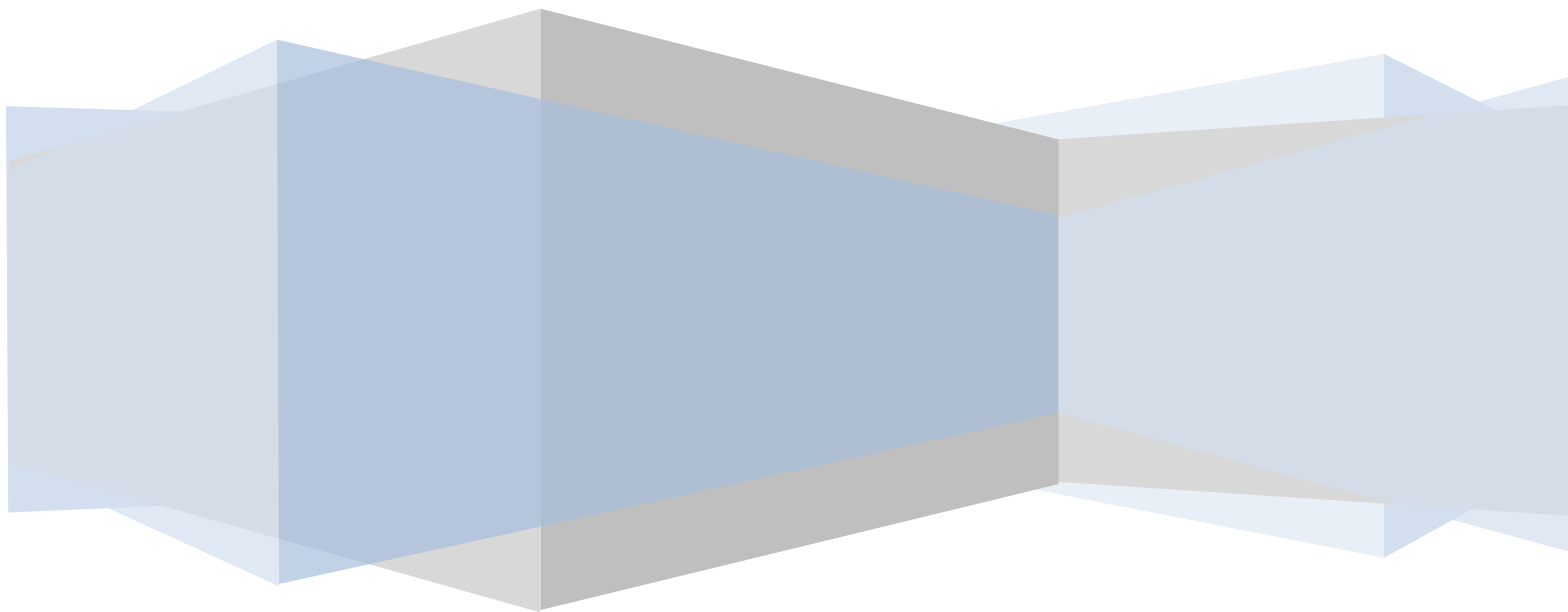




NCOSS Funding Reform and Procurement Process Case Study Report

Final
Tim Childs Consulting



Acknowledgements and Disclaimer

Acknowledgements

Tim Childs Consulting would like to acknowledge and thank the many people who gave freely of their valuable time to be interviewed for this project. Additionally we would like to thank those people and organisations who allowed us to review reports and data to provide the base line and supporting evidence for this project report.

Disclaimer

Every effort has been made to ensure that the background information, research and reporting of interviewees comments are as thorough and accurate as possible; however the author accepts no responsibility for any loss, damage or injury from such information or suggested learnings.

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Executive Summary

This report provides a summarised account of the interviews and discussions held with representatives of organisations in New South Wales (NSW) from December 2013 to February 2014.

These discussions were about the funding and programmatic reforms undertaken by the NSW Government on the Community Services Grants Program (CSGP) and NSW Non Government Organisation (NGO) Health Grants Program. Additionally, this report provides a summarised account of the interviews held with recipients of funding for the StandBy Response Service (suicide bereavement support) across Australia, administered by United Synergies.

Each of the case studies identified for this report have produced a range of key learnings that are intended to assist in fundamental improvements for any future funding or procurement reform process. It has been important to both contextualise the reform processes within the broader NSW Government political environment, as well as provide a time line of reform, review and other processes that have influenced the current environment in which NGO community services are operating. These timelines have been developed to assist the reader to better understand the comments and the identified learnings and can be found in Appendices 1 and 2.

Key themes have emerged that are reflected in each of the case studies, and from these we have taken the learnings for the future. The themes have been identified as:

- ❖ Communication
- ❖ Information
- ❖ Collaboration/Partnership
- ❖ Timeframes
- ❖ Ability to inform or influence the process

These themes have been further evidenced by the results of the Social Policy Research Centre (SPRC) and Council of Social Service of NSW (NCOSS) Sector surveys¹ as well as the regional focus groups that were held as follow up to the case study development.²

Both the SPRC and NCOSS surveys highlighted these identified themes as challenges for the sector. As an example, nearly 23% of the SPRC survey

¹ SPRC (University of NSW) The State of the Sector in NSW (Cortis, N & Blaxland, M) NCOSS Sector Development Survey Report 2013

² Regional Focus Group Schedule and Feedback Report are provided in a separate document.

respondents indicated that communication with the Government had weakened and NCOSS survey respondents highlighted the breakdown of communication as leading to greater sector instability.

With the two NSW Government reform processes, clear messages have emerged indicating that a breakdown of communication, departmental personnel changes, fractured information and difficult timeframes, coupled with other federal and state reform/review processes have led to a level of fatigue within the sector around reform processes. This environment has resulted in a high level of instability and lowered morale around the future of community based not for profit service delivery. The latter is supported through evidence from both interviewees and focus group participants, as well as referenced within the SPRC and NCOSS survey results.

Recipients of the United Synergies StandBy funding have indicated that key learnings for them, which reflect some of the key themes from the two NSW Government case studies, has been about understanding the applicability of standardised models of service delivery across the country. The '*one size does not fit all*' is an issue that is applicable to the United Synergies procurement process as it is with the CSGP funding reforms.

By way of further contextualisation, many of the findings outlined in this report are mirrored in a report published in July 2013 in Victoria, entitled *Service Sector Reform: A roadmap for community and human services reform*.³ The findings and recommendations from the Victorian report emphasise investment by the Government in truly working with and alongside the not for profit human services sector.

Key relevant findings of the Victorian report were:

- ❖ Achieving the best outcomes for clients
- ❖ Holistic approach
- ❖ Partnership
- ❖ Collaboration
- ❖ Supporting community service organisations
- ❖ Capacity building
- ❖ Flexible service delivery
- ❖ Valuing cultural competence

Additionally, there is a practical tool that could be valuable for the future regarding NSW Government and Human Service Sector relationship around a statement of relationship principles and this is provided in Appendix 3.

³ Service Sector Reform: A roadmap for community and human services reform (Professor Peter Shergold)

Introduction

Tim Childs Consulting (TCC) was engaged in December 2013 by the Council of Social Service of New South Wales (NCOSS) to undertake this project as part of a body of work that will contribute to the development of the Family and Community Services NSW (FaCS) Non Government Organisation (NGO-Community Based) Engagement Strategy.

There were two significant parts to the project. The first was the development of a sector-wide survey to explore a range of pertinent issues such as workforce capacity, funding sources, service models, governance, funding reform and others. The survey was developed by the University of New South Wales (UNSW) Social Policy Research Centre (SPRC), with input on question design by TCC.

The second part of the project, which formed the brief for TCC, was to develop case studies concerning recent/current reform or procurement processes in the community/human services sectors and undertake a range of sector focus groups and interviews to build on the findings of the case studies as well as the findings of a sector survey being developed by SPRC.

The intended outcomes of the project which directly relate to this study are:

- Improve[d] understanding of the reform delivery context and the identification of areas in which it could improve
- Understand[ing] of contract management, reporting and environment and opportunities for improvement⁴

Oversight of the project:

NCOSS staff who provided direct oversight of the project were Alison Peters (CEO) and Amanda Smithers (Senior Policy Officer – Sector Development).

A reference group, which provided advice and guidance on both the UNSW SPRC project and the TCC project were made up of the following representatives:

Local Community Services Association (LCSA)	- Brian Smith
Illawarra Forum	- Nicky Sloan
FaCS	- Katherine McKernan
NCOSS	- Alison Peters/Amanda Smithers

⁴ FaCS NGO Engagement Strategy – NCOSS Project Proposal

The environment in which this study took place is one in which the NGO sector in NSW is currently dealing with a considerable range of funding/procurement reform processes from government agencies, both NSW and Federal Government.

With this in mind, TCC worked with NCOSS to carefully select both relevant and informative case studies that would enable some hindsight, reflection and current experience along with future thinking. For this reason, it was agreed not to select the current FaCS Specialist Homelessness Services (SHS) reform process as the timing of this project coincided with both pre-qualification and tender rounds in late 2013 and early 2014.

Methodology

Selection of case studies

The case studies selected were intended to provide a comparative opportunity to review two NSW government processes along with a not for profit national procurement process.

The two NSW Government funding reform processes selected were:

- ❖ the **NSW Health, NGO Health Grants Program**, which is currently still being undertaken, with an extension beyond June 2015 and;
- ❖ the **FaCS Community Services Grants Program (CSGP)** which was reformed into two streams: Community Builders (Community Strengthening); and early intervention services (provided directly to children, young people and families) in 2010.

The third study was to review the procurement process undertaken by a now national not for profit organisation, United Synergies, for their suicide postvention program **StandBy**, which has grown from a regional Queensland service into a national 'franchised' model.

Primary funding for the national roll out of services for StandBy was through the then Federal Government Department of Health and Ageing (DOHA) which has now been split into the Department of Health and the Department of Social Services.

Establishment of base line data and interviewee lists

For each of the study areas, desk research was undertaken to establish a timeline and contextual history to form the baseline data.

A list of stakeholders was also established who would be interviewed for each of the case studies.

This list was developed with the intention that this would be broadened during the focus groups to ensure inclusion of specific target groups such as:

- ❖ Aboriginal
- ❖ Culturally and Linguistically Diverse (CALD)
- ❖ Regional, rural
- ❖ Large/small,
- ❖ Isolated (either in service type or location) and
- ❖ Specialist/generalist

The National Coordinator of United Synergies was contacted to seek permission to include their procurement process in the study, as well as establishing contact for a selection of organisations who had successfully tendered for the StandBy program.

The following organisations were contacted with relation to each of the case studies. In some cases, representatives of organisations were able to provide feedback on both the NGO Health Grants and CSGP Processes.

Health:

- Aids Council Of NSW (ACON)
- Blue Mountains Women's Health
- NSW Women's Health
- Rape and Domestic Violence Services Australia
- South Coast Aboriginal Health
- Mental Health Coordinating Council
- Mental Health Commissioner
- Lismore and District Women's Health

CSGP:

- Local Community Services Association (LCSA)
- Youth Action and Policy Association (YAPA)
- Mid Richmond Neighbourhood Centre
- NSW Family Services Inc (FaMS)

United Synergies:

- National StandBy Response Service
- Centrecare Mount Isa, Queensland
- Centrecare Whyalla South Australia
- Uniting Communities Adelaide, South Australia

Each interviewee was asked for feedback and comment under the following three broad themes:

1. What is your view on the ability and capacity of the NGO Sector to influence or inform the funding reform or procurement process?
2. What worked well with regard to the reform or procurement process from your perspective?
3. What could have been done differently or better and what might inform future funding reform or procurement processes?

Theming of interview responses

Unless otherwise clearly stated, all interviewees responded to the questions with the knowledge that responses would be combined with other interviewees' responses into broadly themed areas to maintain confidentiality and openness.

A summary of issues from 2007 to 2013 that have had an impact on NSW Non Government Community Services in NSW

Since 2007 there have been a considerable number of issues that have affected the NGO Human Services sector.

In a snapshot provided by NCOSS (see Appendix 1 for the full account), over 60 issues were identified from 2007-2013 that have in some way impacted on the sector.

This contextualising of the current funding and procurement environment in which services and organisations are operating is crucial in being able to better understand the comments and learnings that interviewees have identified as part of this project report. It is fair to say that the sector has been in a state of some sort of review or external influence for a significant period of time.

NSW Health NGO Grants Program

The NSW Health NGO Grants Program has a long history of being under review, either from a programmatic perspective or grant funding perspective (see Appendix 2 for a more detailed account).

A snapshot of the last 7 years indicates the following:

2007:

In 2007 the *Fit for the Future* review suggested that there was a greater need for rigour, accountability and participation in how funds should be spent on the program.⁵

November 2008:

In November 2008 a NSW Government Mini Budget sought to find budget efficiencies, and the NGO Health Grants Program was highlighted for efficiencies.

September 2009:

In September 2009, an NGO Review Discussion Paper was released by the NSW Government.

July 2010:

In July 2010, NSW Department of Health released their NGO Program Review recommendations⁶ in response to the 2009 discussion paper.

November 2012:

In November 2012, a report was released by the *NSW Health Grants Management Improvement Taskforce (GMIT)*.

The Taskforce was Chaired by Chris Puplick AM, and sought to draw upon the previous reviews and consult extensively to provide the Ministry of Health with a range of recommendations on how the program could be improved and revitalised.⁷

⁵ Fit for the Future – Future Directions for Health in NSW – Towards 2025

⁶ NSW Health NGO Program Review Recommendations Report July 2010

⁷ GMIT November 2012

The new approach recommended in the GMIT report suggested 43 recommendations to be implemented.

December 2012:

In December 2012, The Independent Commission Against Corruption (ICAC) released a discussion paper entitled '*Funding NGO Service Delivery of Human Services in NSW: A Period of Transition*'.⁸

The discussion paper made 18 recommendations with regard to ways in which consistency could be improved in the administration of funding contracts and systems.

March 2013:

In March 2013, the NSW Ministry of Health released its response to the **GMIT Report** and the recommendations in *Partnerships for Health*.⁹

The response document grouped the GMIT recommendations into four key theme areas that identified actions and responses that were to be undertaken in relation to the recommendations and these were:

- Planning and prioritizing
- Contracting, Managing and Reporting
- Flexible Funding Models
- Across-government approaches

In the Foreword to the report, the NSW Health Director General, Dr Mary Foley stated:

"NGOs are a critical partner in the delivery of a full range of health services required to maintain and improve the health of communities in which they work. NGOs provide invaluable support across the spectrum of health care, and can provide unique skills and expertise to the health system."

October/November 2013:

⁸ *Funding NGO Delivery of Human Services in NSW: A Period of Transition*, Independent Commission Against Corruption Position Paper December 2012

⁹ *Partnerships for Health*, NSW Ministry of Health, March 2013

Between October and November 2013 a series of training sessions were held across NSW on the approach to the NGO funding reform.

The training covered four key areas around funding context, directions from the *Partnerships for Health* response, the stages (2) of implementation and the next steps.

In particular, one of the key messages was that all current ministerially approved grants were to be extended to June 30 2015, being an additional 12 months on the original implementation time frame for the new service contracts.

The role of the NGO Advisory Committee¹⁰

As a result of the 2009/2010 review recommendations, it was suggested that the NGOAC was expanded to provide a greater representation of NGOs.

The NGOAC is the senior forum for facilitated collaboration between NSW Health and the NGO Sector on the development and implementation of NSW Health Policy related to the NGO Sector. The NGOAC generally meets three times a year and is chaired by the Deputy Director General, Strategy and Resources.

The terms of reference for the NGOAC are as follows:

- ❖ Senior forum to facilitate collaboration between NSW Health and the NGO Sector on the development and implementation of NSW Health Policy, strategic planning relating to the NGO Program and relationship with the NGO Sector.
- ❖ Provides advice on strengthening partnerships between NSW Health, NGO Sector and other Government agencies.
- ❖ Provides advice to the Department of Health on issues as they impact on the sector.
- ❖ Provides advice on NGO Sector capacity development strategies, best practice and evolving service models.
- ❖ Monitors the outcomes and impact of national health reform, and NSW Government and NSW Health policy initiatives on the NGO Sector.
- ❖ Communicates and disseminates key information from the committee to health funded NGOs and stakeholders.
- ❖ Develops an annual work plan.
- ❖ Informs the implementation of the NSW Health NGO Review Recommendations.

¹⁰ www.health.nsw.gov.au/business/partners

Key themes that emerged from the interviews – NGO Health Grants Program

1. Ability and capacity to influence or inform the funding reform process or procurement process

1.1: The role of the NGOAC

There was a general view that the NGOAC enabled genuine discussion to occur with the Government, especially in the earlier days of the Committee. There was a clearly identified NGO place at the table, although it was noted that this committee did not have decision making ability and was advisory in nature only.

It was believed that the NGOAC was able to influence the decision to extend the timeframes due to the realisation by the department that the sector was both complex and to some degree unknown. Additionally, there was acknowledgement that a change from the historical grants funding program to a new contestable procurement process would take a longer period of time.

HG1. Learning for the future:

A body such as the NGOAC provides a useful function with regard to enabling dialogue and discussion at a senior government and sector level and could be replicated for other areas, however would be more useful if its terms of reference incorporated decision making functions.

It was noted that working groups of the NGOAC have been developed to work on standard contracting, purchasing criteria and strategic purchasing, and this will be occurring throughout 2014.

A comment was also made regarding a down side of the NGOAC being used by the Ministry of Health as the prime body for consultations around the reform process. Whilst peak bodies and larger community health based agencies were represented and did provide excellent representation of issues, it was believed that there was some loss of nuanced data through not consulting more widely beyond what the peaks felt was important.

HG2. Learning for the future:

Government needs to allow Peaks adequate time and resourcing to enable a broader diversity of views to be represented at the committee or reference table with Government. This will ensure nuanced feedback from CALD, Aboriginal and Regional services and organisations is adequately represented.

1.2: Grants Management Improvement Taskforce (GMIT)

The GMIT was thought to have provided an opportunity for the sector to be genuinely engaged in the discussion, and its membership reflected the sector well.

The 'Puplick' review was mentioned by all interviewees, as a process that was well managed and participatory in nature which gave the NGO health sector a strong voice to Government. It was reported that the value of the GMIT was due in part to being a process that wasn't rushed, as well as an acknowledgement that the phasing in of new procurement process needed to be accomplished in partnership with the NGO Sector.

A key outcome was believed to be the decision by the Ministry to get more information on the sector, especially who and what was funded.

Additionally, the submission process to the Taskforce was identified as working well. Particularly, as the submissions were believed to have been read and analysed and the data used in discussion and preparation of recommendations.

HG3. Learning for the future:

The structure, function and process of the GMIT is an example of what should be replicated for future reform processes, particularly with regard to its genuine engagement with the sector through the submission process.

1.3: Philosophy on the review agenda-values versus efficiency?

There was a consensus view from interviewees that efficiencies and improvements to the program were needed. However, whilst the process rationale was believed to be sound, the philosophical motivation for the government undertaking the significant reform process was unclear. That is, was it motivated from a values base around the quality of community based NGOs delivering locally and culturally appropriate services, or from a base that was underpinned by drivers for greater economic efficiency....or a blurred blend of both?

It was noted that the NGO Community Sector brings with it a range of factors, underpinned by values that direct its operations and place within the community (i.e. being part of a much broader community infrastructure).

Such values include: community engagement and development; responsive and flexible service model delivery; as well as key elements around ongoing viability and sustainability.

These elements of sustainability go well beyond the receipt of a funding grant, such as volunteerism, community based management, service networking and systemic advocacy from a local level amongst many others.

HG4. Learning for the future:

The underlying philosophy for funding reform process must be clearly articulated and understood by both Government and the Sector, with Government treating the sector with respect in providing transparent and clear rationale for any review or reform process.

HG5. Learning for the future:

Government must have clarity about what needs to be purchased and the associated minimum level of quality and care required. The risk of 'only getting what you pay for' is a potential outcome of procurement processes that risk the deconstruction of the community based human services infrastructure.

HG6. Learning for the future:

There needs to be a balance between values-driven service delivery and the need for improving business viability and sustainability models. This would be achieved through acknowledging value driven service delivery and supporting agencies to improve their business models.

2. What worked well with regard to the reform or procurement process?

2.1: NGOAC, GMIT and early consultations

As commented on in 1.1, the NGOAC was felt to have had a representative role (albeit limited). Whilst not a decision making body *per se*, it has enabled genuine dialogue to occur and is believed to have been able to influence some of the process, such as the extension of the reform timeframe through to June 2015.

The submission process as part of the GMIT was also noted as a transparent and inclusive process that genuinely sought feedback from the sector and was used in the Taskforce discussion and subsequent writing of recommendations.

3. What could have been done differently or better and what might inform future funding reform processes?

3.1: Government/Bureaucrat understanding of the Sector – 2nd Class Cousin?

There was a strong belief from interviewees that there was a poor understanding of both the NGO Community Based Health Sector as well as how the NGO Health Program exists within the broader health functions within the state.

It was felt that a ‘blanket’ opinion existed within the Ministry that the community health sector was of a poor quality, referenced to some poor quality performers tarnishing the whole sector as if the whole sector was a “2nd class cousin.”

HG7. Learning for the future:

Government needs to firstly establish what and how it currently funds service outputs and outcomes from a particular program. Additionally, government needs to better understand how that service sector fits within the broader service landscape, and the value that it provides.

Interviewees reported that they believed the view of the bureaucracy was “in fundamental discord” with the role and work of the sector, showing little understanding of the poor resourcing and the current funding environment and its implications on maintaining quality service outcomes.

These comments resonated, with a view that there did not appear to be genuine partnership between Government and the Sector. There is a great reliance on knowledgeable bureaucrats to act as gate keepers between Government and the

sector. This reliance on personalities, rather than genuine partnership frameworks and processes was seen as a significant flaw in the relationship, especially when the knowledge gap widened when bureaucrats moved into different roles.

It was also noted that much of the most recent breakdown in communication around process has been due to a significant change of senior government staff.

HG8. Learning for the future:
Corporate knowledge within government agencies and the turnover of key staff should be better managed and maintained to ensure continuity of relationships with the sector.

3.2: A Ministerially approved grants program – Political Motivations?

Several interviewees indicated that in any reform process that is moving from a ministerial grants approved program, there needed to be recognition that the sector has been funded in part through politically motivated decision making, rather than from a strong evidence and needs based approach.

There was a strong feeling that such a grants program at times locked out local community input through the ‘hand selection’ of organisations. Therefore, a full assessment of what is currently funded, the evidence and needs base for such funding and how that funding is to be administered is critical.

HG9. Learning for the future:
The evidence base for any service reform process must have embedded base line data (evidence of need etc) that underpins a revision of service models.

3.3: Partnerships for Health – Motherhood Statements

Several representatives interviewed discussed their belief that the ‘Partnerships for Health’ document presented a lack of real clarity and direction, presenting ‘motherhood’ statements, rather than a clearly articulated way forward.

3.4: Communication and information flow

A general view was held by the interviewees that communication between the sector and the Ministry had fluctuated over the time of the reform process.

It was noted that a good communication strategy, regularly updating the sector and informing them of the underpinning drivers for the reform was vital.

Interviewees indicated that this had not been the case with the NGO Health Grants Program reform, with the communication being inconsistent. As already mentioned, this lack of consistency was highlighted by changing Ministry staff (including the under-resourced NGO Office staff). Such fluctuations have led to uncertainty and a lack of trust towards the Ministry from the sector.

Clarity of information was also perceived as an issue. It appeared that the Ministry was not clear on the process it wished to undertake, which led to mixed messages and information being provided to the sector. The lack of clarity reinforced the belief that that Ministry had a gap in understanding regarding the context and philosophy driving the reform process.

HG10. Learning for the future:

Funding reform processes undertaken by government must have clear communication strategies established at the beginning of the process. Information provided about the process should clearly articulate the elements of the process such as timeframes, philosophical context, evidence base etc.

3.5: Time to prepare

Reference was made to the timeframes that the Ministry were attempting to work within.

It was felt that with a significant change to the funding process, being a move from grants-based funding to procurement of services, required a considerable period of time to transition. It was felt that in rushing the process, with economic efficiencies as the driver, it would potentially lead to a destabilised sector and potentially poorer quality outcomes.

The FaCS (Ageing Disability and Home Care [ADHC]) reform process was noted as a well-timed and consultative process that has seen partnership with the sector and extensive dialogue.¹¹

HG11. Learning for the future:

Timeframes for reform processes must allow for adequate lead in and set up and should not be rushed, particularly if reform is significant and may require a significant number of years to allow for successful transition.

3.6: Grants as the base for some and whole for others

¹¹ *Stronger Together: A new direction for disability services in NSW 2006-2016*

Interviewees indicated that the NGO Health Grants Program was for many, merely the base of the funding required by the service to operate effectively. For many organisations, the NGO Health Grant was used to underpin a wider range of service types, augmented by other state or federal funds, or indeed private or philanthropic revenue streams.

It was observed that should an organisation lose the Health Grant through the procurement process, it could have significant implications on broader service delivery within the community.

Counter to this, smaller single grant recipient organisations had the difficulty of managing the delivery of services with a single grant income stream that had not kept up with the significant increases in service expenses, such as wages.

Additionally, organisations have been on 6 monthly contracts for a number of years which in real terms meant 3 monthly (it was stated that to enable suitable wind up of services, if required to, it would take approximately 3 months of a 6 month contract).

Often smaller organisations would piece together project work which is usually short term in nature to 'bolster' their ability to continue delivery of services. The impact of these factors on small organisations was extremely resource intensive and concerns were raised about the overall efficiency of this in relation to quality service delivery.

HG12. Learning for the future:

There are broad implications (both positive and negative) for both large and small services with regard to moving away from a grants based program of funding and greater dialogue around these implications in the earlier part of the process would be valuable in any future process.

3.7: Capacity to absorb changes – resourcing implications

The Specialist Homelessness Services (SHS) funding reform process [Going Home-Staying Home],¹² which at the time of writing this report was being undertaken by FaCS, was noted as an example of how resources have been provided to assist the sector deal with some of the challenges of the changes to funding being presented as part of the reform process.

FaCS (through Peak organisations) provided both Industry Development Funds (IDF) and Industry Innovation Funds (INF) to assist the sector to self-determine some of the changes it may need to undertake to move into the new funding environment (both from an individual and regional service perspective).¹³

¹² <http://www.housing.nsw.gov.au/NR/rdonlyres/F015C82C-B9E7-490C-AB3A-75828BAED085/0/GoingHomeStayingHomeReformPlan.pdf>

¹³ Homelessness NSW/Domestic Violence NSW/Y Foundations

It is noted in the CSGP section of this study that support was provided to the sector by the funded reform project management positions within Peak Organisations during the reform process.

Community Sector Grants Program (CSGP) transition to Community Builders and Early Intervention and Placement Prevention (EIPP)

History of the review process (Please see Appendix 1 for full account of issues that have impacted on the sector)

2006:

In 2006, 13 pilot centres were created for trialling Results Based Accountability (RBA) a programmatic change to tracking and articulating community based outcomes from funding.

2008/2009:

The 2008/2009 NSW Budget saw Treasury move the CSGP from the Community Development and Capacity Building to Contracted Child Protection which then become the Statutory Child Protection area of the budget statement.

2009:

In late 2009, the Minister for Community Services met with the CSGP Peak Organisations (NCOSS, LCSA, NSW Family Services and YAPA) where the proposal to realign the CSGP was discussed. The Peak Organisations agreed the proposal had merit and warranted further discussion.

January 2010:

In January 2010 NSW Community Services issued a communiqué outlining a proposal to 'realign' the CSGP. The proposal outlined separating CSGP services into two streams:

- Services whose results have to do with 'community strengthening' ; and
- Services provided directly to children, young people and families.

Community Strengthening

A key part of the proposal was that the 'community strengthening' services (e.g. Neighbourhood Centres) would be moved to the Community Builders program (formerly Area Assistance Scheme) managed by the Communities and Early Years Division of Community Services.

Importantly, the Community Builders program was to include a state-wide, renewable component comprised of the relevant CSGP Services.

Children, Young People and Families

The services in the 'children, young people and families' stream (e.g. family support services) are more closely linked to the child protection system.

Additional funding through the Keep Them Safe (KTS) plan was possibly also to be made available. However, this was only if eligible CSGP services were prepared to move to service models that aligned with the KTS outcomes and agreed to enter into performance based contracting.¹⁴

1. Ability and capacity to influence or inform the funding reform process or procurement process

1.1: Role of the FaCS Reference Group

In general, the Peak Organisations agreed that discussion was useful on a reform agenda, and that the CSGP was in need of re-modelling.

The reference group for the reform process was made up of representatives from 5 Peak Organisations:

- LCSA
- NCOSS
- ACWA
- FamS
- YAPA

Whilst somewhat representative, it was felt to be a bit limiting, and not necessarily able to represent the diversity of expertise that was needed to provide the solid evidence base for decision making.

¹⁴ NCOSS News March 2010

There was a strong belief that whilst the key issues were discussed through the reference group, there was limited capacity to push back on some of the issues. This, in hindsight, was an area that would have been managed differently by the Peak Organisations if they had had more certainty in representing the sector. (Reference was made here in part to the tight timeframes by FaCS, limiting genuine participatory discussion with the broader sector).

Generally though, organisational representatives felt the Peak Organisations had a lot of input and dialogue which was genuine and participatory in nature, rather than just consultative on the part of the Department.

CSGP1. Learning for the future:

There is agreed value in having a sector-based reference group to inform the funding reform process.

However, greater emphasis should be placed on broader participatory consultation with the sector to ensure a diversity of views enabling issues to be canvassed. Such consultation should also have adequate timeframes to allow for dialogue and feedback.

1.2: Role of the specially funded Project Managers

In a key difference between the NSW Health Grants program reform and the CSGP reform process, FaCS funded 5 Project Manager positions:

- Youth Action Policy Association [YAPA] (4 days per week)
- Local Community Services Association [LCSA] (2 x full time)
- Association of Children's Welfare Agencies [ACWA] (4 days per week)
and
- NSW Family Services Inc [FamS] (full time)

All the positions were funded for a 2 year period.

The Project Managers worked exclusively on the reform process and acted as a conduit between FaCS and services.

It is believed that these positions were fundamental in mediating between FaCS and the sector, achieving a range of significant outcomes, including:

- ❖ Being the public face and contact point of the process for the sector
- ❖ Ensuring regular updates to the sector with a good flow of information
- ❖ New brief for Early Intervention and Placement Prevention (EIPP) was for ages 12-18 only, however it was negotiated that clients 18-25 could remain

- ❖ Higher needs clients were not part of the proposed new model, however existing high risk clients were negotiated back into the new model.
- ❖ The proposed model of 12-week service (low risk clients only) was changed to include longer service terms, especially for the higher risk clients.
- ❖ The inflexibility of the cost per client calculation was changed in recognition of its inflexibility.
- ❖ Project Managers were able to attend local/regional meetings to support services, which allowed them to be more confident in dealing with the Department
- ❖ Being able to speak confidently about the sector representing the diversity of services through being resourced inside the Peak Organisations. Often invited to high level departmental meetings to discuss service notifications.

CSGP2. Learning for the future:

Specifically funded Project Managers to act as a conduit between the Government department and reform affected sector are instrumental in providing a partnership approach to the reform process.

1.3: Departmental knowledge of the sector and regional/Community Program Officer (CPO) fluctuations

One of the key issues raised about Neighbourhood Centre funding moving to Communities and Early Years within FaCS, was believed to be the lack of knowledge that departmental staff had on the value and role of Neighbourhood Centres; and in general, the view of FaCS staff on the NGO sector as a whole. (This is mirrored by some of the views reported in the NGO health grants study).

Comment was also made regarding the way in which regional offices and the CPOs in NSW responded to the service specifications. Some CPOs were believed to be very rigid and others more flexible in their interpretation of the guidelines, creating an unequal playing field across the state regarding service delivery.

It was also noted that pre-2007 there was significantly more open dialogue, with both the department and a more 'open' minister who understood the sector. The last 18 months was noted as seeing a significant shift away from the valued open dialogue.

CSGP3. Learning for the future:

Departmental and ministry staff are key to the relationship between the sector and government and their contextual knowledge of corporate history and understanding of both the sector and program guidelines is critical.

2. What worked well with regard to the reform or procurement process?

2.1: Feedback from Early Intervention and Placement Prevention funded services

In May and June of 2012, YAPA and FamS surveyed services funded since 2011 under the EIPP program.¹⁵

Whilst the intent of the survey was to gather data on the implementation of the EIPP in two distinct groups of services [those transitioning to Child and Family Support and Youth and Family Support Service Models (CYFS) and those services funded to implement the new Intensive Family Support (IFS) and Intensive Family Preservation (IFP) service models], it does provide insight into the early stages of negotiation prior to transition.

The CYFS survey results indicated that one of the key factors for services in being satisfied with negotiations around the transition was due to the role of local CPOs and regional offices, with collaboration at the local level being critical.

Similarly IFS/IFP survey respondents indicated that negotiations about the transition were satisfactory for the same reasons.

2.2: Project Managers in Peak Organisations

As already highlighted in 1.2, the role of the Project Managers within Peak Organisations was believed to have been a significant factor in the outcomes for the sector.

¹⁵ *Early Intervention and Placement Prevention – Services In Transition August 2012*

3. What could have been done differently or better and what might inform future funding reform processes?

3.1: Feedback from Early Intervention and Placement Prevention funded services

Results from both of the surveys mentioned in 2.1 indicated that there was low or no satisfaction with the design or conduct of the reform process within FaCS.

Where satisfaction was low regarding the transitional negotiations, this was attributed to the lack of regional resourcing at the local FaCS office level, which corroborates comments made about regional CPOs in 1.1.

CSGP4. Learning for the future:

The role of CPOs, who have strong regional knowledge and a consistent understanding of the service specifications are critical to assist with the transition and implementation of new models of service.

Survey results also indicated that there were significant concerns regarding the effect the reform has had on the local service system, with 70% of respondents indicating concern around overall effectiveness with service gaps now emerging.

3.2: Formula, models and measuring

There were some comments raised by interviewees about the way the Department developed the formulas and categories by which services were going to be funded. In particular, it was noted that vitality of small agencies was less acknowledged, and that it was difficult to respond to a measurement system that didn't measure everything that community based NGOs do.

It was believed that in part, the rush to finalise these formulas and measuring tools was attributed to the forthcoming election and a wish to get these elements completed. It was believed that had the election not occurred, there would have been more time and room for dialogue around these issues.

It was also noted that this rushed process resulted in a lack of ownership regarding the categories by the sector, which led to confusion and a lack of clarity when it came to tendering for service delivery. It was also believed to have led to gaps in service and poorer client outcomes in some areas.

This is highlighted by the FamS and YAPA surveys mentioned in 2.1.

CSGP5. Learning for the future:

Timeframes and dialogue are crucial when new models of funding or service delivery are being developed.

Such development needs genuine partnership to achieve an outcome that ensures maintained and improved client outcomes.

Interviewees also commented on the way in which the EIPP model shifted to working with higher need clients and lost focus on the prevention community engagement strategies.

This directly related to the way in which choices around models of delivery were required to be made by services, providing little ability to be flexible and meet longer term higher need and broader community based outcomes.

Comments such as ‘one size does [NOT] fit all’ were made around the limited model choices and loss of key quality client outcomes. It was believed that detrimental impacts are now being experienced from this approach with a significant number of youth services now being performance managed due to the longer term prevention strategies not being in their service specifications.

Similarly, the category choices under Community Builders were believed to have been too generalised with organisations struggling to take ownership and operate within the limited choices of service model delivery.

This is also reflected in the United Synergies case study where the ‘franchised’ model has run into implementation difficulties regarding regional applicability.

CSGP6. Learning for the future:

A ‘one size fits all’ approach to service models is not effective in being responsive to regional and cultural needs. A more flexible approach is required to ensure quality sustainable client and community outcomes.

3.3: Constant sense of impending change

Similar to the NGO Health Grants Program, interviewees believed the transition from CSGP to Community Builders and EIPP to be in a constant state of impending change. Transition, implementation, review and reform fatigue were cited by many of the organisational representatives we spoke with.

Many were grappling with the impact that such extended reform and review processes were having on their organisational morale and in particular their ability to retain and sustain staff.

Instability and uncertainty were highlighted as major factors that were leading to a higher level of fatigue and frustration with government processes that

appeared to be forever in a state of flux with little focus on actually improving client and community outcomes.

One interviewee commented that the amount of hours and resourcing that it took for organisations to continually respond and adapt to these processes and fashionable programmatic changes (e.g. Results Based Accountability was cited) had a significant impact on being able to focus on actually delivering quality client outcomes.

CSGP7. Learning for the future:

Government needs to acknowledge the long history of continual review and reform of programmatic and funding.

This has had a negative effect on the sector's ability to maintain a strong and sustainable work force that can focus on quality client and community outcomes.

United Synergies

United Synergies (US) is a not for profit organisation that provides direct services and support to individuals, families and communities (and in particular young people) to assist them in achieving their full potential.

United Synergies began as the Noosa Youth Service in 1989, to provide better support for young people who were homeless. United Synergies now supports more than 2,500 people every year through a range of services, which now includes suicide prevention and bereavement support through their Australia wide **StandBy** Response Service.

The **StandBy** Response Service is a 24-hour community based active suicide postvention program developed in Tewantin, Queensland. United Synergies supports partner agencies to implement the model within local communities across Australia, as well as providing assistance to external communities and individuals experiencing suicide crises via its Critical Postvention Response (CPR).

“StandBy is founded and operates on the principles of community respect, understanding and support for the health and wellbeing of people bereaved by suicide”¹⁶

It is important to note that United Synergies believe a key success of the national program is the ‘replication or franchise’ model, which greatly influences the procurement process and subsequent successful delivery partner. The model is intended to enable strategic oversight by national office.

Currently, **StandBy** is delivered in partnership in the following regions:¹⁷

- Canberra, ACT
- Brisbane, Qld
- *Central Australia, NT*
- Far North Queensland
- Pilbara, WA
- *Country North and Country South, SA*
- Southern Tasmania
- West Kimberley, WA
- East Kimberley, WA
- *Loddon Mallee, Vic*
- North/North West Tasmania
- *North Coast NSW*
- Sunshine & Cooloola Coasts, QLD
- *North West Central Qld*
- *Top End, NT*
- Wide Bay Burnett, Qld

(Partners in italics represent the 7 new sites from 2013 expansion)

¹⁶ www.unitedsynergies.com.au

¹⁷ www.unitedsynergies.com.au

United Synergies selected three of the seven regional partners from their 2013 expansion that could be contacted to provide feedback on the most recent procurement process that was undertaken and these were:

- Uniting Communities – Adelaide, SA
- Centacare – Whyalla, SA
- Centacare - Mount Isa, Qld

1. Ability and capacity to influence or inform the funding reform process or procurement process

1.1: Pre-determined procurement process – sub-contracting?

Interviewees indicated that the procurement process undertaken by United Synergies did not allow for any opportunity to inform or influence the actual process. However, given the service model was essentially a franchised model to be rolled out across the country, this was not necessarily an issue that presented any kind of major problem for the tendering organisations.

It was noted however that there was a lack of clarity about how the contracting of the model was going to occur and whether or not this was a sub-contracting model or otherwise. It was felt that at the point of contracting, US was open to discussion around this and some influence was able to be leveled on this part of the process.

US1. Learning for the future:
Clarity is needed about the exact nature of the contracting model.

1.2: Timing of the procurement process and timeframes

It was noted by the two South Australian organisations that it would have been good to have had the opportunity to discuss the procurement process with US prior to them seeking invitations for expressions of interest from the regions. The main reason cited for this was that through a perceived lack of regional/local knowledge, US undertook a process that coincided with State Tender rounds that had been released 5 days prior to the US call for EOI's.

In the view of one interviewee, more local/regional dialogue about the timeframes and process for the StandBy procurement would have been extremely beneficial, and may well have opened up the region to a greater number of interested parties.

It was also acknowledged that the timeframes within large organisations may have frustrated the process (such as legal, HR and Finance departments needing to review contracts etc). This was exacerbated by the tight timeframes required by US.

US2. Learning for the future:
Early regional engagement by US to gain a clearer understanding of the regional context would be useful.

1.3: Large vs Small and management of the program

There were comments made regarding the applicability of the model, and its associated policies and procedures to large and small organisations.

It was noted that processes within large organisations did not lend themselves easily to the additional requirements of United Synergies, such as the incorporation of policies and procedures associated with the model into organisational policy.

This also led to some frustrations around feeling over-managed by US, and it was noted that this may well have served smaller, less well resourced agencies, but did not work so well for larger, state-based agencies.

US3. Learning for the future:

There is a need to be clear about the level of management expected of the program regionally, so that organisations can decide whether this fits, not only programmatically but also structurally.

2. What worked well with regard to the reform or procurement process?

2.1: Information

There was consensus that the information provided by US regarding the process and model was good.

In particular, the information sessions held as part of the community consultation process for interested organisations were perceived as having been reasonably thorough and useful. The sessions provided information about both the model and the process, however there were some concerns which are noted in Section 3.

2.2: Communication

Interviewees noted that communication between tendering organisations and US was good and there was a quick response time to questions or requests for further information.

2.3: Support for tender writing

It was noted that US provided ongoing support regarding the writing of tenders once an organisation had been invited to tender after the EOI process.

Resources such as a PowerPoint presentation were provided to assist with the preparation.

Additionally, it was noted that writing in response to the tender brief was made somewhat easier by the fact that the model of service was essentially a franchise model. This meant that service roll out specifications did not have to be created by individual organisations.

It was noted that a questions and answers (Q&A) checklist would have been extremely useful.

US4. Learning for the future:

Support for tender writing through the provision of guides to assist, such as Q&As, regular communication and information flow are vital to assist organisations with the tender process.

2.4: Contract creation

One interviewee stated that the way in which US handled the creation of service contracts was done well and the process was both timely and efficient.

There were some concerns around the over-management of the contracting process, although in hindsight, the reasoning behind this was better understood (i.e. the stringent nature of the service model delivery being carefully contracted).

2.5: Prescribed – Franchise Model

Interviewees indicated that there were distinct advantages to having a prescribed or franchised model of service delivery that had to be tendered for.

Advantages were noted regarding clarity around what was expected of the model, the way in which it was to be delivered as well as the ease with which the tender writing could occur because the model was not up for revision. This meant that organisations merely had to indicate how they would ensure the model was to be delivered and clearly articulate governance and financial management credentials.

The latter, whilst seemingly requesting micro information at the time, in hindsight was now more clearly understood by interviewees, particularly regarding their understanding around governance.

3. What could have been done differently or better and what might inform future funding reform processes?

3.1: Budget information

It was noted that a challenge for the tendering organisations was the lack of information provided to them regarding the budget for the service model delivery before they provided an expression of interest. (It is noted that based on previous feedback, US now provides budget information as part of the information packages after Expressions of Interest have been made).

One organisational representative indicated that they would never 'put their hands up again' in a similar circumstance with so little information available on the budget, which was seen as a huge contrast from the 'deluge' of information provided at the time of the tendering.

US5. Learning for the future:

Budget information should be provided at the earliest opportunity to allow tendering organisations to understand the financial expenditure requirements. This information will help organisations to judge whether they can deliver the services required for the budgeted amount before they provide an expression of interest.

3.2: 'Franchised' Model- Challenges of regional delivery

It was noted that whilst there were advantages of a prescribed model (noted in 2.5), there were some challenges for organisations who were tendering to operate the StandBy program over large regional and remote areas. This challenge was particularly noted in relation to the significant resource issues for geographically disparate service delivery.

It was felt by the interviewees that the program appeared inflexible regarding the mode of delivery and they suggested that the program was not necessarily appropriate as a 'one size fits all' for all regions of Australia. *(US notes that standards make up the quality assurance framework which are designed to be applicable to all partner agencies, however respects national diversity contexts).* Additionally, as already mentioned in 1.2, there was a perception that little research was undertaken by US on regional cultural issues (such as already established networks and partnerships in remote areas). *[US indicates that they believe a comprehensive assessment is undertaken as part of the procurement process including community embeddedness, ability to work with CALD groups etc]*¹⁸

¹⁸ United Synergies April 2014

US6. Learning for the future:
Use of State and Regional peaks was suggested as a good starting point to gauge the regional context.

3.3: Information deluge!

Interviewees commented that the deluge of information around the service model was at times overwhelming.

It was also noted that the information was sent through multiple emails, making them difficult to keep up with. A suggestion was made that providing online resources to those organisations invited to tender would have been more useful.

It was also noted that a word document was used for the tender response and was limiting regarding the ability to articulate the case (a 200 word limit was mentioned). However, there appeared to be much less emphasis on the written tender and more on the focus of governance and financial capacity as part of the comprehensive application package.

US7. Learning for the future:
Having the tender document on line would make things simpler and more efficient for tendering organisations.

Literature Review

Early Intervention and Placement Prevention – Services in Transition, A report on a survey of NGO service providers August 2012, (FamS and YAPA)

Funding NGO Delivery of Human Services in NSW: A Period of Transition, Independent Commission Against Corruption Position Paper December 2012
www.icac.nsw.gov.au

Future Directions for Health in NSW – Towards 2025 Fit for the Future February 2007 www.health.nsw.gov.au

Grants Management Improvement Program Taskforce (GMIT) Report November 2012 www.health.nsw.gov.au

NSW Health NGO Program Review Recommendations Report, NSW Department of Health Strategic Development Division July 2010 www.health.nsw.gov.au

Partnerships for Health: A response to the Grants Management Improvement Program Taskforce Report March 2013 www.health.nsw.gov.au

A snap shot of issues from 2007 to 2013 that have had an impact on the NSW Non Government Community Services Sector

The following section provides a snap shot of key issues that have affected the Non Government Community Services sector since 2007, which has been provided by NCOSS to assist in contextualizing the case studies.

More details of issues that have affected both the NGO Health Grants Program Recipients and the CSGP-Community Builders/Early Intervention Placement Prevention funding recipients are outlined in each of the case studies.

2007

- State Election March (Labor re-elected Morris Iemma Premier)
- NSW Auditor General releases performance audit report “Responding to Homelessness” (May)
- DoCS announces review of CSGP (June)
- Federal Election November (Labor elected, Kevin Rudd PM)
- Legislation to recognise and regulate community housing providers passed – provides for registration and accreditation process to be introduced (November)
- Minister Greene announces Special Commission of Inquiry into Child Protection – “the Wood Inquiry” (November)
- Commonwealth and States agree in principle to changes in COAG arrangements. In particular, financial arrangements between the parties which sought to streamline special purpose payments and created time-limited reward payments through National Partnership Agreements

2008

- NSW Associations Incorporations Bill released for consultation
- COAG flags changes to Home & Community Care program as part of Aged Care reforms
- Commonwealth establishes review of tax & transfer system (Henry Review)
- Special Commission of Inquiry into Acute Care Services (the Garling Review) – Health preoccupied with hospitals
- Senate Inquiry into disclosure regimes for charities and Not For Profit organisations
- Nathan Rees replaces Morris Iemma as Premier (September)
- Global Financial Crisis
- NSW Mini Budget (November) – one measure sought to apply an efficiency dividend on the Health NGO program (previously all NGO programs were not subject to such dividends)
- Wood Inquiry report handed down (November)
- Commonwealth releases Homelessness White Paper (December)

2009

- NSW Government announces response to Wood Inquiry – “Keep Them Safe” (February)
- Productivity Commission begins Inquiry into contributions of the Not For Profit Sector
- NSW Associations Incorporations Act and Regulation proclaimed – requires incorporated associations to review constitutions to ensure meet new provisions of Act and Regulation
- Registration and accreditation process for community housing providers gets underway – also affects services providing transitional housing in some circumstances
- NSW Auditor General releases performance report on Grants Administration
- NSW Health NGO Program review commences (following advocacy by sector in response to Mini Budget)
- New State Plan released
- NSW Government releases Homelessness Action Plan
- Kristina Keneally replaces Nathan Rees as Premier

2010

- Realignment of CSGP announced
- New registration system for Aboriginal Community Housing providers introduced
- Key Keep Them Safe reforms roll out – ROSH threshold, new mandatory reporter guide, Family Referral Services
- Consultation on a National Standard Chart of Accounts for Not For Profit organisations
- National Compact between the Federal Government and not for profit sector launched
- ASU launches pay equity case for community sector workers
- COAG agreement to reform the health and hospital systems
- Henry Report on tax released
- Federal Election August (Labor re-elected, Julia Gillard PM)

2011

- State Election March (Coalition elected, Barry O'Farrell Premier)
- Restructuring of NSW Public Service into "super departments" – including splitting housing assets from other housing functions
- Productivity Commission report into Disability Care and Support released – recommends a National Disability Insurance Scheme
- Medicare Locals established
- NSW Government releases a new state plan "NSW 2021"
- Productivity Commission report on caring for older Australians released

2012

- National Workplace Health & Safety legislation takes effect
- Equal Pay decision handed down
- NSW NGOs transition to the SCHADS (“Modern”) Award
- NSW Government announces transfer of Out Of Home Care (OOHC) to NGOs
- Federal Government announces introduction of a National Disability Insurance Scheme
- Federal Government announces aged care reforms Living Longer, Living Better
- NSW Ageing Strategy launched (July)
- NSW Mental Health Commission established
- NSW Government announces Going Home Staying Home – a process to reform the specialist homelessness service system (August)
- Draft NSW Long Term Transport Master Plan released for consultation (September)
- Federal Parliament passes legislation to establish the Australian Charities and Not for profit Commission as a national regulator
- ICAC inquiry into NGO delivery of human services
- First equal remuneration increase paid (December) – supplementation funding available but not always adequate

2013

- New Working With Children Check introduced
- NSW Auditor General performance report on Public Housing released
- Federal Election Sept (Coalition elected, Tony Abbott PM)
- Federal Government announce a Commission of Audit
- Parliamentary Inquiry into outsourcing Community Service Delivery report released
- Community Services advise of change to contracting arrangements (standard deed and program level agreements to replace current funding agreements)

Appendix 2

NSW Health NGO Grants Program

The NSW Health NGO Grants Program has a long history of being under review, either from a programmatic perspective or grant funding perspective

A snapshot of the last 7 years indicates the following:

2007:

The *Fit for the Future* review suggested that there was a greater need for rigour, accountability and participation in how funds should be spent on the program.¹⁹

November 2008:

NSW Government Mini Budget sought to find budget efficiencies, and the NGO Health Grants Program was highlighted for efficiencies.

September 2009:

NGO Review Discussion Paper was released by the NSW Government.

July 2010:

NSW Department of Health released their NGO Program Review recommendations²⁰ in response to the 2009 discussion paper.

The key themes of the recommendations were:

- Reduce red tape and improve NSW Health NGO Program Administration
- Strengthen accountabilities and improve the performance monitoring and service evaluation of the NSW Health NGO Program
- Strengthen partnerships and revise governance arrangements of the NSW Health NGO program
- And implement the NGO review recommendations

¹⁹ Fit for the Future – Future Directions for Health in NSW – Towards 2025

²⁰ NSW Health NGO Program Review Recommendations Report July 2010

In particular, Recommendation 3.4 - NSW Health Funded NGOs: Roles and Responsibilities stated:

“Without the participation of the NGO Sector in broad NSW Health Planning, there is a risk that service gaps will be created or services will be duplicated.....Often NGO health services are best placed to understand local community needs and can readily identify where health services should be expanded and prioritised.”

November 2012:

A report was released by the **NSW Health Grants Management Improvement Taskforce (GMIT)**.

The Taskforce was Chaired by Chris Puplick AM, and sought to draw upon the previous reviews and consult extensively to provide the Ministry of Health with a range of recommendations on how the program could be improved and revitalized.²¹

The new approach recommended in the GMIT report suggested 43 recommendations be implemented.

The broad scope of these recommendations proposed a new approach based upon:

- Making fundamental decisions about which services currently provided by NSW Health should be considered for devolution to the NGO Sector
- Categorising all payments into a limited number of specific programs, within each of which clear priorities for funding would be established
- Determining whether funding and administrative responsibility for each service lies with the Ministry of Health or the Local Health Districts (LHDs)
- Providing criteria to determine which alternative models of funding should be adopted for any of these devolved services
- Ensuring that in the decision making processes, quality external advice is provided by the Ministry’s NGO Unit and the NGO Advisory Committee
- Partnering with funded peak or state-wide service organisations to support them in the provision of ‘backbone’ services to the NGO sector
- Moving all funding agreements from a variety of arrangements into contracts which should be fundamentally redrawn in a simplified and more coherent fashion designed to preserve adequate accountability on

²¹ GMIT November 2012

the one hand with an easing of red tape/regulatory/reporting burdens on the other

- Addressing a significant number of ancillary matters which we have identified and which need to be resolved in order to improve the overall efficiency and management of the program.

December 2012:

The Independent Commission Against Corruption (ICAC) released a discussion paper entitled '**Funding NGO Service Delivery of Human Services in NSW: A Period of Transition**'.

The discussion paper made 18 recommendations with regard to ways in which consistency could be improved in the administration of funding contracts and systems.

Key themes of the paper were around decentralization of funding decision-making, unit pricing rather than tendering, longer funding contracts (up to 5 years) and standardisation of funding contracts with government.

March 2013:

The NSW Ministry of Health released its response to the **GMIT Report** and the recommendations in *Partnerships for Health*.²²

The response document grouped the GMIT recommendations into four key theme areas that identified actions and responses that were to be undertaken in relation to the recommendations and these were:

- Planning and prioritising
- Contracting, Managing and Reporting
- Flexible Funding Models
- Across-government approaches

²² Partnerships for Health, NSW Ministry of Health, March 2013

In the Foreword to the report, the NSW Health Director General, Dr Mary Foley stated:

“NGOs are a critical partner in the delivery of a full range of health services required to maintain and improve the health of communities in which they work. NGOs provide invaluable support across the spectrum of health care, and can provide unique skills and expertise to the health system.”

October/November 2013:

Between October and November 2013 a series of training sessions were held across NSW on the approach to the NGO funding reform.

The training covered four key areas around funding context, key directions from the **Partnerships for Health** response, the stages (2) of implementation and the next steps.

In particular, one of the key messages was that all current ministerially approved grants were to be extended to June 30 2015, being an additional 12 months on the original implementation time frame for the new service contracts.

Key elements of the implementation process are to be:

- Development of new contracts with standard terms
- Single contracts for multiple funded services
- Purchase model open to wider markets
- 3 year initial contracts
- Range of procurement processes being explored (open tender, pre-qualified panel and selective tender, sole sourcing)
- Development of the strategic procurement framework
- Training of NSW Health staff in contract management
- Roll out of tendering capacity building in second half of 2014
- Input from NGO Advisory Committee

Appendix 3 – Statement of Principles

Achieving the best outcomes for clients

The overriding goal of government policies and programs, and the prime objective of those organisations that implement them, should be to ensure that service delivery maximises public value and improves the quality of life of the people who use them.

A holistic approach

The elements of multiple disadvantage are complex, and so the support services provided should be ‘joined-up’ and ‘wrapped around’ the individual or family need.

Partnership

The collaborative relationship between the public service agencies and non government organisations, together with delivery of government programs should be founded on appreciation of the constraints under which all sides operate, mutual respect, reciprocated trust, authentic consultation, genuine negotiation and a shared recognition of common purpose.

Shared governance

All providers of publicly funded services (whether public service agencies, not for profit organisations, social enterprises or private businesses) should be regarded as ‘co-producers’ of government services, jointly contributing to service design and sharing responsibility of program delivery.

Provider choice

The vibrant diversity of community service organisations should be recognized as a strength, and harnessed to provide the public with a greater choice of high-quality programs and a range of providers able to deliver services in different ways.

Program flexibility

Services should be evidence based and responsive to the distinctive needs of a neighbourhood, region or area and/or tailored to the particular circumstances faced by communities of interest.

Citizen control

Individuals and families who require community support should be encouraged and empowered to take greater control of services they require to live a full and independent life.

Public accountability

Public accountability should focus on outcome performance rather than simply complying with process, with a particular emphasis on the effective use of funding received to achieve agreed outcomes for the public and measuring the longer term social impact of programs and services.

Early intervention

While the immediate need for expenditure on crisis management must be acknowledged, there should be a progressive move towards increased investment in crisis prevention through early intervention.

Facilitation

The Victorian public service should measure its success by its ability to facilitate cross-sector collaboration in providing government services and programs, seeing its role as that of 'system stewardship'.

Source: Service Sector Reform: A roadmap for community and human services reform. Victoria, July 2013
