Service Sector Reform

Reflections on the consultations

Professor Peter Shergold AC
Independent Project Leader

May 2013

Table of contents

1 Foreword 1

2 Introduction 2

3 Reflection on key themes 5

4 Feedback 8

5 Appendices 16

1 Foreword

As Independent Project Leader I have been asked by the Minister for Community Services, the Hon. Mary Wooldridge MP to oversight a consultation on how best to improve the effectiveness and ensure the sustainability of the state's community services system. I launched a consultation process in February 2013 and continue to hold structured conversations with a range of focus groups. I have also benefitted greatly from meeting with the community organisation members who participate in the Sector Reference Group chaired by Micaela Cronin.

My colleague Bronte Adams has conducted meetings across the state. We have been supported by project partners, the Victorian Council of Social Service (VCOSS) and government agencies, predominantly the Department of Human Services (DHS). Staff from VCOSS and DHS have not only attended the forums and recorded outcomes, but sifted through and categorised the issues raised in the written submissions. Most importantly, the dialogue has been undertaken in partnership. In particular, VCOSS' informed perspective, as a peak body for the sector, has proved invaluable.

My goal is now to provide feedback to those organisations and individuals who have proffered their views. In doing so I have sought to identify the 22 key themes which have emerged from discussions and which I will seek to address in my report to Minister Wooldridge in July.

My challenge has been to do justice to the strength and diversity of the views expressed. To me the community services system includes both the public service agencies and the vibrant range of not-for-profit organisations (large and small, well established and start-up, traditional charities and mission-driven social enterprises) which together take responsibility for the delivery of programs funded by the state government. I have sought to understand and capture their distinctive perspectives.

In truth the attempt to characterise the differing views and priorities of around 800 attendees and submission writers is necessarily subjective. I have sought to ensure that all the major issues raised are given voice here. I have also sought to highlight those matters on which there exists a consensus of opinion, as well as those where sentiments vary. I recognise that this is a professional and dedicated sector. As one participant said to me: "this is an emotional space of passionate workers with strongly held views". It is that but it is also something more. It is a sector in which professional expertise and social commitment go hand in hand.

The manner in which I have set out the key themes is mine alone. There may be unintentional sins of omission. There will almost certainly be many matters in which the felicity of expression by which I have summarised opinions could be improved. There may be some instances on which you think that my interpretation is dead wrong.

I do encourage you to let me know as soon as possible.

Professor Peter Shergold AC

Independent Project Leader

2 Introduction

2.1 The Service Sector Reform project

The Service Sector Reform project aims to improve how government and the community services sector work together to support vulnerable or disadvantaged members of the community. The project will assist government and the community services sector to improve outcomes for those in need by delivering services in efficient and effective ways. At a time of increasing cost and demand pressures, which threaten the sustainability of the community services system, it is vital to improve value and quality driven productivity.

The Service Sector Reform project was announced by the Minister for Community Services, the Hon. Mary Wooldridge MP in May 2012. It is the intention of the Minister that the project "will generate new thinking about how to ensure we have a vibrant, effective and efficient sector that continues to make a real difference in the lives of many thousands of Victorians."

I am the Independent Project Leader, tasked with oversighting sector wide consultations. Informed by these perspectives, I will provide advice to the Minister in July 2013. The project is managed by DHS, in partnership with the Office for the Community Sector and VCOSS.

The Service Sector Reform project is being undertaken at the same time as a number of other important reforms across the community services system. A plethora of initiatives are in train, including in disability and aged care, social housing, violence against women and children, mental health, alcohol and drug treatment, child protection, education, training, youth support and refugee services. These unique initiatives target specific program areas and users of the service system, yet all articulate similar objectives and possibilities for reform.

Not surprisingly, some participants complained of reform fatigue. More commonly, there was concern that the interventions lacked strategic coherence. "I wish I could see how all the dots fitted together", said one community member. I sympathise with that perspective. Yet, clearly articulated, these initiatives have the potential to complement and inform each other. The Service Sector Reform project aims to take a whole-of-service system view of the issues, challenges and opportunities relating to service delivery to vulnerable and disadvantaged members of the community. It seeks to build on what is already underway.

2.2 About this paper

In launching the discussion paper *Towards a more effective and sustainable community services system*, I promised I would report back on the key themes emerging from public consultations. This report provides, in broad terms, the perspectives advanced by participants to the consultation on my discussion paper. It aims to:

1. ensure that all stakeholders who have participated in the consultations and contributed submissions are provided with an overview of the sector-wide issues and views at this point of the project
2. identify questions and implications arising from the consultations and
3. set out my reflections on the major emerging themes.

As stakeholders commented frequently, the community services sector is not homogenous. Issues vary significantly depending on the area of service delivery, provider type and geographic location. There is a risk that the paper does not reflect all of the individual commentary and nuance that was conveyed at the consultation sessions. Indeed, the paper does not attempt to provide specific commentary. Ultimately, the focus of this paper is to encapsulate – to the greatest extent possible – the feedback from a whole-of-system perspective and suggest a framework for my report to the Minister.

Importantly, this paper does not reflect all of the feedback collected and collated. At the time of publication, a small number of consultations were still planned and further analysis of submissions was taking place. All feedback received that is not considered in this report will be taken into account in the development of my final report.

2.3 The consultations

The information in this paper draws on feedback gathered through the consultation sessions held across Victoria, written feedback and input from the project's Sector Reference Group.[1]

Consultations were extremely constructive. Participants highlighted problems with the community services system as well as opportunities for improvement and areas of best practice.

Between 22 February and 16 April 2013, 13 public consultation sessions were held in 11 locations in Victoria. They aimed to engage key community sector stakeholders who play a significant role in the delivery of services to vulnerable people. They sought views on the current challenges, opportunities for reform and how they should be implemented. Dr Bronte Adams, Dandolo Partners, facilitated each of these sessions.

Around 700 people engaged in the consultation process.[2] Participants at these sessions included staff and volunteers from child and family services, early childhood education and care services, disability services, mental health, family violence, Aboriginal services (including Aboriginal community controlled organisations), alcohol and other drug services, housing, homelessness, community health centres, primary care partnerships, youth services, local learning and employment networks, and public servants (from various departments at Commonwealth, state and local levels).

Participants at consultations addressed a number of questions that were based on the framework outlined in *Towards a more effective and sustainable community services system*. Participants were also asked to identify their top three priorities for reform of the community services system. This provided useful insight into the diversity of views presented. This feedback has been captured at Appendix 5.2.

Bronte and I have benefitted from participation in a number of focus group conversations. A small number of consultations specifically for members of the community who use services were held which provided important feedback. Other focus groups included members of the *Bank**mecu**/VCOSS Sector Finance Network*; the VCOSS peaks and state-wide network; and the Go Goldfields Alliance. I also learned a great deal from my meeting with Aboriginal community controlled organisations.

The focus groups were enlightening as they were held primarily with smaller organisations which in some instances believe that challenges of the current system are more keenly felt by them. This was certainly the case in reference to members of the Aboriginal organisations I met. They feel great pressure to deliver culturally sensitive services to their communities that impose obligations on them that go beyond those services for which they receive funding.

Written responses, comments and submissions on the discussion paper were also invited. In total, 83 pieces of written feedback were received from organisations or individuals.[3]

The Sector Reference Group, comprised of 17 senior leaders of Victorian community sector organisations, has also provided strategic input to me on the major issues considered in this project.

All of us involved in organising the dialogue would like to sincerely thank stakeholders for their considered and useful contribution to the reform process to date.

2.4 Next steps

It is not possible to conduct another round of formal consultation on this paper. However, comment on the paper and any other issues related to the consultation process is still welcome and should be provided to VCOSS or DHS as soon as possible and no later than Tuesday 11 June 2013. Comment is welcome on:

- support for the key issues identified so far
- priority areas where action is required
- concerns about proposals that have been missed or failed to be articulated.

[1] More details about the consultation, the submissions received and the Sector Reference Group can be found in the appendices.
[2] Refer to appendix 5.1
[3] Refer to appendix 5.4.

If you would like to provide comment, or require further information, please contact VCOSS or DHS by:

	VCOSS	DHS
Telephone:	03 9235 100	03 9096 0120
Email:	feedback@vcoss.org.au	servicesectorreform@dhs.vic.gov.au
Post:	Service Sector Reform Victorian Council of Social Service Level 8, 128 Exhibition Street Melbourne VIC 3000	Service Sector Reform Department of Human Services GPO Box 4057 Melbourne VIC 3001

Your privacy

Participant information collected as part of this consultation will not be publicly available. Published responses to this consultation will not identify individual submissions.

3 Reflection on key themes

In this section, I have outlined my reflections on the major themes that have emerged from the consultations so far, as summarised in the feedback section of this paper. These reflections provide an indication of my thinking on the implications of this feedback. They are informed by my own discussions with a range of stakeholders and my experience with similar reforms in other jurisdictions.

1. **There needs to be a clear, system-wide vision of the outcomes sought from services delivered to vulnerable and disadvantaged people, including the development of better performance indicators and impact metrics.** The current focus on outputs and process is insufficient for clearly articulating the purpose and impact of community service provision in Victoria. Gaining a real sense of system effectiveness will require the development of better performance indicators and impact metrics. The full costs and long-term benefits of community service interventions need to be measured and evaluated.
2. **There should be progressive expansion of place-based funding and delivery, providing communities with greater opportunity to tailor services to regional and neighbourhood needs.** Ongoing support and services planning for particular cohorts within the community will also need to complement place-based approaches.
3. **Improved collaboration is required across the system and should be supported by effective partnership arrangements.** Collaboration is required between government agencies, between government and service providers, and across service providers. Structures need to be developed which encourage cross-sectoral participation in the design of community services and programs and collaborative approaches to service delivery.
4. **Government should take a strategic approach to commissioning community services.** Decisions on the most appropriate approach to service delivery (whether by public service agencies or non-government providers) need to be based on a careful evaluation of the most effective way of creating public value and in particular, what is in the best interests of the person in need.
5. **There needs to be a holistic approach to addressing disadvantage.** At present the delivery of community services is highly fragmented and difficult to navigate, often reflecting bureaucratic convenience rather than a 'citizen-centric' approach. There are too many separate funding streams and too few opportunities to pool funds. Better coordination is not enough. An integrated community services system is not just about improving delivery processes. Nor is it simply a matter of establishing clearer pathways, more effective case conferences or consolidated call centres. Service integration should be firmly founded on designing services around the needs of individuals, families and communities.
6. **There needs to be greater focus on addressing the underlying causes of disadvantage, vulnerability and social exclusion.** Whilst responding to immediate crises will always by a vital role for the community services system, the emphasis should be on prevention. There should be more focus on interventions at an early stage to mitigate the requirement for emergency responses later. Similarly there should be more focus on initiatives which promote social inclusion and economic participation rather than on short-term 'fixes'.
7. **In terms of the capability of community organisations, size does not necessarily matter.** Large is not necessarily more effective. Small is not necessarily beautiful. Whilst many large community providers enjoy advantages of scale and operate as well-administered businesses, some small organisations are more agile and innovative. On occasions, small, specialised programs delivered at the local level can be more effective. On other occasions, there is value in having standardised services delivered by a single organisation across the state. It should be how best to deliver public benefit that determines the conditions under which outsourcing occurs.
8. **The focus should be on providing choice and diversity to the service user in the most efficient way possible**. It is true that a large number of separate contracts incur greater administrative costs. There are a variety of ways these can be addressed. Outsourcing community service delivery should encourage inter-agency funding agreements across the Victorian Public Service and the creation of consortia, alliances or lead-agency structures within the community sector.

9. **The impact of red tape imposed on organisations delivering community services should be significantly reduced.** During the process of recommissioning the implementation of community programs, rigid funding specifications should be replaced by more flexible arrangements. Multiple accreditation, guidelines and funding requirements should be simplified and duplication removed. Existing accreditation status should be acknowledged when determining compliance and reporting obligations. Contracts should be longer, with the capacity to be rolled over on the basis of performance. There should be a 'report once, use often' approach to data collection.

10. **The emphasis of public accountability should focus on the audit of outcome performance rather than simply reporting on process requirements.** As Victoria's regulators have emphasised, public service agencies and contracted community providers need to be responsible and answerable for expenditure of government funds and duty of care to services users. Transparency is important. The level of scrutiny, however, should match the risk and value of the services delivered.

11. **A culture of innovation needs to be actively encouraged.** Risk should be managed prudently by a willingness to pilot, demonstrate and evaluate new approaches. In the public arena, as elsewhere, any innovation carries risk of failure. In the design of community services, there should be a willingness to trial often, fail early, and learn quickly from mistakes. At present too much public innovation involves frontline employees finding workarounds to heavily prescribed processes.

12. **Much expertise and creativity resides within those public servants and community workers who deliver services on the ground.** This experience needs to be recognised and contribute to program design.

13. **There is a need to attract and facilitate access to additional sources of funding to the community sector beyond government contracts and philanthropic donations.** Many mission-driven community organisations are already operating, at least in part, as 'social enterprises' which trade for income in order to achieve surpluses. There is opportunity to harness wider sources of social investment from the private sector to complement the revenue or capital requirements of community service organisations and allow them to scale up their operations. Community organisations which deliver quality services effectively for government should be able to derive financial benefit from their individual arrangements. Access to alternative funding sources should complement government funding for vulnerable and disadvantaged individuals and families.

14. **Where community organisations are able to access corporate financial or in-kind support for their social mission this should be welcomed by public sector agencies.** At present the ability of organisations to harness additional support is often perceived as an impediment to government funding, either because it makes contracting 'more complex' or because it is seen as indicating 'less need' on the part of the community organisation. Program guidelines need to be sufficiently flexible to encourage matching funding and risk sharing with providers. Innovative approaches developed between community organisations and corporate partners should be extolled.

15. **Wherever possible, vulnerable people – and not just those with a disability – should be provided with opportunity to have greater control over the choice and management of the services they need.** Individualised funding, consumer directed care and more flexible funding arrangements should be progressively extended. Whilst people will need advice and support from community service organisations, the presumption should be that services users can be empowered to make decisions on the services they need and from whom they access them.

16. **Better use of technology and social media has the capacity to improve the quality of service and experience for people accessing the community services system.** Sufficient and accessible information provided in appropriate ways will enable service users to make informed decisions regarding the services they receive. Greater use of digital technology can serve to enhance participation in the design, delivery and choice of community services.

17. **Better use of technology is important to promote effective collaboration and information sharing about services users and the outcomes achieved**. There is a need to improve the data systems that currently drive output-based reporting and add to unnecessary layers of 'red tape'. Wherever possible, public information should be made available on a 'creative commons' basis, with government encouraging the development of applications that will improve the delivery of community services.

18. **Community service providers, individually or collectively, may need to enhance their organisational capability and to improve managerial and governance expertise.** Whilst previous experience of 'shared services' has been mixed, community organisations and government should find ways to share best practice in financial and human resource management.

19. **There needs to be a continued focus on workforce skills and capacity to drive productivity.** Whilst specialist skills remain important, there is also an increasing need to develop and broaden the capacity of the workforce to respond holistically to people's needs. Community sector workers should have greater access to training and career development opportunities. This may include encouraging staff exchanges between public service agencies and community providers, so that all parties can more fully appreciate the constraints under which others work.

20. **The design and delivery of community services should be 'evidence based'.** There is a need to foster action-research, measure the social returns on public investment, share best practice and promote innovation in order to strengthen service planning and improve the performance of the community services system. 'Value for money' needs to be assessed not only on the basis of cost but on the quality of services delivered.

21. **Ongoing reform approaches need to be set within a comprehensive framework.** A number of important initiatives have been introduced to Victoria's community services system in areas such as place-based approaches, local area governance and individualised funding. Important reforms are being rolled-out in the areas of housing, homelessness, violence against women and children, alcohol and drug treatment, 'Closing the Gap', community mental health, education and training, early childhood services, justice, refugee services, youth, disability and aged care. There is a lack of clarity about how these disparate elements form a coherent strategy.

22. **A mechanism to carry forward the reforms process beyond the final report is required.** There is wide spread belief that statements of principles are not enough. The recommendations of many previous reports have not been adequately addressed. The process of implementation needs to effectively incorporate service user perspectives.

4 Feedback

The views gathered during the consultation are presented below. They inform the key themes outlined in the previous section. Direct quotes from participants are included in italics.

Stakeholders expressed broad support for the direction and intent of the Service Sector Reform project and the themes outlined in the discussion paper. Feedback highlighted the openness and readiness of community service organisations to advance new initiatives and the hope that the process will result in transformational reform.

System-wide vision on outcomes

Overwhelmingly, feedback supported a move to define and focus on the outcomes sought for service users and the Victorian community.

> *"Services are [currently] not designed to be holistic in nature but focus on individual issues of [people]. In most service designs … the focus is on addressing the presenting issue not on a holistic response to [the person's] needs."*

There was an emphasis on the importance of a whole-of-government vision for the system that is supported by outcomes with population and sub-population measures.

Emphasis was placed on the strong role of government in policy development, identification of needs and system-wide service planning. Many highlighted the need for some of this work to be undertaken at a regional level either by state government or by local government. However, in performing these roles, the importance of collaboration and cooperation with community service organisations was identified.

> *"The current arrangements for service planning and coordination across three levels of government could be best described as disconnected and disjointed ... service planning and coordination is done in service area silos … there needs to be new approaches to [cross-sectoral] partnership and coordination."*

The development of clearly defined whole-of-system outcomes that are developed jointly between public service agencies and community service organisations was viewed as an important objective. Feedback relevant to whole of system outcomes included the benefit of improved linkages across the service system and the need for holistic and integrated responses across early childhood, education and training, health and wellbeing – including mental health, housing, community development and financial security.

Measures would need to specifically incorporate outcomes for particularly vulnerable and disadvantaged groups, such as Aboriginal people, children and young people in out-of-home care.

> *"Developing highly effective client feedback systems based on measuring outcomes for clients can add to our ability to assess the impact of services."*

The importance of incorporating service user feedback in the development of appropriate outcomes was emphasised. Models such as the 'Outcomes Star' were suggested as ways to achieve this.

System fragmentation

There was agreement that there is poor coordination and integration of service funding, planning and reporting across government agencies and different portfolios. This included difficulties for organisations created by different, and at times, contradictory requirements from different levels of governments and different departments across the Victorian Government. Increasing Commonwealth involvement in the direct funding of services and the service planning and reporting associated with this, was highlighted as a potential barrier to the delivery of more integrated services. DisabilityCare, Medicare Locals and Income Management were highlighted as initiatives that require close coordination with complementary Victorian Government programs. On the same theme, stakeholders emphasised the need to more clearly define the role of local government in both service delivery and coordination.

There was also agreement that the system was complex, confusing and ineffective for many service users. Feedback emphasised:

- growth in specialised services
- rigid and siloed program funding arrangements, which restricts how services can be provided and
- a lack of service collaboration and at times competition between community service organisations.

There was significant emphasis on the critical role of more effective access points to the service system and the need to deliver more integrated services. This included recognising and building upon the important role of universal services in the service system.

Integrated and holistic support

The ineffectiveness of multiple case managers providing services to an individual or family was repeatedly highlighted. A preferred model would be for a single intake point with an assigned case manager to join-up required services, with specialist workers supporting them as part of a multi-disciplinary team.

There was a strong emphasis on the many examples of good practice in the Victorian community services system where collaboration and innovation had delivered more holistic service delivery which improved outcomes for children, young people, families and communities.

More often than not, good practices emerge despite the design and funding of the services system. 'Bending the rules' and 'work-arounds' for service boundaries and rigid funding silos were frequently highlighted as a feature of innovative person-centric service delivery.

Successful examples of integrated service delivery included:

- several organisations employing a partnership model or using brokerage funding from combined sources to ensure that people were able to access a range of services
- organisations or consortia with many services under one roof which were able to assess immediate needs such as housing, food, and mental health and at the same time address longer term needs such as employment and education and
- the Family Violence Integrated Service Reform Strategy, which created and resourced Family Violence Steering Committees for each region enabling key stakeholders to plan and implement more effectively.

There was praise for programs such as Child FIRST, Services Connect and Opening Doors as being easy to identify and providing effective access points to family services and homelessness respectively. However, it was also noted that these access points were still overly focussed on programmatic areas rather than on the whole service system. It was suggested that these 'front doors' should have the capacity to work better across programs and services in other parts of the service system. For example, Child FIRST should include universal early childhood services and link to Best Start.

There was an emphasis on the value and effectiveness of generalist entry points to the service system. It was noted that the system needs to more effectively utilise universal platforms as a point of referral, such as schools, early childhood services and health services.

The role of specialist services, including those provided through Aboriginal community controlled organisations and gender specific services, were important access points to the service system. Their particular expertise should not be lost in efforts to simplify service system access.

Addressing the underlying causes of disadvantage and vulnerability

There was agreement that the current system was too heavily skewed to crisis response and that a greater focus was required on prevention and early intervention supports. Capacity building approaches were needed to achieve improved outcomes over the longer-term. Feedback emphasised the importance of improving the balance between early intervention and crisis response.

"The young woman said to me, 'I've been to five services, but I'm not broke enough'."

A well designed system with clearly identified outcomes and the capacity for flexible and innovative service design would be more likely to find the right balance between early intervention and crisis. Agencies would be able to tailor services to achieve more effective system-wide outcomes for those in need.

> *"One of my hopes of service sector reform is that it substantially alters the focus in programs away from disjointed 'safety net' and crisis responses to one that considers a long-term response which will best enable a service user to fully engage in society."*

Organisations involved in public health, community development and other interventions targeted at the community level emphasised the importance of their work in early intervention and prevention.

> *"Prevention is the bedrock of an effective and sustainable community services system. Prevention is necessary, cost-effective and seeks to achieve long term change."*

Funding approaches

Funding design and complexity was identified as restricting effective service delivery and as a major source of red tape. Multiple funding streams, contracts and reporting arrangements were seen to lead to significant compliance burdens and consequent inefficiencies. At the same time, it was acknowledged that accountability for performance and the expenditure of public funds is critical. It was pointed out that there is a distinction between process-driven 'red tape' (focussed on compliance) and necessary reporting on performance. Sustained effort to balance accountability, risk management and compliance requirements is required. The present contractual processes constrain innovation.

It was highlighted that current funding structures are too rigid, inflexible and hinder the development of more holistic supports. Too often organisations have to 'patch together' multiple funding lines to most effectively meet the needs of service users. Whole-of-government approaches too often depend on the community service organisations delivering government programs.

A strong emphasis was placed on achieving a more effective response through greater flexibility in funding and program models that enabled the right mix of services and supports to be developed around a person and their family.

There was strong support for consolidating funding lines where similar service objectives are sought, as a means to improve coordination and planning across the community services system.

> *"Our system is not designed to be holistic in nature. Services come with their own set of individual … guidelines … that tend to direct practice. Practitioners and funding bodies become focused on compliance to guidelines and issue focused in their responses rather than focusing on holistic outcomes for individuals. Examples of this are the current design of youth services and the range of programs that focus on supporting families."*

Concerns were raised, however, that the consolidation of funding lines could have the unintended consequence of losing unique and specialised services and could potentially advantage large organisations at the expense of smaller organisations. This was of particular concern where small organisations were able to deliver innovative and flexible services partly as a result of their size.

> *"There is a danger that [consolidated funding] could place at risk smaller agencies as larger agencies are more likely to be able to manage a group of services that have been consolidated."*

Different funding models were discussed. Consortia-based funding was highlighted as a useful approach to driving improved collaboration within the community services sector while achieving more holistic service provision.

Concern was expressed regarding the possibility that outcomes based funding and poorly designed outcomes may result in perverse incentives. Job Services Australia was highlighted as an imperfect approach to outcomes-based funding that resulted in service users with less complex needs and lower levels of disadvantage being prioritised over people presenting with complex needs by employment services.

Outcomes-based service delivery, evaluation and reporting were viewed as a more effective approach than process-based payments. An increased focus on outcomes along with reporting and evaluation to match will allow for a better recognition of good performance in the sector and effective programs. A number of participants expressed however, that funding that is directly linked to the outcome needed to have regard to the broader context of the service such as place and cohort.

Reporting and red tape

The significant burden of reporting imposed on contracted providers was frequently identified as a significant barrier to services being more responsive to the needs of vulnerable people. The prevalence of excessive and duplicative reporting requirements often fail to recognise that organisations have been through accreditation processes and the lack of clarity as to the purpose of some reporting arrangements were some of the major issues identified.

There was a concern that the system did not recognise and reward effective programs in which improved outcomes for a person had been achieved. The plethora of creative and often effective, pilot and trial programs that failed to be scaled-up was cited as one example of where good outcomes failed to be recognised. Innovation often remained at the margins of public administration.

Prudent risk taking and management

"Government is too risk averse. We have to fail to succeed sometimes."

Participants indicated that aversion to risk on the behalf of government constrained their ability to develop new service delivery models and more innovative approaches. A more balanced sharing of risk was supported, where services providers had greater flexibility to tailor services to the needs of their users, based on local need and knowledge, but were more responsible for the outcomes.

"The biggest risk is that we don't take risks."

It was acknowledged that a more flexible funding approach would need to be underpinned by a clear outcomes framework so that innovative providers could be rewarded through continued or increased funding.

Partnership, collaboration, roles and responsibilities

A significant volume of feedback highlighted the critical importance of improving collaboration across the community services sector to achieve more integrated service responses.

A strong emphasis was placed on the need to foster stronger links across the human services, health and universal services system, particularly schools and early childhood services. More collaborative approaches were viewed as critical to improving outcomes for vulnerable Victorians.

Feedback highlighted the tension within government around its multiple roles as a policymaker, funder and service deliverer. There were suggestions that in its commissioning activities, government should continue to move away from direct service provision and instead, provide funding to the community services sector to undertake the vast majority of service delivery.

The importance of whole-of-government approaches and the need for greater collaboration and coordination within and across government was also highlighted as being of the utmost importance to more effective service planning and delivery.

"The current services system, while it does have its successes, is still fractured due to government funding models, inadequate collaborative strategic planning, a silo mentality - both within government departments and between [community service organisations] - and a lack of engagement with the people we serve."

A significant volume of feedback emphasised examples that exist in the current community services sector of effective partnerships delivering better outcomes for vulnerable and disadvantaged Victorians. Central to this is the expertise, commitment and creativity that both community sector and government staff demonstrate. There was a strong view that these successful models should be built upon and the good practice extended across the system. However, current funding approaches, including a lack of funding to support collaboration, pose significant barriers.

There was also a strong emphasis on the need for greater collaboration and partnership between public service agencies and community service organisations in the design and delivery of programs. Participants felt that their expertise was too often undervalued. There was resistance to the idea that community based organisations are simply contracted providers. Many, including Aboriginal community controlled organisations, emphasised their commitment to social mission and community advocacy.

Importantly, it was agreed that collaboration should not be the end in itself, but rather, a means by which to achieve agreed objectives or outcomes.

> *"Collaborative work and partnership development is more effective when focussed on a particular outcome and not on building partnerships to achieve the goal of 'working together'."*

The need for a common practice framework across the service system was highlighted, particularly for those services working with specific cohorts, such as children. The *Best Interest Practice Framework* was highlighted as a positive example. It was recognised that legislative and administrative change may be required in some instances to achieve this.

> *"It is difficult to provide a wrap-around approach to [individuals] when there is not a consistency in practice and there exists such a divergence of practice frameworks …"*

There was concern that government had too great a role in service design. The benefits of allowing service providers to flexibly tailor service design to individuals and to their 'place' was emphasised in feedback. It was suggested that service providers had considerable expertise that they could contribute to service design and implementation strategies.

Local area planning models that identify local needs and rely upon greater understanding of local demographics and broader community issues were emphasised as an important approach to improved service coordination and delivery.

Individual choice and consumer-directed care

There was widespread support for allowing service users control, choice and individual agency in their interaction with the services system. This was seen as an important part of driving consumer-directed care and building service user capacity. People in need should be empowered to have greater control over the services they require. Initiatives in the area of disability support services could be extended to the delivery of other community services.

However, concern was expressed about the practical reality of service user choice in sparsely populated areas where it would be difficult to find a critical mass of delivery agencies that would allow for the efficient provision of choice and/or referral to service users. Feedback also highlighted the importance of guiding choices towards service offerings with proven effectiveness rather than services that may more actively market to attract users.

It was perceived that community service organisations would continue to play a vital role in supporting individuals to make effective decisions on their own behalf.

Place-based approaches and local area governance

The importance and value of place-based needs analysis, service planning and funding were strongly endorsed, although with some caveats. Such approaches would ensure that services and approaches could respond more effectively to specific features of local areas, such as the increased costs and time associated with rural areas and the need to travel.

There were different perspectives as to who should undertake needs analysis and service planning for particular 'places'. One approach would be the implementation of regionally-based, cross government agencies that would be responsible for service planning and funding. Others suggested that the role of local government in service planning and administering funds should be expanded.

It was agreed that local area planning models would facilitate improved outcomes through the identification of local needs and required services. Greater understanding of local demographics and particular community issues would improve service delivery utilising flexible and place-based approaches.

> *"There needs to be an effective regional planning and resource allocation process that also oversees regional programs."*

Others emphasised the need to ensure the appropriate definition of 'place', highlighting inconsistencies in departmental regions and existing networks.

The need to account for populations that were transient and not linked to particular places was noted. People who were homeless were highlighted as one group in the community that often moves between different 'places' and that this presents a challenge to effective place-based approaches.

Nevertheless, there was broad support for place-based funding arrangements that were able to link needs analysis with service planning and coordination to best meet the needs of the local community.

> *"Consolidating program funding needs to be in the context of well-developed place-based and regional planning processes."*

Allocation of funding was seen to be more effective at the regional and local level as part of a local area planning model and would facilitate improved coordination, reduce duplication and support improved identification and responses to local needs.

Aboriginal community controlled organisations emphasised the need to maintain a level of cohort based funding for particular groups to ensure that such service users continued to receive appropriate and culturally sensitive services and were not marginalised through any place-based arrangements.

> *"Area-based funding would need to account for the specific needs of Aboriginal clients for whom culture may be more significant than location."*

Similarly culturally and linguistically diverse communities and gender-specific organisations expressed their important role in providing support to particular sections of the community and expressed concern that this capacity should not be lost in any place-based arrangements.

Organisational and workforce capability

Good governance of community service organisations was highlighted as being important to organisational capacity. Strengthening the standards of governance and the skills of boards and staff across the system was also identified as critical to achieving more effective services.

It was stated that greater support was also needed to develop a high quality and skilled workforce, including through recruitment, retention and ongoing professional development. There was a need to ensure the system has a workforce that is able to work holistically, not just to deliver specialised services. Indeed, some participants believed that the increasing specialisation of services across the system has undermined the capacity of many workers to deliver broad-based or generalist services for service users with complex or multi-faceted needs.

At the same time, there is a need for cultural safety and community empowerment, particularly for Aboriginal Victorians and culturally diverse populations.

Infrastructure

The need for infrastructure development for the community services sector in areas such as information technology was highlighted as critical to improve efficiency and sustainability. Upfront costs however mean that this type of investment is often not prioritised.

New technology, including social media, was viewed as having a potentially transformative role in improving the effectiveness and efficiency of the service system. Technology could be of value in enabling easier entry points, better integrating services in rural and remote areas with the broader service system and increasing the capacity of individuals, families and communities to share information on place-based and consumer-directed care.

Technologies such as broadband and video conferencing facilities were also viewed as being beneficial to organisations, particularly those which were regional and rural.

Performance measurement, research and evidence

Evidence-based policy was seen to require the development of sector capacity in research and evaluation. Key aspects highlighted included:

- accurate assessment of how the community service system is performing, including the need for effective sharing and analysis of data across the service system
- better designed data reporting systems that link to each other
- improved feedback from departments to sector organisations on how data is used
- that universities can have a positive role in research and evaluation provided there is a genuine partnership between the university and the services sector and
- the need for far more longitudinal data in many program areas.

The development of a stronger knowledge base across the sector upon which to plan, design, implement and evaluate programs was perceived as central to efforts to improve outcomes and how to better indicate value for funding received. The use of better evaluation tools and data was emphasised. Knowledge clearinghouses, research centres and universities were all flagged as possible contributors to this, as was better use of existing statistical sources, such as the Australian Early Development Index. These would ideally strengthen whole-of-government outcomes development and place-based approaches to service planning.

A role for government in monitoring and evaluating programs and supporting sector organisations to improve performance was identified, as was the need for sector organisations to ensure that they had appropriate systems to cost outcomes and audit social returns on their investments.

Additional sources of non-government funding

> *"The public service seems to have a problem with social enterprises that accept corporate support. It's as if matching funding proposals represent a problem."*

Alternative sources of funding were seen as important to the community services sector, not least because of concerns in relation to the uncertainty and lack of sustainability of many traditional funding streams. Stakeholders emphasised, however, that alternative funding arrangements should not be seen as a substitute for government responsibility in service provision to vulnerable people.

The current widespread use of philanthropic funding in the community sector was highlighted, as was the increasing scarcity of these funding sources. Philanthropic funding was often used for innovative or new program designs. However, the opportunity to more widely introduce these programs rarely presents itself. Such initiatives were too often ignored by public service agencies.

Alternative private sector funding sources were identified as being particularly appropriate for capital investment programs, such as the purchase of premises that are often not funded sufficiently funded by programmatic funding or the trials of new approaches. Philanthropic funding, low interest finance and new forms of social investment were highlighted as potential funding mechanisms for such investment. A number of social enterprises who already trade in support of their mission and/or collaborate with the corporate sector, felt that such innovative approaches were insufficiently supported – indeed often actively discouraged – by public sector funding agencies.

Data and information sharing

"A reshaping of data collections would need to occur if there is to be a re-focusing on client outcomes."

It was stated that data reporting systems currently lack sophistication and add to the 'red tape' burden of community service organisations. They do not link across the system and this undermines effective service delivery. It was repeatedly argued that too much staff time is spent on data collection and management rather than service delivery. Poorly coordinated databases also contributed to barriers to integrated service provision and were often a reason for service users having to repeat their stories to different providers.

A mechanism to share appropriate information across the system, while also protecting privacy, was highlighted as a necessary system improvement. This would facilitate the sharing of relevant information about clients with people who needed it, and reduce and streamline reporting.

Comments were also raised about privacy requirements. Whilst it was agreed that information on service users needed to be protected, there was also a view that on occasion information was sequestered unnecessarily.

Views were also shared about the need to engender a culture of sharing relevant information amongst providers. This can be difficult in a context of competitive funding.

5 Appendices

5.1 Consultation locations and attendance

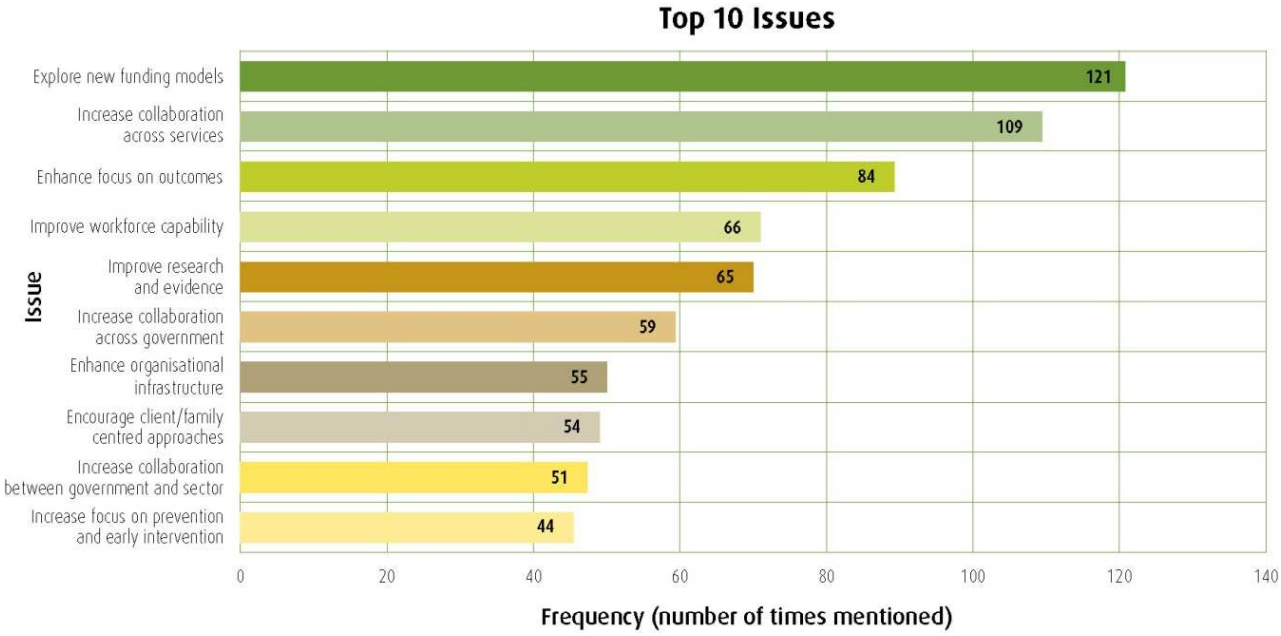
Location	Number of attendees
Dandenong	51
Broadmeadows	54
Melbourne CBD (3 sessions)	226
Bendigo	46
Ballarat	34
Shepparton	25
Wangaratta	20
Warrnambool	26
Geelong	50
Mildura	21
Sale	36
Total	**589**

Around 100 people, including services users, participated in targeted consultation sessions. This includes sessions with the VCOSS peaks and state-wide network; the *Bank**mecu**/VCOSS Sector Finance Network*; the Go Goldfields Alliance; and Aboriginal community controlled organisations. Additional targeted consultation sessions are planned throughout May 2013.

5.2 Top priorities for reform

As an icebreaker exercise participants attending consultations were requested to identify the 'top three things' that should be done to improve the community services system in Victoria. This exercise was done without any preparation and was formatted as an open ended question, not a survey.

The answers were used to prompt small group discussion, and if participants agreed, were collected for a basic analysis. The answers were categorised into themes. The top ten themes are illustrated below.



Extended Description

Explore new funding models
Explore funding models that encourage and enable collaboration. Introduce more flexible funding that provides freedom to innovate. Streamline reporting and ensure stable and transparent processes for funding allocation. Consider the extension of individual support packages beyond disability.

Increase collaboration across services
Collaboration across the sector. Working with common funding pools, improved access and referral for clients. Reduce duplication of service response and competition between agencies for funding.

Enhance focus on outcomes
Move towards outcomes measures and away from outputs. Develop appropriate measures for outcomes in consultation with sector.

Improve workforce capability
Improve training and professional development, structures for career progression and provide appropriate remuneration.

Improve research and evidence
Improve mechanisms for collecting data. Use evidence of best practice as the basis for funding decisions. Government to close the loop on the data it requires of funded agencies.

Increase collaboration across government
Ensure there is a coherent and consistent message across government. Align funding guidelines across departments so that agencies aren't having to manage contradictory funding requirements.

Enhance organisational infrastructure
Ensure organisations have appropriate infrastructure that enables the provision of integrated client support in a more efficient way. This includes upgrading IT systems, sharing back of house functions and improving information access.

Encourage client/family centred approaches
Focus on intervening early and preventing issues from escalating.

Increase collaboration between government and sector
Government and the sector to work together. Government should recognise the sector's expertise and be open about policy and program development at its early stages.

Increase focus on prevention and early intervention
Focus on intervening early and prevention issues from escalating.

5.3 The Sector Reference Group

Ms Micaela Cronin, MacKillop Family Services (Chair)

Mr Simon Phemister, Department of Human Services

Mr Jim Higgins, Department of Human Services

Ms Carolyn Atkins, Victorian Council of Social Service

Ms Lynne Wannan, Office for the Community Sector

Mr Paul McDonald, Anglicare

Mr Tony Keenan, Hanover Family Services

Ms Sandie De Wolf, Berry Street Victoria

Mr David Pugh, St Luke's Anglicare

Mr Warwick Cavanagh, MOiRA Disability & Youth Services

Mr Gerry Naughtin, Mind Australia

Mr Stefan Gruenert, Odyssey House Victoria

Mr Paul Bird, Youth Support and Advocacy Service

Ms Muriel Bamblett, Victorian Aboriginal Childcare Agency

Mr Jason King, Gippsland and East Gippsland Aboriginal Co-operative

Ms Kim Sykes, Bendigo Community Health Centre

Mr Sanjib Roy, Yooralla

Ms Elizabeth Crowther, Mental Illness Fellowship Victoria

Ms Angela Savage, Association of Neighbourhood Houses and Learning Centres

Ms Caz Healy, Doutta Galla Community Health Service

Ms Emma King, Early Learning Association Australia

5.4 List of submissions received

Joint submission by Aboriginal Family Violence Prevention and Legal Service Victoria, Domestic Violence Victoria, Federation of Community Legal Centres Victoria, Male Family Violence Prevention Association, Women's Mental Health Network Victoria, Women with Disabilities Victoria, Women's Legal Service Victoria in consultation with the Centre Against Sexual Assault Forum

Association of Neighbourhood Houses and Learning Centres

Australian Community Support Organisation

Berry Street

Bendigo Loddon Primary Care Partnership

Bethany Community Support

Break Thru People Solutions

Castlemaine and District Accommodation and Resource Group

Catholic Social Services

Centre for Excellence in Child and Family Welfare

Child and Family Services Ballarat

Children’s Protection Society

Colac Area Health

Community Housing Federation of Victoria

Community Southwest

Council to Homeless Persons

Darebin City Council

Development Workshop

Early Learning Association of Victoria

Eastern Domestic Violence Service

Eastern Metropolitan Region Regional Family Violence Partnership

Eating Disorders Victoria

Ethnic Communities' Council of Victoria

Family Care

Federation of Community Legal Centres

Funds in Court

Gippsland Integrated Family Violence Steering Committee

Go Goldfields Alliance

Good Shepherd Youth and Family Services

Goodstart Early Learning

Hanover

Inner South Family and Friends Mental Health Support Group

inTouch

Jesuit Social Services

Kildonan Uniting Care

Kyeema

Lentara Uniting Care

Lighthouse Foundation

Loddon Mallee Homelessness Network

MacKillop Family Services

McAuley Community Services For Women

Mallee Family Care

Melbourne City Mission

Mission Australia

Moonee Valley City Council

Municipal Association of Victoria

National Disability Services Victoria

North and West Homelessness Network

Oz Child

Post Placement Support Service (Victoria)

Primary and Community Health Network

Respite Care Project Consortium

Royal Women's Hospital

Sacred Heart Mission

Salvation Army Victoria

Scope

Southern Housing and Support Services Network

St Kilda Community Housing

St Luke's Anglicare

State-Wide Children's Resource Program

Supportlink

Travellers Aid

UnitingCare ReGen

Victoria Legal Aid

Victorian Aboriginal Child Care Agency Co-Op

Victorian Aboriginal Community Controlled Health Organisation

Victorian Aboriginal Legal Service

Victorian Alcohol and Other Drugs Association

Victorian Centres Against Sexual Assault

Victorian Healthcare Association

VincentCare

Volunteering Victoria

Western Region Health Centre

WISHIN

Wombat Housing and Support Services

Women's Health Association of Victoria

Women's Health West

YACVic

A number of individuals not listed also provided submissions.