



## Community Services

### Outcome

Tasmania community service organisations maximise client outcomes

### Why is this a priority?

All parts of the non-government community services sector are facing significant and rapid change. Sector leaders are dealing with changing service delivery models, increasing demand and higher expectations of services. The risk profile of service delivery has changed dramatically, forward planning is challenging and government reform requirements overlapping and continuous. Parts of the sector are reporting significant problems with both maintaining viability and a consistent loss of skilled staff due to funding uncertainty;<sup>80</sup> they are also struggling with new concerns around management of cash flow, debt management and client relationship management. While these are familiar problems for the private sector, the transition from block funding to fee-for-service for non-government organisations has been difficult for organisations with historically low levels of cash reserves.

There is a risk that without transitional support from government some small to medium local services will not be able to maintain viability due to issues which are not related to service quality.

Losing small to medium-sized Tasmanian services raises the risk that the State Government, as procurer of services, and the community, as clients of these services, will lose access to flexible services that are strongly connected to local communities and that provide specialised service delivery, particularly to hard to reach populations.

The challenge for the non-government sector within this environment is to find ways to continue to provide consistently good, even improved, services for the clients with whom they work.

### Recommendation

That the Tasmanian Government fund:

1. A Strategic Partnership Fund, and
2. An Outcomes Reporting and IT Capacity Building Project.

### Cost

Strategic Partnership Fund (per annum for three years)	up to \$250,000
Outcomes Reporting and IT Capacity Building Project	\$63,000

<sup>80</sup> TasCOSS regional consultations (2015); TasCOSS HACC-CHSP Providers' Forum (Oct 2015)

## Rationale

### Recommendation 1

Non-government organisations have extensive experience of informal partnership arrangements. To date, where the State Government has contributed to the costs of partnerships, it has been to fund these as a component of contracted service delivery.

Increasingly, Tasmanian NGOs also have experience of innovative new models of collaboration, such as sub-contracting under lead agencies, consortia arrangements and collective impact models managed with the assistance of ‘backbone agencies’. While these innovations have not yet been seen in the contracting of Tasmanian health services, the consortia models and collective impact models being developed by NGOs are innovations also being used in the private sector. These models first emerged in the European oil and petroleum sector and in Australia have been used extensively in major infrastructure projects; in the private sector they are called *alliance contracting*. These newer models of contracting (*alliance contracts, consortia, collective impact models*) emphasise collaboration, cooperation and shared outcomes.<sup>81</sup>

Partnerships can be important first steps in the creation of new entities – but new entities must be properly designed to suit current and future needs. They need to have the support of senior management, boards and member associations; potential sources of conflict must be identified and minimised. New entities have to be more than sustainable - they need to be viable; new entities should be well placed to respond strategically and innovatively to future challenges. And to generate the maximum efficiencies, transaction costs (those associated with the decision to formalise a new partnership, such as consultant costs) and implementation costs need to be kept to a minimum.<sup>82</sup>

A useful partnership approach to the current business pressures faced by the sector is to explore shared services. This could be shared financial services: bookkeeping, payroll, financial reporting and planning; shared human resources: advertising and recruitment, shared workers, induction, OH&S, industrial relations, policies and procedures and employee assistance; shared infrastructure: Information Technology, equipment and facilities and spaces. The rollout of the NBN also provides opportunities to rethink how shared services are developed and managed and to develop scale and capability in both back-of house functions and front office capability.

Some partnership approaches may proceed to full mergers. A number of TasCOSS members report that they wish to begin or they are already exploring other governance arrangements such as mergers or the creation of new entities for business purposes to promote collective goals, streamline contracting and reporting, and to support the sustainability of their organisations.

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<sup>81</sup> McGough R & Dunbar-Rees R 2013, ‘Team effort: Commissioning through alliance contracts’, *Health Service Journal*, 22 November, 2013

<sup>82</sup> Local Government Association Tasmania (2015), “Local Government Amalgamations and Resource Sharing: what do we know already? – A Background Paper”, LGAT, Hobart  
<http://www.gsbc.tas.gov.au/webdata/resources/files/LGAT%20Paper%20Voluntary%20Amalgamations%20April%2030%202015.pdf> viewed 5 November 2015

Last year it was estimated that nationally around 30% of not-for-profit boards were discussing, or were taking action to merge with another not-for-profit.<sup>83</sup>

The organisations most vulnerable to the changes in the market are those with income of \$5 million per annum or less who are going through the rapid reform processes associated with consumer directed care, the introduction of the national Disability Insurance Scheme and its extension to clients of mental health services, and the aged care reform process.

TasCOSS and the University of New South Wales have conducted a comprehensive survey of the non-government organisations working in Tasmania. The findings of this survey suggest that while the numbers of organisations who are vulnerable are not enormous, they represent a significant proportion of the organisations working in these sectors in Tasmania. For example, 65.5% of organisations have incomes of \$1 million a year or less; 82.7% have incomes of \$5 million a year or less.<sup>84</sup>

### Organisations providing non-residential aged care, disability and carer, or mental health services

Organisational size (by income per annum)	Number	%	Cumulative %
<\$50,000	24	21.8	21.8
\$50,000—\$250,000	24	21.8	43.6
\$250,000—\$500,000	8	7.3	50.9
\$500,000—<\$1million	16	14.5	65.5
\$1million—<\$5million	19	17.3	82.7
<\$5million	19	17.3	100.0
<b>Total</b>	<b>110</b>	<b>100.0</b>	

Mergers or partnerships can fail if not properly supported with expertise and resources. In the community services sector such failure can leave vulnerable clients unsupported.

Successfully preparing for and formalising such changes requires resources. Organisations may require legal or accounting advice to develop partnership agreements, contracts or business plans.

<sup>83</sup> Australian Institute of Company Directors (2014), *NFP Governance and Performance Study: Examining governance practices and opportunities in Australia's NFP sector*, Australian Institute of Company Directors

<sup>84</sup> TasCOSS-UNSW, unpublished data. The TasCOSS Community Services Survey was distributed to 360 Tasmanian community services. This included all organisations funded by DHHS, all organisations providing services to clients who are registered as charities in Tasmania, all who are registered with the Australian Charities and Not for Profit Commission, and private businesses registered to work with the National Disability Insurance Agency. The survey was conducted in the first two weeks of November 2015 and attracted a 59% response rate. The survey results will be released in February 2016.

Should a partnership proceed, organisations may require project planning support to implement and monitor the process.

A *Strategic Partnership Fund* would assist organisations to explore their business options. It would be similar to the resource-sharing funding program offered to local government to help councils identify cost savings.<sup>85</sup> Appropriate aims for it would be to:

- Support the exploration of formal partnerships between Tasmanian community sector organisations
- Encourage new partnerships between Tasmanian community sector organisations
- Build capacity within the Tasmanian sector to manage these processes.

TasCOSS suggests that this fund be managed by the Community Sector Relations Unit (CSRU) in DHHS, and that successful fund applicants be directed to an approved panel of providers selected by CSRU.

While partnerships and new business structures, even if successful in the short-term, will not address *all* the viability issues confronting the sector, support for organisations to look at these approaches could help stabilise the sector through a period of rapid change, and ensure that organisations do not fail, leaving clients unsupported and at risk.

## Recommendation 2

TasCOSS is seeking funds to build the capacity of Tasmanian community services to better use technology to measure and understand the impact of their work. This capacity building has many benefits in terms of improving the quality of services available for clients; it is also a necessity for DHHS contracts under the new *DHHS Outcomes Purchasing Framework*. TasCOSS research into how organisations were responding to the *DHHS Outcomes Purchasing Framework* identified that difficulty purchasing appropriate information and client management systems was a significant barrier to implementing outcomes measurement and monitoring systems.<sup>86</sup>

TasCOSS will partner with Infoxchange to deliver this program. Infoxchange is a national not-for-profit community organisation that works to raise the level of digital proficiency within the community services sector. Infoxchange has recently been commissioned by the NZ Government to conduct capacity building workshops across the country to support the introduction of Results Based Accountability reporting there.

The Tasmanian program will leverage off workshops to be delivered by TasCOSS on Results Based Accountability, the performance measurement framework which is the theoretical core of the *DHHS Outcomes Purchasing Framework*.

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<sup>85</sup> Mather A (2015) "State Government provides funds to help local councils create efficiency reform models", *The Mercury*, 11 February, 2015. <http://www.themercury.com.au/news/tasmania/state-government-provides-funds-to-help-local-councils-create-efficiency-reform-models/story-fnj4f7k1-1227215996120>, viewed 5 November 2015

<sup>86</sup> TasCOSS (2015), *Community Services and Outcomes Measurement: Survey Results*, TasCOSS, Hobart.

The program will deliver the following:

- An understanding of what systems are currently used by Tasmanian non-profit organisations to deliver services and measure outcomes, and identify where systems can most help organisations, and
- Assistance for community sector organisations to:
  - Understand the types of systems available to capture service delivery and outcome information
  - Identify systems that could meet their needs
  - Understand the process they should go through to select and successfully implement a system, and
  - Provide (limited) guidance to help them select a system.

This would be delivered through a three stage process:

1. Research into the systems being used in the Tasmanian non-government community sector and identification of appropriate systems for the sector
2. Support for organisations to select a case management system provided through a series of workshops, which will run in sequence with training on Results Based Accountability; and
3. 1:1 mentoring to support system implementation.

Funding would enable this series to be provided in Launceston and Hobart with a contribution towards costs being made by participating community sector organisations.

The success of these projects will depend on a commitment from the State Government that organisations participating will be able to reinvest efficiencies created by the project into service delivery.