

COMMUNITY SERVICES INDUSTRY ALLIANCE SUBMISSION - Preliminary Findings Report: Introducing competition and informed user choice into human services: Identifying sectors for reform About the Community Services Industry Alliance

The Community Services Industry Alliance (CSIA) aims to increase the capacity and viability of community service organisations and secure a prosperous future for the Industry.

CSIA will grow the business of the Community Services Industry by:

- Engaging internally and externally with organisations and stakeholders on industry development matters.
- Influencing and advocating for policy reform, representing the industry at all levels of Government and with other industries.
- Informing and educating on industry benchmarks, best practice and organisational development.
- Leading the industry in identifying challenges and acting on opportunities such as increasing productivity and innovation.

CSIA's Foundation members represent organisations that deliver human and social services across a wide range of areas including health, aged care, disability services, child protection services, housing and homelessness and more. It is from this wide breadth of experience and through the input of our Policy Working Party that we draw our insights for this submission. For the purpose of this submission we will refer to human and social services in terms of community services whilst recognising that these services are only one part of a broader human and social services landscape.

Find out more about CSIA [here](#).

CSIA's submission on preliminary findings report

Thank you for the opportunity to provide a submission in response to the Productivity Commission's Preliminary Finding Report: Introducing Competition and Informed User Choice into Human Services: identifying sectors for reform.

Forecasting the Future: Community services in 2025 identifies productivity as one of seven success factors for the community services industry. The community services industry receives significant public investment and greater productivity in the community services industry can have broad ranging economic benefits for Australia. A culture and system focussed on productivity will increase identification of inefficient systems and processes and create opportunities to reduce duplication of effort, leverage technology and reduce non-essential compliance. It can also lead to better monitoring and reporting on the impact of industry activity on individual social and economic participation and development that balances and integrates social and economic needs.

CSIA agrees with the principle of informed user choice to drive better outcomes for community service users. In the recent Brisbane consultation on 12 October it was encouraging to hear the Productivity Commission indicate that the starting point for any discussion on more effective service delivery is defining outcomes. In this respect competition and contestability are suite of tools that could deliver better outcomes for service users in certain circumstances. CSIA stressed in its first submission the need to proceed with caution in using greater competition as the preferred tool to drive better outcomes. Only by defining the outcomes investors (governments) are seeking, can models of delivery and mechanisms to support this be designed. Better outcomes for community service users are built on a deep understanding of client's needs and values; business processes and systems designed around these and a culture that places the client at the heart of the decision making process.

However, despite both investors and industry agreeing on the concept, a move to outcomes based approaches to community services has proven difficult. Tomkinson (Tomkinson, E, *Outcomes-Based contracting for human services*, Evidence Base, Issue 1, 2016, The Australia and New Zealand School of Government) concludes that efforts to date to deliver outcomes-based contracts in human services in Australia have fallen short of achieving the desired outcomes.

“The findings indicate that while outcome-based contracts deliver the measures of outcome for which they pay, these measures do not always reflect the intention of the contract designers, or desirable outcomes for the end-client”.

The article specifically cites employment services contracts that stifled tailored responses and reduced flexibility despite an intended aim to do the opposite. The challenge lies in designing payment metrics and targeted incentives to deliver the desired client outcomes and provider behaviours.

In this submission CSIA wishes to emphasise the need for the development of an outcomes framework co-designed by Governments and the community services industry as the first and most critical step towards more productive community services. In developing this framework it will be important to guard against design failure and learn from the mistakes of the past.

Transitioning to an outcomes based approach

A well designed transition to outcomes will provide more accountability for investment, demonstrate value for money, stimulate creativity, and create new client based and performance data to guide investor, provider and client decision making. An outcomes based approach requires significant change in the way governments and the community services industry operate and structure themselves. The Productivity Commission has identified the need for strong government stewardship to progress a productivity agenda. Importantly, the first step for stewardship is agreement on outcomes sought from investment. Once outcomes are defined, systems and processes to support measurement, flexibility to respond to changing circumstances and business models and service design to support good client outcomes can be designed.

As the Productivity Commission is aware the current system of investment in community services in Queensland is driven by a funder provider model and input/output orientated contracts, management, systems and processes. Despite this the immaturity of the market should not be a barrier to progress. It will take a planned approach from all levels of government and the community services industry to transition to an outcomes based approach. It may be best tested by trialling approaches in defined program areas, supported by independent review that is tested and evaluated prior to wider application.

Attachment 1 outlines an outcomes framework based on the work of Robert M. Penna, author of *The non-profit Outcomes Toolbox* (Penna, R.M., *The non-profit outcomes toolbox: A Complete Guide to Program Effectiveness, Performance Measurement, and Results*, 2011, John Wiley and Sons Inc. New Jersey). In the framework CSIA expands the outcomes “building blocks” and identifies what is required for a successful transition to outcomes in community services in Queensland, analyses the current state and strategies to progress action. The five building blocks are:

- Outcomes culture
- Outcomes design
- Outcomes management approach
- Outcomes measurement
- Outcomes learning

Penna stresses that each of these requires capability, capacity, ability, and resources and a focus on structure, function and implementation.

What it will take

Leadership, co-ordination and time

Although some work has been done, the transition to an outcomes based approach is proving difficult in Queensland. Primarily this is because skills, capabilities, systems and processes have been designed around an input/output based paradigm. Untangling this and redesigning systems and processes will not be easy. Developing an outcomes based culture and leadership is particularly important to drive change. This means an effective and compelling mandate, appropriate governance and the right skills and capabilities implemented through a change management framework.

As both the Australian and Queensland governments are key investors in community services in Queensland, an agreed and co-ordinated approach from is optimal.

Redesigned systems, functions, processes and structures

An outcomes based approach can only be achieved if the appropriate systems and processes supporting design, management, measurement and learning are in place. This means changes to procurement processes, contracting and contract management and pricing models that include rewards and risk.

Service redesign

The delivery of person centred services requires:

- Funding models that supports to meet changing circumstances and need of clients.
- Investment in co-ordination and navigation systems that support integration.
- A shift from prescriptive compliance based regulation to fit for purpose approaches.

Workforce planning and development

An outcomes based approach requires the skills and capabilities within commissioning organisations to make complex decisions about needs, cost effectiveness, funding, pricing, risk management, and quality and performance measurement. Providers need skills to manage and deliver outcomes based on person centred models of care. Accountability for outcomes particularly requires strong financial management, monitoring and review systems and data collection and analysis. This will require an industry workforce plan and targeted development programs.

The right data

An outcomes based performance measurement framework needs to be driven by a strong policy framework and include a set of indicators that answers what was achieved and what difference it made. Measuring and reporting on child, family and community outcomes requires a deep knowledge of the contextual complexities.

The effective use of data and data analytics has potential to create a learning system that is part of a continuous improvement cycle. Shared planning data, client-centred data, quality and performance data and improved data analytics could support the development of range of service models and provide better information to support decisions made by commissioning organisations and the users and providers of community services.

Independent measurement of achievement

Moving away from an output based approach to outcomes requires new measurement systems and processes. As achievement of outcomes will be linked to investor decision about performance incentives it will be important to have independent assessment. Assessing the degree to which a provider has delivered the outcomes (or interim milestones or targets) will need to be guided by a

decision making framework and be undertaken by organisations able to undertake this activity independent of governments.

Recognising social value

Commissioning organisations need capacity to consider a broader definition of value. Contemporary commissioning processes use qualitative, quantitative and comparative information to assess social return to determine true value for money. Not-for-profit providers value-add through the effort of volunteers and contributions of the philanthropic and corporate sectors. Various models of assessing social value exist particularly in the United Kingdom. Approaches vary and include legislation (*Public Services Social Value Act 2012*), a principles based approach to procurement and/or social value measurement tools.

Safeguards and protections

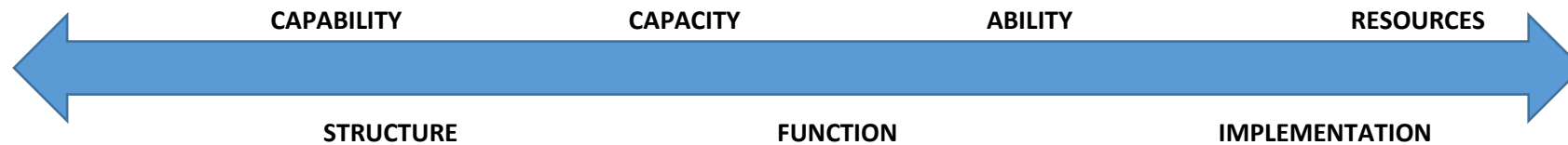
As more market based models emerge in community services adequate consumer protections and provider oversight needs to be in place. Consumer law has evolved mainly through a commercial context and provides broad safeguards for consumers purchasing goods and services. It will be important to design consumer protections including legislation around the complex nature of community service client/provider relationships. Although the Productivity Commission is currently undertaking a review of Australian consumer law and administration these issues are not featuring prominently.

In implementing the NDIS Local Area Co-ordinator roles have provided client safeguards through advocacy and support in the planning phase. This role could be enhanced by the addition of training in consumer rights and consumer law.

There also needs to be safeguards around provider behaviour particularly around marketing to vulnerable consumers. Providers will require training in appropriate and legal behaviour and the implications for their business.

Concurrently it will be important to review the role of the Australian Competition and Consumer Commission (ACCC) to ensure it is fit for purpose in protecting community service users in competitive markets.

Attachment 1 - Transitioning to an outcomes based approach



Building blocks	Current status (Investor/Provider)	Transition strategies
<p>1. Outcomes culture</p> <ul style="list-style-type: none"> • Shift perspective – from funder to investor; activity to results and service to change • Clear picture of the future and accountability for this • Reciprocal trust • Willingness to try risk based approaches • Organisational systems and processes designed around an outcomes based approach (leadership, procurement, contract management) • Training and development focussed on outcomes 	<p>Investors</p> <ul style="list-style-type: none"> • Funder/provider paradigm and systems and processes built around this (including training and development) • Investment tied to outputs • Multiple reviews/reform often reactive • Little opportunity/appetite to try new and creative ways of doing business • Little understanding of market stewardship (investor is policy maker, funder and regulator in most cases) • Micro-management of contracts • Inflexible funding models • Siloed funding and program design 	<ul style="list-style-type: none"> • A government mandate for an outcomes based approach. This will require a co-ordinated approach from all levels of government. • Independent capacity assessment of investor (governments) and providers including: aspirations, culture, skills, planning, systems, processes, structure and infrastructure • Governance incorporating centralised strategic leadership and accountability supporting whole of government/sector implementation • Managing for Outcomes - leadership skills and capabilities framework to drive change in government and community services industry.

<p>2. Outcomes design</p> <ul style="list-style-type: none"> • Common understanding and language • Agreed outcomes – designed around positive improvement, meaningful, sustainable, bound in time and number, narrowly focussed and doable, measurable, and verifiable. 	<ul style="list-style-type: none"> • No common language • Some efforts to develop outcome measures in some program areas with little focus on the systemic changes required to transition 	<ul style="list-style-type: none"> • Agreement on trial area from all levels of government and industry • Change management approach incorporating outcomes design into broader systemic change supporting an outcomes based approach • Independent evaluation and transition plan for broader application
<p>3. Outcomes management framework</p> <ul style="list-style-type: none"> • Learning and best practices approaches for investor and provider • Base of information and data to inform planning processes • Integration of outcomes and monitoring activities into contract management and investor/provider relationship 	<ul style="list-style-type: none"> • Planning and service design not linked to outcomes • Output based contracts and contract management 	<ul style="list-style-type: none"> • Development of an outcomes based procurement framework • Outcomes based contract management approach – leadership, skills, capabilities • Data plan (investor/provider) including planning, quality and performance and client centred data

<p>4. Outcomes measurement</p> <ul style="list-style-type: none"> • Shared principles of measurement • An outcomes measurement framework and tools • Data systems and processes (collection, analysis, linked to performance) • Performance tracking systems and processes 	<ul style="list-style-type: none"> • Input/output/activity based reporting • Systems and processes designed primarily around outputs. • Limited outcomes or performance data • No target/outcomes based performance tracking systems in places 	<ul style="list-style-type: none"> • Transition plan incorporating use of available data to plan design monitor and report against • Development of systems and processes to collect and use relevant data • Redesign of outcomes monitoring and reporting processes – including independent assessment/verification of outcomes achievement • Development of a social value measurement framework and tools.
<p>5. Outcomes learning</p> <ul style="list-style-type: none"> • Systems and processes to gather, analyse, and utilise information to continually improve comprised of: <ul style="list-style-type: none"> - Dedicated resources - Formalised systematic reporting - Universal input access - Broad access to information - Confidentiality and no-punitive safeguards and reporting parameters - Information management 	<ul style="list-style-type: none"> • Limited performance and outcomes data • No feedback loop from monitoring and reporting data to program improvement • Limited client centred data 	<ul style="list-style-type: none"> • Development of information management systems that support data analytics, meaningful reporting, and data sharing linked to a continuous improvement cycles