastructure enabled service users to make the most of the greater autonomy permitted by having a personal budget (TLAP 2011). Accordingly, they recommended:

- that people should be supported to access a range of networks, relationships and activities to maximise independence, health and wellbeing and community connections;
- investment in community activity and community-based care and support which involves, and is contributed to, by people who use services, their families and carers e.g. ‘peer to peer’ support groups or social gatherings.
- resources for longer-term community supports, not just crisis response;
- systems that support both people and carers to achieve and sustain employment if they are able to work.

These TLAP recommendations are consistent with the Brotherhood’s experience following the implementation of Consumer Directed Care (CDC) in the aged care system. We have observed that the shift to individualised funding has substantially reduced the capacity for organisations to provide their clients with vital opportunities for social engagement.

Prior to CDC, users of BSL services were able to access social connection activities through our Social Inclusion Program (SIP) without charge, or at very low cost. This was possible because the Brotherhood was able to ‘pool’ block funding to benefit more service users. However under CDC, the SIP became unviable. While people could now opt to pay for SIP activities out of their individual packages, our experience is that clients tend to object to the commodification of their social life and will forgo socialising to fund ‘essential’ day-to-day services.

But far from being frivolous ‘extras’, the SIP and programs like it contributed to the wellbeing of both clients and their carers by affording respite from loneliness and helping sustain networks of mutual support. The loss of these programs not only cuts off yet another avenue for social inclusion for individual clients, but cuts the heart out of a once-thriving community.

Recommendation 2:

Block-fund community inclusion services and processes to mitigate the atomising effects of marketisation where individualised funding is implemented.

Lesson #2 ‘Networks of care’ create value for service users

Increased competition may also have serious impacts on the relationships between service providers, and thus on the experiences of their users. At present, providers are able to form ‘networks of care’ because they do not compete. These linkages are threatened by marketisation.

Over decades, service providers and staff have developed professional relationships with other organisations and their workers. These relationships provide direct benefits to service users, for example by enabling organisations to refer potential service users. These networks and links are not purely economic, but are also geared towards achieving the best possible outcome for service users. The benefits of links between service providers are passed onto service users, building their bridging and bonding social capital. Equally, by working together in a collaborative environment, service providers can achieve effective solutions for clients with complex needs (Wickramasinghe & Kimberley 2016).

However, under a marketised, increasingly competitive environment, service providers may be less likely to refer service users to other organisations for more appropriate services or solutions, as they presently do (O’Shea, Leonard & Darcy 2007).

1.4 Navigators and supports for informed choice

Many service users may not have sufficient information to make informed choices. If they cannot navigate the complex systems that marketisation creates, citizens will not realise the purported benefits of choice, nor will markets function effectively. This burden is likely to fall hardest on those who can least afford to bear it – the vulnerable and disadvantaged.

To address this issue, service markets must be accompanied by practical supports. These supports commonly take two forms: Local Area Coordination (LAC) services, and advocate groups. LACs and advocate groups are distinct, but each plays a trusted, independent role in supporting people who might otherwise struggle to negotiate service systems. Following the New Zealand Productivity Commission (2015), we have adopted the term ‘navigator’ to describe this role.

It is vital that navigators are funded separately from individual budgets. If they are not, then people who most need assistance may be forced to buy system support with portions of their budget that they could otherwise use on services, and will not start on a level playing field.

Local Area Coordinators support informed choice

Local Area Coordinators offer a single point of contact for citizens in a given geographic area in order to support informed choice and build capacity. International evidence shows that LACs can produce clear social benefits in a cost-effective manner.

The LAC approach has been described as ‘putting strength-based, preventative and capacity building approaches at the front of the system ... to connect and to reshape human services, to make them more personal, flexible and efficient’ (Broad 2012, p. 17). The work of LACs ranges from small-scale local initiatives – individual and community projects—to large projects that aim

to reform the service system. By providing citizens with knowledge of the service system, a locally based LAC can build the capacities of service users to make choices about their care and have their voices heard.

In Australia, LACs have recently been implemented in the NDIS, and the Brotherhood is contracted as a Coordinator for North East Melbourne. We welcome the adoption of Local Area Coordination to the NDIS as we firmly believe that the linkage and community capacity-building functions originally proposed for LAC can encourage more voice and choice in the scheme. Importantly, the NDIS LAC role is block funded to create broader community benefit.

Where adequately resourced, LACs can help support vulnerable and disadvantaged citizens to navigate complex service markets, and that they are cost effective. British studies have repeatedly shown that LACs produce clear social and financial benefits. In Derby City, LAC users reported improved quality of life (in terms of relationships, being in control, confidence for the future, and being better informed and connected) and costs were 35% lower than in non-LAC areas (Broad 2015). In an analysis of Social Return on Investment, Marsh (2016, p. 1) forecast that each £1 invested in LAC would return up to £4 over three years. In Canada, the equivalent to LAC has been credited with improving perceptions of freedom, choice and capacity (Lord & Hutchison 2003).

Advocates are crucial, but need resources

Within a human service system—especially a complex, marketised one—the roles of user/consumer-led advocacy groups are vital. These groups have close, local contact with citizens, and are best positioned to support service users to navigate and advocate for the services they need. In a recent evaluation of the NDIS, all respondent groups recommended the use of paid or unpaid advocates to assist users to ‘gain more control and navigate the system’ (Mavromaras, Moskos & Mahuteau 2016, p. 74).

However, advocacy groups depend on funding, support and mentoring. Studies have shown that often, once the formal support to establish a group is withdrawn, the sustainability of its social networks is contingent on the motivation and enthusiasm of the participants (Simons 2011). Given the crucial role of these groups, their sustainability cannot be left to chance; they must be specifically resourced.

Resources for advocates could be delivered through service providers or other community organisations. Support could include a period of facilitation and organisation support as well as information on small group governance or contacts for finding such advice, assisting with accessing convenient local meeting spaces, or linking participants into other community or group activities (Simons 2011).

Recommendation 3:

Invest in navigator/advocate roles to assist vulnerable or disadvantaged people to navigate complex service systems and markets.

2 Investing in collaboration for more effective human services

This section responds to Request for Information #3 and addresses the following:

- the potential for reform to improve the effectiveness of human services for people who need long-term support from multiple providers or services
- lessons about the impact of current commissioning practices on the effectiveness of human services
- how to improve effectiveness by fostering formal and informal collaboration between providers and across service areas.

Though navigator-type supports can be an effective means to help people access the services they need, they may not be enough, by themselves, to get positive outcomes for people who need long-term support from multiple, specialist services. This section addresses the question of how governments ought to proceed to improve the effectiveness of the service system for this cohort, to which many of the Brotherhood's clients belong.

We argue that greater integration across the service system is necessary to counter the tendency for a diversity of providers to translate into fragmentation. A fragmented service sector is not the natural price of diversity, but the result of poorly executed commissioning practices which make it difficult for providers to develop closer working relationships with one another. Conversely, smarter commissioning practices that incentivise cooperation could help develop a more integrated service system.

Co-location of community services is one way to facilitate greater integration. Community hubs or precincts are only a starting place, but they can provide the infrastructure for a more profound change in culture and become a vehicle for greater community involvement in local government planning and decision-making.

But integration requires more than just creating opportunities for the co-location of related services. What is needed is an intentional investment in the organisational capacity of providers to work with one another and with local communities. Our experience indicates that where providers and other local agencies lack the leadership and skills to do this, there may be a demonstrable benefit for government to engage an enabling organisation with expertise in community capacity building.

2.1 Community hubs: 'putting the citizen at the centre'

Over the past decade some governments have recognised that reforms designed to encourage a diversity of service providers have had the unintentional, adverse impact of worsening the fragmentation and complexity of the human services system, with negative effects for equity of access and overall effectiveness (PCAC 2004; DEECD 2007; VCEC 2009; Urbis 2014; DET 2015).

In response, many state and local governments have promoted the co-location of services in 'community hubs', also referred to as 'one-stop-shops' or service clusters. Hubs have been promoted as drivers of improved service effectiveness, efficiency and accessibility, and as ways of 'putting the citizen at the centre' (Askim et al. 2011, p. 1453). The objective is to improve access for people who may need more than one service, as well as promote better coordination between providers— so-called wrap-around services—that reduce duplication of effort and allow for more seamless referrals.

Community hubs have the potential to significantly improve the overall effectiveness of the human service system (Urbis 2014). Although attributing specific outcomes to more collaborative ways of working has proven difficult, there is strong qualitative evidence that the convenience of co-location benefits both service users and practitioners (Centre for Community Child Health 2008). For users, hubs reduce travelling time, save people from repeatedly explaining their situation to multiple providers and, by enabling smoother referrals, prevent people from 'falling through the cracks' or dropping out of the service system entirely (Kubicek & Hagen 2000; Hubs Strategy Group 2007). For service practitioners, improved coordination reduces the administrative burden of referral and helps cement professional networks across service areas, helping build new stores of social capital (Raban et al. 2006; AIPC 2005; Muir et al. 2010).

Co-location can help improve the cost-effectiveness of services by allowing providers to 'double up' on rent, amenities and selected back-office functions, and also by creating economies of scale (Askim et al. 2011; DET 2015; Urbis 2014; VCEC 2009). Furthermore hubs allow providers to pool resources while maintaining their distinct culture and service orientation.

Fighting fragmentation on the urban fringe: the Epping Community Services Hub

The City of Whittlesea is a rapidly growing municipality on the urban fringe of Melbourne. The population of 180,000 is expected to grow to around 330,000 over the next 20 years as more and more young families seek affordable housing. But as in many growth areas, local providers are struggling to meet the volume and complexity of needs in the community, and key community services such as education, health and public transport are not keeping pace with the rapid influx of families.

Epping and nearby Lalor and Thomastown were developed in the 1960s and 70s to house workers in the heavy industries clustered in Melbourne's northern suburbs. However the decline of these industries has left long-term residents to contend with high unemployment and low educational attainment. Recent growth has increased the concentration of low-income families, many of them experiencing rental or mortgage stress, and accelerated the demand for mental health and family violence services.

In 2013 a Human Service Needs Analysis conducted by Whittlesea Community Futures found 'a severe lack of human service social and physical infrastructure' and recommended a 'precinct approach' to help families experiencing multiple challenges access coordinated support (WCF 2014, p. 2). Of particular concern, the residents who relied on public transport reported difficulty getting to and from services scattered across the shire.

When, the following year, the former Centrelink premises on High Street became vacant, the City of Whittlesea purchased the building with the intention of opening a community hub and sought expressions of interest for a lead tenant to coordinate the effort—a role for which the Brotherhood of St Laurence successfully bid.

The Epping Community Services Hub opened in September 2016 and currently houses 19 service providers from the aged care, disability, family violence, mental health and family service areas. 'Partner organisations' entering the Hub sign up to a set of 'guiding principles' which include commitment to 'support and link with other organisations to enable cooperative and coordinated service planning, increase innovative practice and ensures responsiveness to clients and community need' (ECSH 2016).

2.2 Barriers to integration

The new Epping Community Services Hub (ECSH) aims to offer local residents 'an efficient, effective and comprehensive suite of services' capable of responding to the complex needs and aspirations of individuals living in a large and diverse community (see panel). Our ambition is that a shared commitment to its guiding principles will foster cooperation between partner organisations, and over time, more collaboration and, eventually, a fully integrated community service hub.

As the lead organisation the Brotherhood is responsible for overall management of the Hub, including managing the head lease with the City of Whittlesea, and subleasing to partner organisations, coordinating Hub operations, community liaison and front-of-house administration as well as reception. We are also responsible for fostering closer cooperation between providers and creating regular opportunities for networking and information sharing. We are currently developing hub wide meetings and information sharing, cross-service referral processes, and streamlined intake measures to consolidate integration.

However our early experience at Epping, as well as our experience of operating hubs in Craigieburn and Frankston, suggests that there are also a number of barriers to be overcome in order for partner organisations to develop working relationships that go beyond basic cooperation. Table 2.1 below shows the range of possible types of coordination between co-located services. At present, relations between organisations co-located at Epping stand somewhere between coexistence and cooperation.

Table 2.1 Typology of cooperation in co-located services, adapted from CCCH (2008, p. 64)

Coexistence	Cooperation	Coordination	Collaboration	Integration
Services operate independently and have no formal links but are co-located	Services operate independently but meet to network and share information	Services operate independently, but coordinate services across providers as needed	Services operate independently but collaborate to offer multidisciplinary services	Services combine to form a single entity providing integrated interdisciplinary services

BSL staff at the Hub attribute the challenges in breaking down the barriers between providers to the inadequacy of current commissioning practices which have failed to keep pace with the development of network-based, joined-up service delivery.

In particular, the system-wide assertion that competition between providers produces better outcomes and greater efficiencies than cooperation and collaboration is distinctly unhelpful, and in settings such as Whittlesea, where citizens require multiple supports, totally counterproductive.

The main barriers to integration identified at the Epping Hub were:

- **Poorly conceived commissioning time frames**, for instance government departments releasing requests for expressions of interest (EOIs) one week before Christmas, and setting unrealistic deadlines for submissions. In one recent case, three providers at the Hub prepared separate EOIs for the same program because it was felt that collaborating on one bid would take too long.
- **Precarious funding arrangements**. The practice of short-term contracts means that providers operate in a climate of constant uncertainty. Precarious funding militates against collaboration by making providers disinclined to invest scarce time and resources in the effort required to build networks and learn new ways of working. One Hub partner explained that they could not attend meetings because they had to devote all their time to their 'core' business.
- **Lack of integration at the level of commissioning** as a consequence of policy silos, both between departments and between local, state and Commonwealth governments. An incoherent patchwork of different funding priorities and commissioning arrangements creates barriers for providers, even those in the same service area, to develop closer working relationships, let alone integrate their service offers. A recent request for EOIs to deliver a new state government employment program nominated several sites,

apparently unaware that the same locations were already served by another, almost identical, state-funded program.

- **Inflexible system architecture**, for instance the rule that registered providers under the NDIS must spend no more than 20 per cent of their funding on administration. While this rule is designed to ensure that the lion's share of funds are spent on the needs of participants, it has the unintended effect of creating a disincentive for providers to invest resources in collaborating, even though to do so might be more efficient and cost-effective in the long term.

Recommendation 4:

Resource co-location to foster formal and informal collaboration between providers and across service areas.

Recommendation 5:

Allocate funding specifically for integration where providers are expected to collaborate.

2.3 Investing in collaboration

Investing in service integration at the local community level improves coordination and increases collaboration, with benefits for individuals as well as the broader community.

The *Better Futures, Local Solutions* initiative (BFLS), funded as part of the *Building Australia's Future Workforce* package in the 2011–12 budget, piloted a community-led, place-based approach to combat intergenerational disadvantage in ten locations. Jointly overseen by three Commonwealth departments, BFLS expressly sought to enhance the effectiveness of existing support services by improving coordination and making them more accountable to the communities they served. In each location, responsibility for allocating funds was delegated to a not-for-profit organisation in partnership with a Local Advisory Group. Funded agencies were explicitly resourced so that they could pursue collaborative activities and put time and effort into developing networks with local employers (Wilks, Lahausse & Edwards 2015). Although a full evaluation was never completed (DoE 2015), early findings indicated that BFLS had strengthened collaborative relationships between local agencies and increased community capacity to participate in local planning, and further, that both factors were contributing to better outcomes for residents (Wilks, Lahausse & Edwards 2015, pp. 40–41, 45).

Likewise, the Commonwealth Communities for Children program (CfC) sought to improve outcomes for children and families living in 50 disadvantaged communities. Improving the coordination of services for families requiring support from multiple agencies was one of three core objectives, and Facilitating Partners (FPs) were funded to mentor Community Partners and build their capacity for coordination. A longitudinal evaluation of CfC found that the program had increased coordination both between CPs and between CPs and smaller, local not-for-profits. The first stage of the evaluation found an association between these improvements and small, positive gains for the participating families and for the community, though these effects levelled out once the children began school (Muir et al. 2010).

In both programs an intermediary organisation was engaged by government to coordinate the whole-of-community effort and balance upwards and downwards accountability. In the past

decade there has been a gradual increase in governments' use of such intermediary bodies to fulfil a number of purposes which are quite distinct from the role of a classical 'prime provider' or 'lead contractor' which might primarily manage sub-providers. By contrast, the function of intermediary organisations employed in BFLS and CfC, the 'backbone' organisations advocated by Collective Impact, or the commissioning agencies that sustain New Zealand's Whanau Ora initiative, is expressly *not* to enforce adherence to a standardised program logic, but to strengthen downwards accountability, authorise adaptation to local conditions, and facilitate collaborative ways of working between different local actors. The capacity of such entities to balance government's need for upwards accountability with the flexibility to develop services tailored to community need makes them particularly suitable for place-based approaches.

The Brotherhood currently plays a comparable role in several programs for which we are also registered providers. This approach—in which BSL delivers a program while concurrently collaborating with other providers to build their capacity—is sometimes described as 'having skin in the game', the idea being that direct experience of delivery helps us to appreciate the practical challenges staff face, and prevents a 'disconnect' opening up between the front-line and the back office. For instance, in both HIPPY and Victoria's Work and Learning Centres, BSL is not only funded to manage sub-providers, but also—and more importantly—to develop providers' capacity to build strong networks in their own communities. In the Education First Youth Foyers the BSL, together with Launch Housing, mediates between the key stakeholder departments and Foyer staff, as well as building the capacity of both staff and students to develop relationships with the adjacent communities of Broadmeadows and Glen Waverley.

The Brotherhood's role as an 'enabling organisation' is most clearly realised in our convening of the Transition to Work Community of Practice (TtW CoP). The explicit rationale for setting up a community of practice was to develop collaboration between employment service providers. As the convener of the CoP, the BSL aims to 'enable' member organisations to contribute and develop their complementary expertise, rather than directing them on how to deliver the model. The goal is that sharing practice lessons will develop CoP members' capacity to work effectively with communities and local employers to create sustainable employment pathways for young people.

Our experience demonstrates that enabling organisations can offer practical assistance to providers to help resolve some of challenges that arise during implementation. For instance, BSL was recently invited to assist a TtW provider in a regional site. Although the town had several Jobactive providers, front-line staff were inexperienced in dealing with the particular difficulties faced by younger people. As a member of the CoP, the provider was able to draw on the expertise of the BSL and other providers and staff received specialist training and ongoing support to build organisational capacity.

Recommendation 6:

Invest in a more integrated support system for people who require multiple services by funding enabling organisations to develop providers' capacity for collaboration.

3 Reform for effective government stewardship

This section responds to Request for information #4 and addresses the role government should play to ensure the effectiveness of human services, including:

- how government can work with communities to identify local needs and priorities and support the development of community-led solutions
- what government can do to create opportunities for citizens in their community to participate in the co-production of block-funded services
- how governments can work with providers to foster effective innovation and improve responsiveness to service users
- how governments can give providers the flexibility to improve responsiveness while preserving upwards accountability.

3.1 Government's role as system steward

The Productivity Commission have outlined the role of steward as having a number of responsibilities including:

- monitoring and evaluating service provision and policy design
- ensuring strong consumer protection arrangements are in place
- continuous improvement of service provision, whilst encouraging innovation
- ensuring human service provision contributes to the wellbeing of the community.

The Brotherhood broadly supports these functions as important parts of being a good steward; however we do not believe they adequately reflect the philosophy upon which government stewardship should be based. Defining stewardship so narrowly creates a real and present danger that the effectiveness of services will be compromised by a lack of strategic governance and leadership in relation to forward planning. It will also weaken downwards accountability as government shifts responsibility for poor quality or inadequate services onto individual providers.

Stewardship needs to be more than a collection of funding mechanisms, regulation, consumer protection and service provision. We urge the Commission to embrace a broader definition of stewardship which goes beyond supervision or oversight, to recover the original meaning of the word as akin to custodianship or guardianship.

If we conceive of government not as a mere caretaker but as the *custodian* of the human services system on behalf of the citizenry, we emphasise, rather than seek to diminish, the magnitude of the government's responsibility. This is a duty not to be easily relinquished by contracting out service delivery or putting cash into the hands of individual citizens.

If government is to fulfil this obligation, effective stewardship will also involve:

- developing and maintaining the infrastructure and skills required for strategic governance of the human services system, as well as the relationship of each sector to the whole

- building relationships based on trust and reciprocity between levels of government, between departments, with agencies, with non-government organisations, with community service providers, and with community groups
- capacity to make informed decisions about the most appropriate mechanisms for the design and delivery of specific services and programs. For example, commissioning must be ‘fit for purpose’ (see Section 4), but so must the regulatory apparatus for managing human service markets.

The functions of stewardship depend on the mode of service delivery

In the twenty-first century the role of government has evolved beyond both direct service provision and contract management. There is no longer ‘one best way’, but ‘different ways for different circumstances’ (O’Flynn & Alford 2012, p. 254). One of the responsibilities of system stewardship is to maximise public value by evaluating which form of externalisation, what type of provider and which way of working is most appropriate for the service in question.

We maintain that though market-based provision may work where services are transactional, meaning they are clearly defined, easily substituted and discretionary, and where the cost and consequences for the citizen of changing providers is minimal, for example, public dental services. But we also contend that many areas of human service provision do not fit these criteria. Where the needs are complex, and the responses are multifaceted, solutions cannot simply be purchased. In such cases the solution is not markets, but networks.

Figure 3.1 Comparison of the two dominant modes of externalisation in human services



Nonetheless, as steward of the human service system, government may make use of both mechanisms to optimise effectiveness. Figure 3.1 below compares the merits of the two

dominant modes of externalisation and the characteristics of services to which each mode is suited.

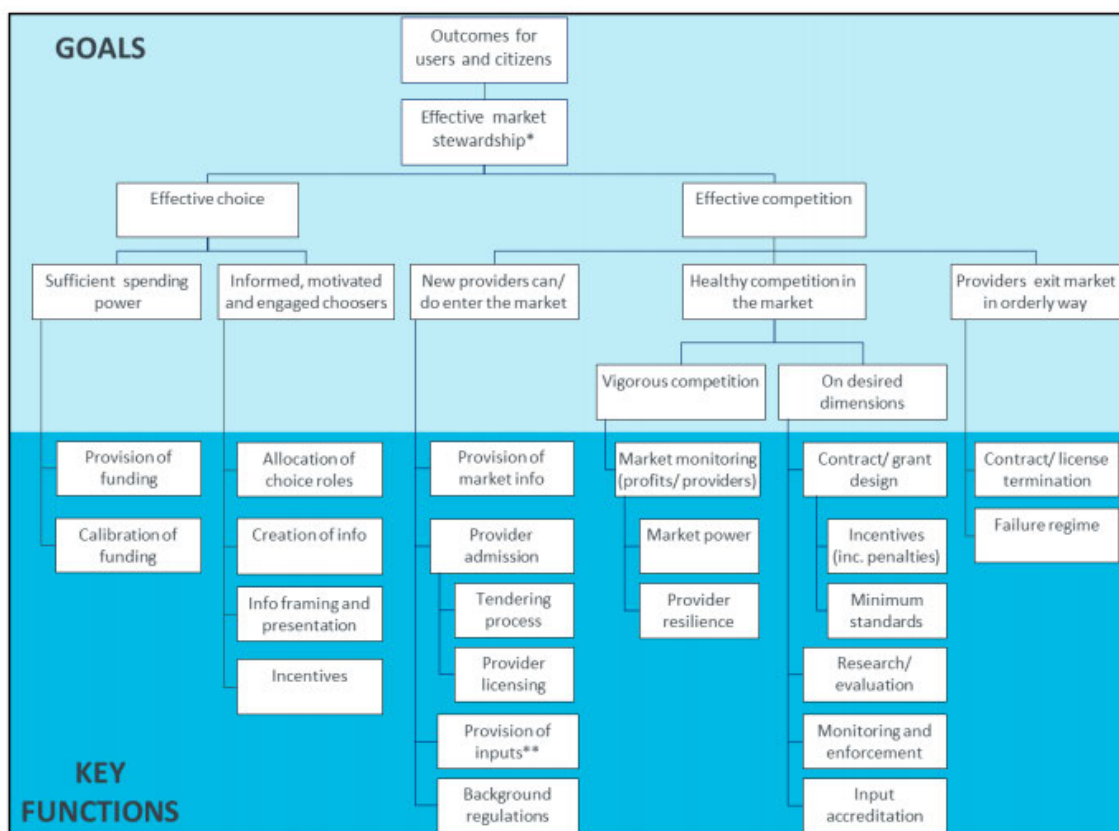
3.2 Stewardship of human service markets

Though it may be tempting to view market-based service provision as a simpler and more efficient alternative to commissioning, effective market stewardship demands that government take on a number of new regulatory and protective responsibilities.

Gash et al. (2013) have created a framework depicting the market stewardship goals and functions (see Figure 3.2). The outcomes for users and citizens are placed as the primary goal of driving effective market stewardship, of which both effective choice and competition are the enablers. The framework shows that effective market stewardship is more broadly conceived than it has been in the Issues Paper and includes elements such as provider resilience and calibration of funding.

Further, effective market stewardship is assessed against democratically determined goals. This implies that the framework for effective stewardship should be produced through democratic participatory processes and not be solely defined by policy makers, politicians or service providers, but defined instead by the citizens, their needs and what they believe the outcomes are that will ensure they live a good life.

Figure 3.2 Framework depicting the goals of market stewardship and the corresponding functions performed by government



* Assessed against democratically-determined goals (e.g. quality, economy, equity)

** Inputs might include assuring access to a professionally accredited workforce; infrastructure etc

Source: Gash et al. (2013, p. 19)

Recommendation 7:

Adopt an expansive view of stewardship in which government is more—not less—involved in working with providers to ensure positive social outcomes.

The heavy burden of light regulation, or why devolving responsibility to markets ends up costing more

If government is to successfully steward the human services sector through the challenges of the coming decade, it must accept that effective stewardship will require it to take on greater responsibility, not less.

As many respondents pointed out during the first stage, human service markets are susceptible to a number of risks, including the tendency towards monopoly and monopsony, the incentive for providers to ‘game’ the system, the costs for users of changing providers, and the difficulty of establishing functioning markets in rural and remote areas of the human services sector. If further marketisation is to follow along the lines of VET in Victoria or the NDIS, with government exerting control through a tissue of loosely policed ‘standards’, then there is a real danger that the market will end up favouring providers at the expense of citizens, both as service users and taxpayers. Contradictory though it may seem, it is highly likely that the ‘light touch’ regulation preferred in existing service markets will end up costing a great deal.

Effective market stewardship will, in fact, require significant up-front investment in public service infrastructure if government is to develop the capacity to perform the roles delineated above (Dicke & Ott 2002). Another strategy may be to devolve some of those functions to another agency, such as the NDIA was originally conceived to be, or to a non-government agency as is being trialled in New Zealand.

3.3 Investing in co-production

Government often struggles to deliver services that are universally effective as well as responsive to local community and individual need. Likewise many citizens also feel that standardised services and programs address neither their needs nor those of their community.

Fortunately there is an alternative to both ‘big’ government and catastrophic market failure wherein the work of governance is distributed more equally across all levels of civil society.

One of the levers that government may use to achieve this is co-production. Co-production has historically been used to describe a mechanism to bring together what a government does and what citizens do (Ostrom 1999). More recently, the concept has broadened to include the contribution of voluntary and community service organisations as a way of describing the coming together of governments and not-for-profit organisations in the co-design and delivery of human services (Osborne & McLaughlin 2004).

Co-production offers a means for government to enlist the support of communities in the work of stewardship. Whether involving an informal network, community organisations, or individual citizens, all co-productive processes begin from a common assumption that governance ought not only flow in one direction, and that community providers and the citizens they serve should be

authorised to participate in the decision-making process about what services are delivered and how. Effective co-production requires that government forge strong relationships with providers and community groups, based on mutual respect and shared purpose. Such relationships must contain a demonstrable element of reciprocity in order to cement trust and enable the partnership to thrive under pressure.

There are many different ways to undertake a co-productive activity or process, but the Social Care Institute for Excellence (2013) has outlined a number of key features of co-productive activities. Services that comprise some aspect of co-production tend to:

- define people who use services *positively*, as assets with skills to contribute
- break down formal barriers between people who use services and professionals
- build on people's existing capabilities
- include reciprocity (where people get something back for having done something for others) and mutuality (people working together to achieve their shared interests)
- work with peer and personal support networks alongside professional networks
- magnify the impact of the intervention on the community by helping local organisations to become agents for change rather than just service providers.

If government is to successfully enlist communities in the work of stewardship it will need to first invest in the capacity of communities to participate in a dialogue about how services can best meet their needs.

Such investment may initially be costly and difficult, but it has real potential to improve the overall effectiveness of human services while also lightening the burden of government stewardship. By exercising local sovereignty, empowered communities, in partnership with government and its proxy agencies, can take over oversight of day-to-day matters and help maintain a 'virtuous circle' of trust and mutual support which both creates positive relationships with external agencies and reduces the need for costly regulation. Empowered communities may also add value by assisting agencies in the co-design, implementation, governance and evaluation of services and programs at the local level (Kelly 2014).

However co-productive activities are not automatically more democratic. There is always a risk that more able and resourceful citizens and organisations may exert disproportionate influence to the detriment of those who experience additional barriers (Bovaird 2007). To manage this risk, stewardship must focus on supporting communities to be inclusive. This may mean providing additional resources to support the participation of all members of the community, or developing mechanisms to engage those at risk of exclusion (Ledwith 2012). The presence of flourishing peer-to-peer and personal support networks, in addition to professional networks and services, contributes to a diverse and responsive service eco-system and helps amplify the voice of those whose needs are often overlooked or inadequately catered to by conventional service offers.

As a result, the Brotherhood urges the Productivity Commission to consider the role governments play as stewards in funding and supporting user-led and peer-led organisations to engage in co-productive activities. This should also be supported by a strong market/provider development

strategy that encourages micro-enterprise and micro-providers, led by people with lived experience of the service system, that are innovative, entrepreneurial and adaptive to the local needs (Bull & Ashton 2011).

Recommendation 8:

Devolve commissioning responsibilities to intermediary bodies where it would improve the effectiveness of services.

Recommendation 9:

Invest in peer support networks to facilitate co-production.

Recommendation 10:

Provide for social capital in tendering and contracting processes, for example by requiring potential providers to demonstrate genuine connections to community.

4 The BSL framework for ‘fit for purpose’ commissioning

This section combines the BSL response to Requests for Information #28, #29, #30 and #31. It draws on BSL experience to provide specific information on how commissioning processes can be reformed to improve the effectiveness and responsiveness of family and community services, including:

- how government can tailor funding and service models to improve the effectiveness of family and community services;
- how government can select providers who are best placed to achieve outcomes for individuals in their communities;
- how government can commission services to give communities more input and greater control over services;
- the potential of collaboration with non-government agencies to foster effective innovation and co-design;
- what can be done to support the reform of commissioning practices

4.1 What is the problem?

The Commission’s recent consultation process revealed a consensus between policymakers and community sector service providers that the present model of providing family and community services is not working effectively. While there are some positive examples of useful innovation and effective implementation, there is broad agreement that, taken as a whole, the existing service system falls far short of the criteria for effectiveness outlined by the Commission.

Quality, defined as the ability of a service to improve the wellbeing of service users, is often difficult to assess due to a plethora of unreliable output measurements. Equity, particularly equity of access, is highly variable with huge differences between regions in the accessibility of services. Equitable access to services can also be compromised by specialist referral arrangements or by limited places. Other people experiencing crisis, or those who have multiple needs, are also excluded by the sheer difficulty of navigating a complex and often contradictory service system.

Lack of clarity about purpose and weak evidence of impact make it difficult to establish the efficiency of most individual programs, but the entrenchment of disadvantage in Australian society makes it clear that the system as a whole must do more. And while present commissioning practices are effective at ensuring upwards accountability, some compliance requirements weaken downwards accountability and responsiveness to users’ changing needs and preferences. In addition, the existing system is neither cost-effective nor sustainable.

The Brotherhood of St Laurence wholeheartedly agrees that reform is needed. We too are frustrated by the lack of a coherent system for identifying and addressing disadvantage, the lack of coordination between departments and levels of government, and the lack of a guiding logic or purpose in how many programs are commissioned, which leads to poorly targeted services that often duplicate effort. Though many of these programs will have a positive impact on individuals

and communities, such outcomes often occur in spite of a clear program logic and are not captured by poorly designed outcome measurement tools.

What is the solution?

Due to a range of factors there can be no singular blueprint for how to commission an effective service. These factors include the considerable diversity in family and community services, the variety in their scale and targeting, and differences in the type of providers, their abilities, size and scope. For all these reasons there can also be no universal model for designing a program logic, for selecting providers or deciding on the most appropriate way to deliver accountability, or for collecting and analysing outcomes data.

Instead, each element of commissioning, at each stage of the commissioning process, must be designed in recognition of the agreed purpose of the program in question. Drawing on our recent experience in collaborative commissioning, the Brotherhood has given serious consideration to how this can be achieved. Our thinking challenges the model posited by the Commission, which we believe overlooks some key elements of commissioning.

The cyclical commissioning model proposed by the Commission (p. 38) does not, in our view, contain the necessary elements for a meaningful departure from classical contracting. It does not represent the actual complexity of real-world commissioning, nor does it offer commissioners any strategic insight about how to proceed so as to maximise the prospect of success. By focusing heavily on the activities to be undertaken by government, it also precludes the role that other actors must play for services to be effective—particularly the role of the community in co-producing services, but also the potential for community service organisations to contribute their expertise throughout the entire commissioning process, from service idea to implementation.

In short, the cycle depicted does not allow for the enlarged role for the community that we propose. Consultation with ‘users’ in the initial phase will not be enough if governments are to make services more responsive to the needs of disadvantaged communities. Services that truly reflect their needs and aspirations will require the ongoing input of both individual citizens and community groups, as well as appropriate mechanisms for them to exercise some degree of collective and individual control over what is eventually produced.

Indeed, the Commission’s cycle does not take into the account the current trend for community service organisations to be involved at each stage of the commissioning process (O’Flynn 2009). With recent shifts, particularly at state level, towards collaborative or ‘network’ governance, community sector organisations are no longer only providers, but increasingly also respected partners who bring their expertise to problem definition as well as the design, implementation and evaluation of specialist programs (Borlagdan & Keys 2016).

The Brotherhood’s solution

This section outlines our attempt to develop a framework that captures both this trend towards collaborative governance and the prerequisite for greater community participation. It presents our understanding of the essential elements and phases of a commissioning process that, because it is guided by clarity of purpose, is more likely to produce an effective service than approaches based on conventional practice, on ideology or on ‘on-the-run’ policymaking.

At its core is our deeply held view that collaboration, and not competition, holds the key to reform in the area of family and community services. To this end we urge the Commission to consider collaborative—as opposed to competitive—approaches to commissioning, and stress the value for governments of enlisting the knowledge, experience and expertise of the community services sector. As we argued in our previous response to the Inquiry, a collaborative, high-trust approach is both more likely to engender successful innovation *and* more conducive to fostering community-based responses to disadvantage.

Our framework has been built inductively from close study of four Brotherhood programs. Each has involved some aspect of cross-sectoral collaboration with government and collaboration with other community sector providers, as well as reliance on the capacity of the providers to draw on community resources. Our framework relies on a particular understanding of the meaning of commissioning.

4.2 What do we mean by commissioning?

The term ‘commissioning’ has only recently begun to be used in Australian policy literature, though it has been used in the United Kingdom since the 1980s (Dickinson 2015). However, what is meant by commissioning varies substantially.

Our conception of commissioning is close to that of the New Zealand Productivity Commission, which describes it as ‘the set of inter-related tasks that need to be undertaken to turn policy objectives into effective social services’ (p. xi). For the NZPC, commissioning implies a shift from ‘top-down control’ of service provision, which prioritises political or ‘upwards’ accountability at the expense of responsiveness, towards stewardship of a more integrated service system capable of adapting to individual and community needs. There is no ‘one-size-fits-all’ model for commissioning effective services.

Many of those who use the term ‘commissioning’ tend to describe it as antithetical to conventional government contracting practices which involve prescriptive, top-down contract-management and rigid, output-driven reporting requirements. In contrast, commissioning is understood to involve closer working between the public and non-government sectors. Governments are not primarily ‘contract managers’ but facilitators of cross-sectoral networks bound by trust (Rees 2013; Bovaird, Briggs & Willis 2014). However in the United Kingdom ‘commissioning’ refers to all means of externalisation, including CCT-style procurement and contract management.

The Brotherhood is heartened to note that although the Commission appears to use the term in the latter, wider sense, it also signals a willingness to consider the potential benefits of adopting a more collaborative approach where this could drive better outcomes.

If this Inquiry is to lead to more effective community services, the shift to the language of ‘commissioning’ must do more than rebrand conventional ‘top-down’ contracting. If the term commissioning means anything, it is to denote a rebalancing of service provision so as to give greater voice and control to citizens. This need not mean government delegating wholesale responsibility for program design, but rather *working with* individuals in their communities to identify need and develop local solutions that build on existing networks and infrastructure. Our experience suggests that such an approach not only improves service quality and responsiveness,

but by strengthening community capacity is also far more cost-effective and sustainable in the long term.

Our definition therefore includes the proviso that, to be effective, commissioning should not merely translate policy into quality services, but do so in a manner that empowers individuals in their communities by investing in local, community-based solutions.

Recommendation 11:

Adopt a definition of commissioning which reflects a rebalancing of service provision to give greater voice and control to citizens.

4.3 Commissioning agencies and enabling organisations

Commissioning has also often been understood to be an activity that can only be undertaken by government. However there is a growing realisation in government of the benefits to be gained from delegating some commissioning activities to external organisations.

We share the view of the New Zealand Productivity Commission that devolution offers governments a means of maintaining strategic oversight of services while giving agencies the flexibility they need to develop innovative responses to complex, multi-faceted problems. The role of commissioning organisations—and the NZPC expands this term to include non-government agencies—is to make ‘informed, deliberate choices’ about which service model is the best match for the defined population.

The principle of decentralisation, involving substantial devolution of decision-making power to non-government agencies, including delegation of program design and provider selection, is a core feature of the New Zealand approach to social services. The NZPC claims that devolution helps overcome many of the problems associated with top-down procurement by placing commissioning outside politics, enabling commissioning agencies to do ‘what works’, not merely what is electorally palatable for the government of the day (2015, p. 9).

We share the view of the NZPC that the commissioning of truly responsive, locally tailored services will require government to devolve some decision-making power to agencies that, because they are ‘on the ground’, are better placed both to fund small-scale local initiatives and to adapt other programs to local conditions or even individual circumstances. Some degree of devolution could also streamline stewardship of the community sector by allowing the department to delegate procurement and day-to-day management to an agency able to build a closer, collaborative relationship with individual providers.

All four programs that inform our analysis involved some element of devolution. In each case an entity affiliated to the Brotherhood has, with government backing, undertaken activities that under classical contracting would have been the role of the public service. Although their exact functions vary according to the specific program, we have adopted the generic label ‘enabling organisation’ because it best describes the role these entities play in supporting the contribution of smaller community providers.

The role of the enabling organisation

Our commitment to this enabling role stems from our belief that smaller organisations with deep roots in their communities are far better placed to leverage local networks and the altruism of volunteers than ‘Big Charity’ providers (Dalton & Butcher 2015). However it does not automatically follow that all smaller organisations will possess the necessary capacity to do so effectively. The concept of the ‘enabling organisation’ has evolved to resolve this contradiction. The functions of an ‘enabling organisation’ as we define it include:

- **Mediating between government and small providers** where the department does not have the time and resources to build a collaborative relationship with each provider. This role enables governments to get the benefits of commissioning local community-based providers without arduous performance management, and enables smaller providers to gain funding for their programs while maintaining their distinct organisational mission and culture. Where sufficient flexibility exists, it may enable providers to gain authorisation for innovation or adaptation to local conditions.
- **Capacity building** where a local provider has the requisite community networks but does not yet have the capacity to comply with reporting requirements, lacks expertise in a particular service area, or is having difficulty finding experienced staff . By providing practical support, training and other resources the enabling organisation helps the small organisation to become more effective.
- **Resourcing collaboration** between providers, including creating formal and informal opportunities for sharing practice experience (e.g. a community of practice), and investing time and resources to support collaboration. Where providers are clustered around a particular community’s needs, the enabling organisation may also support collaboration as a prelude to greater service integration.

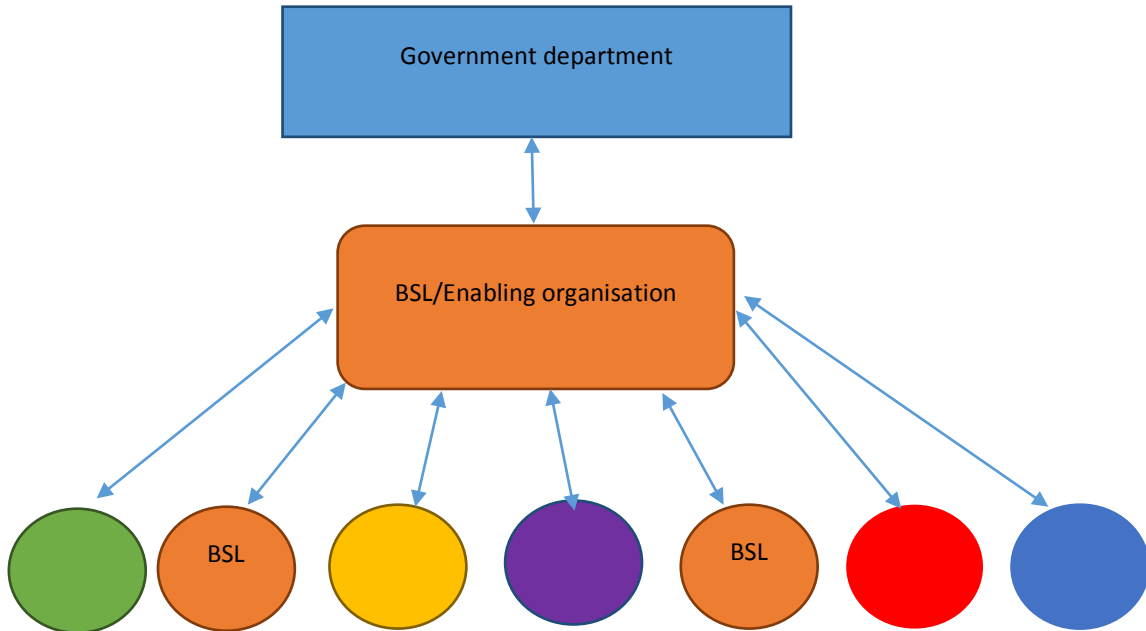
‘Skin in the game’

One argument often made in favour of devolving decision-making power to non-government entities is that such agencies—unlike bureaucrats in capital city offices—are already ‘on the ground’ and are therefore familiar with what it takes to deliver a service. However it is not necessarily enough for the enabling organisation to have expertise in a particular sector. Unless the enabling organisation itself has direct experience of implementing and delivering the specific program, there is a risk that it will become removed from the day-to-day challenges that providers face.

The Brotherhood has addressed this problem by ensuring that we always have ‘skin in the game’— that is, direct experience of what providers are dealing with, as well as exposure to the same degree of risk. Therefore in each case where the Brotherhood is an enabling organisation we are also frontline providers (see Figure 4.1). This helps us to build trust with other providers and gives us greater authority in advocating to government with them or on their behalf.

While the current Australian political environment probably does not support a program of radical devolution, the cases that informed this submission demonstrate that increased devolution is possible.

Figure 4.1 Governance and accountability with an enabling organisation



Recommendation 12:

Fund enabling organisations to build the capacity of local community providers.

4.4 How we developed this framework

Over the past decade the Brotherhood has explored different contractual arrangements with governments and other service providers. We have developed alternative service models, while looking out for opportunities to work with governments and other agencies.

The Brotherhood has worked with governments in different ways, ranging from fairly classical compliance-driven contract arrangements, to close collaboration based on high levels of trust between agencies and individuals. This has also produced some novel governance structures to meet the need for coordination between actors, as well as the need to maintain upwards accountability. From this, we have developed a framework to capture the nature of the relationships between commissioning agencies, providers and community .

Elements of policy and the commissioning process

To understand the commissioning of BSL services, we set out to ‘work up’ a framework. We began by breaking down the commissioning process into its elements. Table 4.1 shows our adaptation of the schema developed by O’Flynn and Alford (2012). For the sake of simplicity, we have included only the core dimensions from this schema in our final framework.

The dimensions in the table on the following page encompass the key questions that commissioners must consider before designing any program. Some answers may be known beforehand, but others may only become apparent in dialogue with providers and citizens during the commissioning process. This is especially likely if the approach used is highly flexible or key decision-making authority is to be devolved to a non-government agency.

However the commissioning process often begins outside government. In many cases, the 'problem' to be solved is formulated before government decides to act, for instance through media representations, the advocacy of special interest groups or the influence of think tanks, in which case the 'solution' may also have been proposed (see the discussion of Bacchi below). In the cases discussed here, the impetus came from the concerted advocacy of the Brotherhood of St Laurence. In each case we pitched a policy solution to government which was based on our understanding of 'the problem'.

In this submission we argue that to be truly effective, the commissioning of community services ought to begin by listening to the voices of citizens in their communities, so the stimulus for reform will come from democratic participation in the policy process.

Nevertheless, whether the drive for a new policy approach originates from a privately funded lobby, a community sector organisation like the Brotherhood, or close consultation with an energised local community, it is the responsibility of the steward to probe their representations of the problem and think critically about the likely effects of the solutions proposed.

Table 4.1 Elements of the commissioning process

<i>What is the problem to be addressed?</i>	This is the starting point for all programs. It is important to have clarity about the problem in order to have a clear idea of what objective(s) the program or service is supposed to achieve. It is also a precondition for developing a 'fit-for- purpose' commissioning model.
<i>Expertise required*</i>	What types of expertise will be required in order to achieve desired outcomes? This includes thinking through who may be invited to participate in co-design, as well as the type of providers sought.
<i>Types of actors</i>	Who needs to be involved in order to achieve the purpose of the program? Who is doing the commissioning? Who will provide the service? Government, a not-for-profit or a for-profit provider?
<i>Flexibility of service model*</i>	What degree of flexibility is required for the program to meet its agreed objective(s)? Is the program model 'off the shelf', or yet to be designed? Will providers be permitted the discretion to innovate, or does success hinge on strict compliance to program criteria?
<i>Mode of coordination</i>	How will activities be coordinated between actors? What structures will need to be created to facilitate effective collaboration? How will accountability be maintained throughout the commissioning process? How can commissioners incentivise providers to design and produce services that deliver agreed outcomes?
<i>Distribution of roles and responsibilities</i>	Who will be responsible for doing what? And how should roles be distributed to best achieve purpose? Which parties will design program? Select providers? Collect data?
<i>Method of choosing providers</i>	Will tendering be competitive or merely contestable? Will government contract providers directly, or will it devolve responsibility to commissioning agencies, to brokers or to individual users?
<i>Outcomes and mechanisms for systemic learning*</i>	How will successes and or failures be measured and understood? How will lessons be disseminated throughout the service system? Will there be a community of practice that facilitates learning?
<i>Conceptual framework(s) *</i>	Is the program related to a broader policy objective or policy framework, (such as social investment logic or DSS Priority Investment Approach)?
<i>Model and program logic*</i>	On what principles will the program be based? What evidence is there to support this approach? What will be the key features of the program model? What types of services are be offered as part of the program? What sorts of expertise will providers need to possess in order to be effective?
<i>Scale*</i>	On what scale will the program be implemented? Will it be rolled out nationally, targeted to specific populations or areas or will it adopt a place-based approach?
<i>Target population*</i>	Who is the target population? Will the intervention be available to a sub-population across a particular jurisdiction, or will it use spatial targeting?

Note: Elements added to the original schema are indicated by *

Source: Adapted from Alford and O'Flynn (2012)

Redefining the problem, rethinking the solution

The four programs that formed the basis of our analysis grew from the Brotherhood's particular understanding of the nature of social disadvantage, a deep belief in the dignity of the human person, and confidence in the power of community organising to affect positive change.

But they also grew out of a clear-headed, evidence-informed assessment of the core problem requiring a policy response. In this the Brotherhood has drawn on the approach popularised by Bacchi (2009), who urges policy analysts to think critically about how the dominant 'common-sense' framing of a social problem tends to reproduce particular types of policy responses, which may then fail to address the underlying causes of the problem.

Bacchi argues that the framing of a problem is integral to the formulation of any policy response. By definition, a new policy response often replaces a previous one which has been judged ineffective. If a new policy is to avoid replicating the failures of the redundant program, it is vital that commissioners commence with a critical review of previous policies. This means looking closely at how past policies framed the problem; the assumptions that were made about the cause(s) of the problem and the proposed solution that was drawn from this understanding. Using this approach helps commissioners to 'look afresh' at the issue and, by 'thinking outside the square', develop a more effective response.

Using the Bacchi approach to develop smarter policy

When Brotherhood staff teach this approach to students in the Masters of Social Policy at the University of Melbourne, we suggest that they approach every policy program by asking the following:

1. What's the problem (e.g. drug abuse, family violence) represented to be?
2. What assumptions are made about the causes of the problem? Who is seen as responsible? What causal factors does the policy not address?
3. How has this understanding of the problem come about?
4. What is the likely impact of this policy? What will it change and what will not?
5. How can the problem be thought about differently? How would a different understanding change the focus of the program?

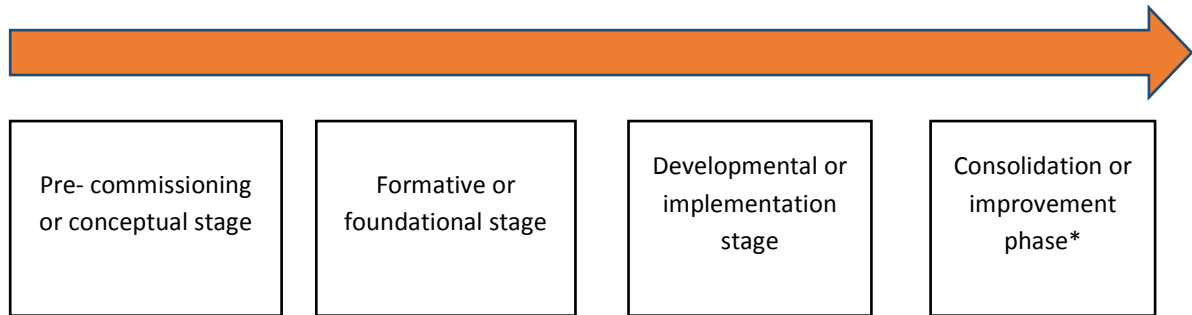
Adapted from Bacchi (2009), p. 2.

Mapping the commissioning process

Commissioning is often modelled as a cycle, including by the Productivity Commission. Our experience tells us this is too simple, and that commissioning is not a rational, sequential process, nor even an orderly cycle. Instead, it is often a chaotic process in which commissioners must contend with a number of constraints, including tight timeframes, the existing service infrastructure, limited funds and politics.

We suggest that it is more helpful to conceptualise the commissioning process as consisting of distinct temporal phases: the pre-commissioning phase, the foundational phase, the developmental or implementation phase and the consolidation or improvement phase. Figure 4.2 depicts the commissioning process as linear, rather than as a cycle, because this more accurately describes the development of programs.

Figure 4.2 Phases of the commissioning process



*This phase continues up to decommissioning

These four phases correspond loosely to the quadrants of the commissioning cycle shown in the Commission’s Issues Paper (2016b, p. 38). However rather than each phase being associated with specific tasks, slicing the broad commissioning process into discrete sections makes it possible to follow how each element of the commissioning evolved as the program took shape. Thus, it becomes possible to track the evolution of a particular aspect, e.g. the mode of coordination, type of expertise required or the distribution of roles and responsibilities, and compare its development against across other programs.

By representing the core elements of commissioning over time, rather than as an orderly sequence of fixed activities, our framework is able to accommodate the messiness of real-world commissioning, where good policy ideas are liable to run into any number of practical and political obstacles. Even where progress falters, the commissioning process will still follow a timeline, even if, as often happens, the program never gets beyond the formative stage.

4.5 What is ‘fit for purpose’ commissioning?

In each of the four programs which form the basis of our framework, the commissioning process evolved from a productive tension between an agreed, common purpose and the practical challenges all actors encountered in translating a good idea into an effective program. As the commissioning process unfolded, as the stakes increased, as relationships were tested and nerves frayed, it was this shared belief in the goal of the endeavour that provided the incentive for all parties to develop workable compromises and ‘work-arounds’ to keep the project afloat.

The guiding principle of our approach is that all commissioners should have clarity about *what they are commissioning for*. If the purpose is not clear and agreed, there is a substantial risk that what is commissioned will have been set up to fail. While the eventual program may still meet its formal performance targets, and may even have a positive overall impact, these effects are unlikely to be documented, and probably, nothing will be learned. Every decision made at each stage, whether about the type of expertise required, the mode of coordination between the

parties, or the method of engaging providers, must be guided by a clear sense of purpose, or else the effectiveness of the program will be compromised.

In the four Brotherhood services, fidelity to purpose was the goal, even if the commissioning process itself did not always run smoothly. This largely accounts for the different forms of the resulting service models and governance structures, as well as, perhaps most critically, the broad range of coordination and accountability mechanisms. Other variations can be pinned to the differing characteristics of each program, including population, scale and place.

A challenge in developing any framework is that in trying to create a tool with universal application there is a temptation to erase real-world messiness from the frame. Our hope is that by being ‘fit for purpose’, rather than a universal ideal-type model, the framework we propose here will— by keeping fidelity to program purpose front-and centre— help commissioners to work out a compromise solution that will not lose sight of the key policy objective.

Recommendation 13:

Commission for purpose, ensuring program design, provider selection, implementation and mode of coordination all serve policy goals.

Examples of ‘fit for purpose’ commissioning

Whereas other attempts to develop a typology of commissioning models have limited the range of possibilities, the defining characteristic of ‘fit for purpose’ commissioning is that the possible permutations are infinite. Nonetheless, we have refined the possibilities down to those models that we can see ‘fitting’ a particular purpose. The table below matches selected core elements of a program with the approach most suitable for each stage of the commissioning process.

Table 4.2 on pp. 41–2 illustrates how a program’s purpose shapes its commissioning processes. This table is intended to be a guide only; the examples presented illustrate the form the commissioning process might take if fit-for-purpose principles were applied. Depending on the characteristics of an actual proposed program and the constraints on a real-world commissioning process, the illustrative programs could conceivably be commissioned differently. If, for instance, the conditions for effective co-production do not exist at the implementation stage, providers will need to adjust their expectations and adapt the service model accordingly.

In the table the white columns to the left describe the purpose and characteristics of a given service. These dimensions are interrelated and contingent, and each combination implies a different set of procedures to fulfil the service’s aims. The three columns shaded grey (to the right) show the processes that should consequently be undertaken at three stages of the commissioning cycle. The elements of the table are elaborated below

Scale of delivery and target population

Neither scale nor the size of the targeted population should by themselves dictate how commissioning should proceed. However, there is a relationship between both factors and what is possible: the smaller the scale or the narrower the target population, the greater the potential for commissioning to rely on the strength of interpersonal relationships. A small-scale program may be an opportunity for commissioners to adopt an experimental approach, as interpersonal trust lays the foundation for greater flexibility and innovation. On the other hand, a broader program

(or even a narrowly targeted service that is to be rolled out nationwide or state-wide) will require significant delegation to an enabling organisation to take the same approach.

Type of expertise required

The question of what expertise is required to design and implement an effective program is fundamental for 'fit for purpose' commissioning. Expertise denotes practice wisdom gained from previous experience, as well as capacity to achieve a designated purpose. Different types of expertise may be required at the formative and implementation stages. At the formative stage, the key question for government is whether external expertise is required to design a 'fit for purpose' service model. At the implementation stage the question is who (which sectors, and which organisations) has the requisite experience and capacity both to implement the program, and to deliver it. Commissioners may opt to work with the same agencies in both stages (and there may be a practical advantage in doing so), but may equally choose to work with different organisations during implementation.

Degree of flexibility required

'Degree of flexibility required in service model' refers to the level of variability necessary to meet a program's purpose. Some programs may require providers to be allowed to innovate or adapt to local conditions; the effectiveness of others is contingent on their fidelity to a defined service model. The degree of flexibility required affects the implementation and governance of a service.

Opportunity for co-production

'Opportunity for citizens to co-produce services' describes the extent to which communities can help shape programs. Because of their aims, certain services depend on the relationship between provider and user—for example policing, where community input demonstrably increases effectiveness (Stephens, Ryan-Collins & Boyle 2008). Other services rely on models developed by other means, for example from published research. This dimension influences the appropriate mechanism for designing a service (e.g. co-design or in-house design by government).

Capacity of government

'Capacity for government to directly commission effective services' refers to the extent to which the state can successfully commission a service without involving an external commissioning agency. Some services (e.g. those requiring statutory powers) are best commissioned by government because they serve purposes core to the role of the state. Other programs may be more effective if they are commissioned by enabling organisations.

Key to terms used in Table 4.2

Prime provider refers to a third party entity that intercedes between the government department charged with commissioning a program and the organisations delivering the service or program, and has both authority and responsibility for the management of providers. In some circumstances the prime will also be authorised to select providers and commission services from providers. A prime may be a government agency, a non-government organisation or collective of NGOs, or as in the case of the UK Work Programme, a private firm charged with managing provider contracts.

An **enabling organisation** is similar to a prime in that it too mediates between government and those agencies delivering a program or service and may be responsible for commissioning services and ongoing coordination. Its principal point of difference from a prime provider is in *how* it works with providers. The relationship between the enabling organisation and delivering agencies is more horizontal. An enabling organisation actively supports agencies through training and ongoing capacity building and may be empowered to authorise innovation and adaptation.

Collaboration refers to cross-sectoral and intra-sectoral working together between different agencies where the interests of all parties are aligned in support of a common goal so that divergent interests are subordinated. It expressly refers to a deeper form of working than cooperation or working alongside one another.

Collaborative commissioning refers to collaboration between government and non-government agencies in the commissioning process. It implies deeper working that goes beyond co-design to non-government parties being involved in strategic decision-making, potentially during all three stages of the commissioning process, including in co-assessment.

Co-production refers to the active participation of citizens and communities in the design and delivery of services and programs.

Joined up government refers to coordination and governance between different levels of government and government agencies

Network governance refers to coordination and governance between a number of different agencies including government as well as non-government agencies and community partners.

Table 4.2 Examples of ‘fit for purpose’ commissioning processes

Example (* denotes hypothetical program)	Scale of delivery, size pop. targeted	Is non-government expertise required to design program?	Who has the expertise to implement program or deliver services?	Degree of flexibility required in service model	Opportunity for citizens to co-produce services	Capacity of government to directly commission effective services	Mode of program design	Mode of provider selection & Implementation	Mode of ongoing coordination & governance
Hearing screening program aimed at low-income families*	Nationwide, SES families only	No	Community and private health sectors	Low	Low	High	Internal	Classical CCT	Contract management
Education program about respectful relationships aimed at all school students*	Nationwide, all schools	Yes	Community agencies	Low	Low	High	Co-design	Classical CCT	Contract management
Oral health program targeted at ATSI school students*	Nationwide; selected schools	No	Government and private dental providers	Low	Low	Low	Internal	Prime provider + CCT	Prime provider
Arts-based diversionary program aimed at reducing recidivism among young people*	State-wide, selected young offenders only	Yes	Community service sector, local creative networks	High	High	Low	Co-design	Collaborative commissioning + co-production	Network governance
An initiative to give local areas greater autonomy over allied health services E.g. PHNs	State-wide, all local government areas	Yes	Community health sector, private health sectors	High	High	Low	Co-design	Prime provider + CCT	Prime provider network governance
Initiative aimed at linking low SES parents to local child services*	State-wide, low SES families only	No	Local government agencies	Low	Low	High	Co-design between department & agencies	Joined-up government	Joined-up government

Example (* denotes hypothetical program)	Scale of delivery, size pop. targeted	Is non- government expertise required to design program?	Who has the expertise to implement program or deliver services?	Degree of flexibility required in service model	Opportunity for citizens to co-produce services	Capacity of government to directly commission effective services	Mode of program design	Mode of provider selection & Implementatio n	Mode of ongoing coordination & governance
Employment services targeted at disadvantaged unemployed people (e.g. WLCs)	Place-based, selected sites	Yes	Community service sector, local employer networks	High	High	Low	Co-design	Enabling organisation + collaboration + co-production	Enabling organisation, network governance
Supported accommodation for young people in tertiary education (e.g. Foyer)	Place-based, selected TAFEs	Yes	Community service sector, TAFEs, local community networks	High	High	High	Co-design	Collaborative commissioning & co-production	Enabling organisation, network governance
Program to support low SES parents in developing school-readiness in preschool kids, (e.g. HIPPY)	Nationwide, selected SES sites	Yes	Non-government agencies and community networks	High	High	Low	Co-design	Enabling organisation + collaboration + co-production	Enabling organisation + contract management
Specialist employment service targeted at young people NEET (e.g. TtW)	Nationwide, selected sites	No	Private & community sector employment services providers	Low	Low	High	Internal	CCT	Contract management
Specialist employment service targeted at young people NEET (e.g. TTW CoP)	Nationwide, selected sites	Yes	Community sector employment service providers, local employer and community networks		Low	Low	Co-design	Enabling organisation + CCT	Contract management + Enabling organisation

The Brotherhood's guidelines for 'fit for purpose commissioning'

From this analysis we have been able to assemble some guidelines that may help commissioners to navigate a 'fit for purpose' commissioning process.

Some guidelines for 'fit for purpose' commissioning

- Where non-government expertise is not essential at the formative stage, it may be most straightforward to design the program within government. However few services in the family and community services area are likely to fit this category.
- Where non-government expertise is required at the formative stage, i.e. the effectiveness of the program depends on specialist, professional or practitioner knowledge, governments should seek out non-government partners in co-design and consider an ongoing collaborative commissioning relationship.
- Where effective implementation of a program does not require providers to use special expertise or discretion, and there is no benefit to be gained from collaboration between providers or greater service integration, governments may find it simplest to use conventional CCT and contract management.
- Where the program requires providers to have specialist expertise, but does not require flexible service model, and government does not have sufficient capacity to select providers, government may consider devolving responsibility for provider selection and contract management to a prime provider.
- Where program outcomes requires flexibility, reflexivity, capacity to adapt the program to local conditions and/or expertise in community development, governments should consider devolving commissioning and ongoing responsibility for coordination and co-production to an enabling organisation.
- The greater the degree of devolution to an enabling organisation, and thus the more flexibility the service model can accommodate, the greater the opportunity for citizens to engage in co-production.
- The more a program relies on the capacity of providers to harness the capacity of the local community, the greater the need for commissioners and their proxy agencies to ensure that there no barriers to citizen co-production.
- Where governments do not possess the capacity to partner with local agencies to co-produce services, they should consider devolving authority to a prime entity, agency or enabling organisation with the necessary expertise to foster these relationships.

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