

Youth Perspectives on User Choice and Lessons from the Going Home Staying Home Reform

Yfoundations submission to the Productivity Commission
inquiry on Human Services

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Main Points

- In situations where there are a significant number of small services, a reform that disadvantages smaller providers will lead to a significant loss of sector expertise and this should be taken into account when designing reform.
- When designing a reform ensure that the relevant Government Department is sufficiently resourced in terms of staffing levels and the needed skills. In most cases this will require an increase in resources.
- The benefits from increased user choice include:
 - Matching service specialisations and the needs of service users.
 - Enabling service users to find a service that is compatible.
 - Allowing service users to receive services in the right location (e.g. distant from places of trauma, easily accessible)
- Supporting choice for young people involves providing them with information appropriate to their capabilities. Assessing the capabilities of a young person is complex as many factors other than age influence this, so training on assisting young people might be required.
- Providing user choice in regional locations is made complicated by the small number of services, and by the problem that the prospect of members of your community knowing you are accessing a service can provide a disincentive to accessing the service.
- An outcome-focused approach can help align the incentives of users and providers, but this will not always require outcome-based contracting, and other strategies such as outcome-focused contract management may be more appropriate in some contexts.
- Future commissioning processes could consider avoiding tiered contracting arrangements, and should allow sufficient time in tendering processes for genuinely collaborative partnerships to be formed and put in tenders.

About Yfoundations

Yfoundations' mission is to create a future without youth homelessness. We are the NSW peak body on youth homelessness and represent young people at risk of, or experiencing, homelessness, as well as the services who provide direct support to them.

Since its formation in 1979 this organisation has called for reform and improvement to broader systemic responses to youth homelessness and young people at risk of homelessness. Yfoundations provides advocacy and policy responses on issues relevant to young people affected by homelessness and issues relevant to service providers.

Our aim is to promote, protect and build on existing good practice and excellence in addressing youth homelessness. We also strive to ensure that youth homelessness remains a priority in public policy on: homelessness, youth affairs, youth justice, education, child protection, employment, health/wellbeing, and housing. Our vision is to ensure that all young people have access to appropriate and permanent housing options that reflect their individual need.

In pursuit of these goals, we have identified five 'foundations' for the positive growth and development of a young person and the process of ending youth homelessness:

- Home & Place
- Safety & Stability
- Health & Wellness
- Connections & Participation
- Education & Employment

These foundations place youth homelessness in a broader context, recognising that it interrelates with a range of issues, and that ending youth homelessness will require coordination across silos. They provide a framework for reaching out to other service areas to explore collaborative and integrated solutions. We believe it is vital that each young person has the opportunity within each domain to thrive. More information about these foundations is available on Yfoundations' website.¹

¹ Yfoundations, *The Foundations* <<http://yfoundations.org.au/explore-and-learn/publications/the-foundations/>>
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Introduction

The Productivity Commission's recent report: "Reforms to Human Services: Productivity Commission Issues Paper" (hereafter referred to as the "Issues Paper") contains a number of "Request for information" sections. In responding to the Issues Paper this submission has been structured to align the information it contains with the relevant requests. Not all requests are addressed, only those where Yfoundations is able to comment in detail. The requests for information addressed by this submission are requests 1, 2 and 30.

Broadly the information provided by this submission can be divided into two areas. Firstly, the perspectives of young people who have experienced homelessness on user choice, or the lack of user choice, when attempting to access homelessness services. Secondly, evaluations of the Going Home Staying Home (GHSH) reform of the NSW Specialist Homelessness Services (SHS) sector.

In gathering perspectives on user choice for young people who have experienced homelessness this submission relied primarily on information from the NSW Youth Homelessness Representative Council (YHRC). The YHRC is a diverse group of young people who have experienced various forms of homelessness and have links with a number of youth homelessness services and other young people who have been assisted by these services. A meeting was held with the YHRC to discuss user choice in the context of young people experiencing, or at risk of, homelessness and attempting to access services to assist them.² The submission also draws on background information from Yfoundations' many past consultations with young people.

The GHSH reform introduced greater competition and contestability through a commissioning process and as such should be an important case study for the Productivity Commission's current inquiry. In highlighting the lessons that can be learned from GHSH this submission draws on reports from two independent evaluations of the reform and the post-reform SHS sector: the Going Home Staying Home Post-Implementation Review³ and the Early Review of the Specialist Homelessness Services Program.⁴ The submission also draws on the experience of Yfoundations and its member services in going through the reform.

Although the information in this submission primarily concerns disadvantaged young people and homelessness, which is only a part of what family and community services addresses, this is an area of particular vulnerability and so it is important that the information provided informs the recommendations of the inquiry. Also, many of the issues identified would likely apply to services to other groups, and so are broadly relevant to the commissioning of family and community services generally.

² Interview with Youth Homelessness Representative Council (Sydney, 24 January 2017).

³ Health, Aging & Human Services, KPMG, 'Going Home Staying Home Post-Implementation Review: 2015 Final Report' (Report, KPMG, 2015).

⁴ Social Policy Research Centre, University of NSW, 'Early Review of the Specialist Homelessness Services Program: Final Report Unbranded for FACS and MEAG review' (Draft Report, University of NSW, 12 December 2016).

Request for Information 1

Figure 1 contains useful lists of the characteristics that should be considered when designing reforms. However, two further characteristics may be worth including: the prevalence of small local service providers, and the need to increase capacity in government in the lead up to, and during, reforms.

Prevalence of small local service providers

In designing reforms it is important to consider the extent to which the sector of service providers is made up of small local services. There are a range of arguments that can be made for the value of having small local not-for-profit organisations as service providers in youth homelessness. Such arguments include: being more aware of and better adapted to local circumstances; better connections with the community facilitating young people's community connections; the ability of staff to have closer relationships with the young people they assist; and reduced likelihood of having young people get "lost" in the system. However, this is not to deny that there are high quality youth homelessness services run by large not-for-profits.

Whatever the position taken on the relative merits of large and small not-for-profits, the practical situation in the NSW homelessness sector is that over 80% of services are delivered by not-for-profits operating in only one district.⁵ In situations where there are a significant number of small services, a reform that disadvantages smaller providers will lead to a significant loss of sector expertise and invaluable local connection; when a new service commences in an area without strong local connections it is young people who are further disadvantaged. Therefore any reforms should prioritise the benefit of maintaining services who are high performers and are well respected in their community.

There are indications that some aspects of the GSH reform were unfair to smaller service providers and resulted in the loss of services and experienced staff.⁶ The aim of government should be to maintain the diversity of expertise that exists in the sector. Unfortunately there is a tendency of large government departments to prefer working with large not-for-profits.⁷ So if there are a significant number of small services, this needs to be considered when designing reform.

Increase government capacity in lead up to and during reforms

One of the lessons from GSH as pointed out by the Post-Implementation Review was that there was a lack of staff resources, skills and experience to carry out the reform as well as other activities.⁸ The reform was not given a secure budget and this, combined with a staffing freeze at the time, led to a heavy reliance on short-term contractors, resulting in high turnover and a loss of corporate knowledge and understanding of the sector, which led to

⁵ EY, 'Outcome Based Contracting for Homelessness Services: Update on Progress and Insight from Current State Analysis' (Presentation to Advisory Group Meeting, EY, 15 April 2016).

⁶ KPMG, above n 3, 18.

⁷ James Whelan, Christopher Stone, Miriam Lyons, Natalie-Niamh Wright, Anna Long, John Ryall, Greta Whyte and Rob Harding-Smith, 'Big Society and Australia: How the UK Government is dismantling the state and what it means for Australia' (Research Paper, Centre for Policy Development, May 2012).

⁸ KPMG, above n 3, 13, 50.

resource instability and loss of staffing continuity. It is obviously vital when designing a reform to ensure that the Government Department that will have carriage of the reform is sufficiently resourced in terms of staffing levels and the needed skills. In most cases this will require an increase in resources, since the activities the Department normally undertakes will likely continue during the reform.

Request for Information 2

As noted above the information here is focussed on user choice in the context of young people experiencing, or at risk of, homelessness. However, a number of the points raised by the young people consulted would also apply broadly.

Improvements in service provision from increased user choice

The young people consulted on user choice stated a number of potential benefits. Usually these were in the form of benefits they could have had if there had been choice. It is clear that a lack of resources in services means that there is usually no choice. In cases where there was, or could have been, a choice the potential benefit include the following:

Matching specialisations and needs:

Many services have particular areas of focus, for example a particular capacity in assisting with mental health difficulties, or focus on a particular cohort. Matching the specialisation of a service with the needs of a young person experiencing homelessness can be critical in the process of them exiting homelessness. The young people reported their difficulties becoming worse when they were unable to access a service that specialised in their areas of need.

Another aspect of the effects of specialisation and lack of choice is that young people reported caseworkers advising them on what needs to emphasise in order to get into a service that had vacancies. They also reported not being able to access services that had vacancies because they were not part of the cohort the service assisted. It's clear that a lack of resources preventing user choice leads to inefficient results: young people not getting the specialist care that would best help them, emphasising needs that are not most critical in order to access services, and being unable to access services at all.

Seeking the right reputation and feeling more "at home"

The young people reported wanting to get into particular accommodation services with certain reputations. This relates to accountability, but is often not as straightforward as having a "good" or "bad" reputation. For example, one young person recounted hoping to move to a medium-term refuge that had the reputation of "being for studious and well-behaved young women".

It was clear that young people could have very different opinions on the merits of any particular service, and this seemed to be more about the young persons' compatibility with the services culture, rules and ethos. In some cases it could also be about personality conflicts with other young people at the service. Choice of service allows the young person to find a place that best fits them and their needs in exiting homelessness. Indeed one of the first benefits raised by the young people was the ability to "feel more at home".

The right location

A reoccurring theme was the importance for young people of being able to select service in particular locations. This could be for a variety of reasons, such as staying in a particular community, avoiding being near abusive family members, or using a service that is safely accessible by public transport from their school. User choice should not be arbitrarily restricted by factors such a requirement to be “in area”. Instead the young person's particular needs in terms of location should be taken into account.

Support needed for informed choice

The support required by young people to exercise informed choice over the services that best meet their needs will vary greatly. This raises the important and complex issue of capacity for informed choice. In some cases the young person will not have the capacity to make a choice in their best interests, but it is important to note that capacity is not only determined by age. One young person consulted stated: “I had been looking after myself for some time, but Centrelink picked and chose what information they gave me, I was treated like a child.”

Lack of information was a common theme in the stories of the young people. They reported initially having difficulty finding out that homelessness services even existed. This was partially due to a lack of self-identification of homelessness, meaning that they did not search for these services (“I didn’t know I was homeless, I was looking for psych help”). They also stated that the names of organisations that could help were often uninformative. The young people understood and supported the need not to publicise the location of refuges, but felt that the organisation and some form of intake point should be prominently advertised (it was noted that in some areas this does happen).

The young people also recounted difficulties with the broader service system failing to give information about what was available to them. In some cases this seemed to be a lack of knowledge about what was available, in other cases information was withheld seemingly because it was felt that certain options were not in the young person’s best interests, or that they would in practice not be able to access those options due to high demand. It may be understandable that those assisting young people do not wish give them false hope by talking about services that are likely unavailable to them. However, the young people reported feeling validated by knowing that such services existed; that fact that services existed to help with the difficulties they had meant to them that they were right to seek help and deserved that help.

The Issues Paper refers to “the provision of user-oriented information”. However, it will often be difficult, especially for workers in the broader service system not specialised in assisting with young people, to assess what level of information to give a young person. This indicates a significant need for more training for generalist services about their service options in youth friendly practice and support.

Challenges of user choice in regional and remote areas

The young people with experiences of homelessness in regional areas noted the particular difficulties around promoting choice in small communities. For services in regional and remote areas it may not be viable to operate more than one service, therefore limiting local choice in vast geographic areas such as the NSW Far West. One young person stated “the refuge I went to was the only choice for 172 kilometres”.

As well as the lack of choice there is problem of advertising the service in a small community, this can provide a disincentive to accessing the service: “I didn’t go there because everyone would know”. One solution in some cases might be to make services out of area more accessible through advertising and resources for transportation. The young people noted that sometimes changing areas could be beneficial.

Request for Information 30

Better align the incentives of users and providers

One method of better aligning user and provider incentives is by taking what could be called an out-focussed approach to contract management. A focus on outcomes is highly desirable and will encourage higher quality and more innovative services. However, it should not be assumed that an outcomes focus necessarily entails outcomes-based contracting in the sense of having payments triggered by outcomes change. Since payment of the contract is delayed until after outcomes are established there are a number of issues with outcomes-based contracting for the small organisations that make up the majority of the homelessness sector. They may not have the reserves to be able to operate for the time required before full payment. Also, since outcomes are generally less under the complete control of a provider than other measures, such as activities, this leads to greater funding uncertainty which small organisations are less able to absorb. For these reasons an outcomes-focussed contract performance management approach is more appropriate, at least initially.

Current contracts contain activity targets, such as numbers of clients assisted. If the contracting government department thinks these targets are not being met there are contract management procedures that can be followed. Activity targets could be replaced by outcomes, but rather than specific payments being tied to outcomes, the standard contract management procedures could be used where it seems outcomes are not being achieved. There are two potential issues with this approach. Firstly, there is the difficulty of establishing valid outcomes and good measures of the outcomes (also an issue with outcome-based contracting). The experience of even large not-for-profits in contractual arrangements dependent on outcomes, such as social investment bonds, has been that the process of establishing outcomes and measures was a massive undertaking.⁹ An exercise that strains the capacity of Australia's largest not-for-profit organisations is well beyond the resources of the majority of youth homelessness service providers. Such an undertaking will need to be joint undertaking by government and the services sector, and this will require sufficient government resources being put towards engagement.

⁹ Sally Cowling, ‘Social Investment Bonds - Friend or Foe?’ (Paper presented at SACOSS 2014 Conference: Taxing Times - Sustaining Vital Services, Adelaide, 11 February 2014).

Secondly, governments may need to improve their contract management. In February last year Yfoundations, Homelessness NSW and DVNSW collated the information they had been collecting for the previous 12 months on contract management of homelessness services. In instances where funding for an organisation was discontinued, there was generally a lack of communication. Governments must be able to ensure, especially where there are concerns about contract performance, that they are able to provide clear, transparent and documented communication with services that outlines the expectations and requirements at each step with reasonable timeframes. In addition, contract management using outcomes rather than activity targets may be a more complex task. It may require a more nuanced approach such as comparison with a previous baseline and understanding the factors involved to gauge not only performance, but to assess trends, etc.

Lessons to inform improving commissioning arrangements

An important lesson to draw from the Early Review of the Specialist Homelessness Services Program is the poor outcomes from the Joint Working Agreement (JWA) model. This model is closely related to the “prime provider” (or “prime contractor”) model, which has also performed poorly in the UK.¹⁰ Both models involve government awarding contracts to a lead or prime organisation. This is done with the expectation that that organisation will sub-contract work to other organisations, but no actual control or responsibility over what work is subcontracted or how the relationships are managed.

This process overall damaged relationships rather than strengthened them. In a survey of fifty-two homelessness organisations that were part of a JWA, only 17 said the JWA had made changes for the better, while 27 said the JWA had made either no difference or made things worse (8 did not know).¹¹ Similarly, a question on effectiveness had only 17 respondents judge their JWA to be very effective, 25 said their JWA was only somewhat effective and 7 that it was not effective at all (3 did not know).¹² Future commissioning process could consider avoiding these forms of tiered contracting arrangements, and should allow sufficient time in tendering processes for genuinely collaborative partnerships to be formed and put in tenders.

¹⁰ Whelan et al, above n 7, 18.

¹¹ University of NSW, above n 4, 50-51.

¹² Ibid.