



# Systems thinking for the development of a more diverse and independent community sector

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## Background

Charles Sturt University is a leading regional university, inspiring research excellence and driving regional outcomes with global impact. Charles Sturt campuses are located in Canberra, Sydney, Bathurst, Wagga Wagga, Albury, Port Macquarie, Goulburn, and Dubbo.

Charles Sturt conducts intra faculty applied public policy research devoted to public value creation in areas of key policy concern, in order to advance knowledge, solve societal problems and improve the quality of life of Australians, particularly those living in regional areas. This places Charles Sturt in a strong position to inform the Department of Social Services (the department) consultation: *A stronger, more diverse and independent community sector* (the Issues Paper).

Two Charles Sturt researchers and senior leaders have led the development of this submission due to their extensive experience working with governments and the community sector, and subject matter expertise relating to the Issues Paper:

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The Charles Sturt submission is both evidence-based and practical. The following well-established and tested theories constitute the theoretical framework and underpin the recommendations for program governance, design and delivery:

Theory	Introductory reading	In-depth reading
Critical Systems Thinking	Jackson, 2020	Jackson, 2019
Collaborative Governance	Ansell & Gash, 2008	Butcher & Gilchrist, 2020
Codesign	Evans & Terrey, 2017	Stoker & Evans, 2016 & 2022
Program Logic	McCawley, 2000	Funnell & Rogers, 2011
Critical Systems Heuristics	Jackson, 2019	Ulrich, 1995

A summary of the recommendations is presented below, by way of a response to the questions put forward in the Issues Paper. The body of the submission sets out in detail the evidence supporting these recommendations and is arranged according to the focus areas in six sections: (1) Giving the sector the voice and respect it deserves through a meaningful working partnership, (2) Providing grants that reflect the real cost of delivering quality services, (3) Providing longer grant agreement terms, (4) Ensuring grant funding flows to a greater diversity of CSOs, (5) Partnering with trusted community organisations with strong local links, and (6) General questions relating to each focus area.

## Executive summary: recommendations relating to the Department's Issues Paper

### **1. *Giving the sector the voice and respect it deserves through a meaningful working partnership***

The recommended approach to giving community sector stakeholders a voice and respect through a meaningful working partnership with government is by embedding the following practices when designing and implementing social services:

- Reflecting on the Critical Systems Heuristics boundary questions
- Establishing the Collaborative Governance model
- Codesigning programs and services according to the ten principles of the *Better Outcomes Framework*
- Developing a Program Logic as part of the codesign process
- Measuring outcomes.

To implement these is straightforward and involves only iterative change to already existing departmental processes and forms a holistic response to the Issues Paper. A full explanation is provided in Section 1 of this submission.

#### **1.1 *What would a partnership between CSOs and the government that achieves outcomes for Australians being supported by the community sector look like?***

The establishment of a Collaborative Governance model for each program (or group of related programs) with funding support for a secretariat such as in the case of the existing Emergency Relief National Coordination Group. The Collaborative Governance model should be periodically evaluated to ensure it is being implemented according to best practice and is achieving the desired outcomes. Once established, ongoing certainty that the Collaborative Governance model and funding support for the secretariat will continue is important, which is currently not the case for the Emergency Relief National Coordination Group and has adverse effects on the ability to recruit and retain a secretariat.

#### **1.2 *How can CSOs and government streamline the sharing of information, particularly through utilising technology to effectively engage, distribute, share, influence and inform in a timely and efficient manner?***

The use of a single system and reporting at an optimal frequency would streamline reporting requirements as outlined in Section 2 of this submission.

The sharing of information back to providers is desired by many and would provide insights for continuous improvement. An exemplar of a data sharing

report that would be practical for the Department to implement is shown at Appendix B.

**1.3 How can government ensure the community sector, including service users and those not able to access services, have an opportunity to contribute to program design without imposing significant burdens?**

Implementing the Collaborative Governance model to lead a codesign process and develop a Program Logic with stakeholders is the recommended approach to include the community sector in program design without imposing significant burdens.

The involvement of services users is important but often more difficult to accommodate without significant burdens. One practical option, which is recommended, is to establish a service user panel composed of members from different cohorts and geographical locations to be involved in the decision-making. Under this option, the Collaborative Governance group would seek feedback from the service user panel on the quality of service provision and ideas to improve the program. Consultation with the panel could be as required, or routine—such as a twice-yearly focus group. The panel would not be required to attend governance meetings—this way the composition, role design and operational integrity of the Collaborative Governance group is preserved, while the benefits of consulting directly with service users are facilitated.

**2. Providing grants that reflect the real cost of delivering quality services**

**2.1 What would adequate and flexible funding look like?**

This would vary from provider to provider and it is not practical to develop a one-size-fits-all model. What is recommended as important is that the cost of service delivery and use of grant funding are made transparent so that (1) government can make informed decisions, and (2) providers can benchmark their performance. In both cases this facilitates informed decision-making and continuous improvement for both government and providers. An example of how data sharing between the department and providers might look is shown at Appendix B.

**2.2 What administrative and overhead costs are not being considered in current grant funding?**

This varies from provider to provider as the allowable use of grant funding to cover overhead costs is not clear in cases such as Emergency Relief. Moreover, grant funding used by providers to cover administrative costs is not reported to the department and therefore not transparent, and cannot be aggregated to respond to this question at the program level.

### **2.3 How are rising operational costs impacting the delivery of community services?**

Rising costs of staffing and other expenses increase the unit cost of providing an instance of service. In practice this often leads providers to spread their available funding more thinly (for example, by limiting the cost of an instance of service, or limiting the instances of service provided in a period), which can lead to the unintended consequence of providing an insufficient or ineffective service in some cases.

### **2.4 What have been your experiences with, and reflections on, the supplementation and change to indexation?**

Unable to comment.

### **2.5 How can CSOs and the department work together to determine where funds are needed most to ensure equitable and responsive distribution of funds?**

Transparency of the demand for services and cost of service delivery.  
Collaborative governance and co-design of services.

### **2.6 How can government streamline reporting requirements, including across multiple grants, to reduce administrative burden on CSOs?**

The use of a single system and reporting at an optimal frequency would streamline reporting requirements. Currently the department's Data Exchange (DEX) is used, which can be made fit for this purpose with some iterative modifications including some additional data points outlined in Section 1 of this submission. Alternatively the government may choose to implement a new reporting tool, which would likely provide some incremental improvement but come at a significant cost. In terms of frequency, a change to reporting at 3-month intervals (rather than 6-month intervals in many cases) may be the right balance in terms of access to the latest data and minimizing red tape. In most cases the data reported by providers is routinely collected monthly so this recommendation would not be onerous on providers.

## **3. Providing longer grant agreement terms**

During in-depth interviews with Emergency Relief providers across Australia, when asked what they would like to see changed about the program, the third most frequent response was to have longer term grant agreements. One of the main weaknesses of the Emergency Relief program identified by interviewees was that grant agreements were too short.

### **3.1 What length grant agreements are CSOs seeking to provide certainty and stability for ongoing service delivery?**

In most cases, five year grant agreements would provide the level of certainty required by providers to be most effective and deliver the best possible outcomes.

### **3.2 *What timeframes should the government aim for, at a minimum, to provide final outcomes on grant variations/extensions before the current grant ceases?***

Not less than six months and up to one year would be desirable. This timeframe is required mostly to secure the workforce for the extension period or otherwise provide reasonable notice so staff can be redeployed as necessary.

The Department is aware of its own timeframes required for recruitment and should be mindful of the pressures that come from a lack of certainty towards the end of grant agreements. The community sector may be somewhat more nimble in recruitment but there is still a lengthy timeframe. Many program staff cannot bear a lack of clarity over ongoing employment in the short-term as it affects their personal livelihood, and is a common situation towards the end of grant agreements. Staff therefore look for and move to other employment, which can lead to poor end of program outcomes or staffing disruption if the program is extended.

### **3.3 *What funding flexibility do CSOs require to enable service delivery and innovation?***

Of greater concern is a lack of clarity, rather than flexibility. Currently there is a great deal of flexibility allowed under the Emergency Relief grant opportunity guidelines. Some broad guidance is provided but the survey and interviews with Emergency Relief providers found they are seeking more clarity and more specific guidance. It is recommended this clarity be provided because in practice, providers remain unclear about flexibility/constraints and in seeking further guidance that is undocumented, adopt norms or inconsistent advice. For example, there is a great deal of confusion regarding the level of administrative expenses allowable under the Emergency Relief program.

### **3.4 *What flexibility is required by CSOs in acquittal processes to support and encourage sector innovation?***

Currently the Emergency Relief acquittal process requires only a statement by an auditor that the expenses assigned to the program by the provider are consistent with the grant guidelines. This must be close to representing the highest level of flexibility possible. It is therefore unlikely that many complaints will come from individual providers. However, from the department's perspective this could constitute a gap in accountability for public funds and it is recommended that higher standards be introduced. Moreover, from an overall sector perspective, there is likely to be pockets of inefficiency across the program due to a lack of accountability, which adversely affects the overall performance of the program.

### **3.5 How can government improve the variation process, with consideration that CSOs must demonstrate alignment with the grant agreement and provide evidence of value-for-money outcomes?**

Providers should continue to be required to describe how their program design meets the criteria set out in grant opportunity guidelines. In addition to this, it is recommended that providers be required to describe how their program aligns to the Program Logic (developed through a codesign process as described and demonstrated in Section 1 of this submission). Any deviations from the Program Logic should be made transparent and explained. If the provider uses a different Program Logic, for example a large provider might develop a more complex program design, this should be supplied to the department with an explanation of how it aligns to the grant opportunity guidelines and justify any deviations. There are likely to be valid and compelling reasons for such deviations, which should be made transparent and explained.

## **4. Ensuring grant funding flows to a greater diversity of Community Service Organisations**

It is recommended that grant funding should flow to a greater diversity of providers only if this would lead to better outcomes for service users. Each provider should be assessed on individual merits and how the inclusion or exclusion of the provider would affect the program as a whole and lead to better outcomes. It is recommended this individual provider assessment involve a review of the following:

- A description of how the provider will meet the criteria of the program as outlined in grant opportunity guidelines
- A description of how the provider aligns with the Program Logic and an explanation and justification of any deviations
- A Service Integration Assessment supplied by the provider (explained in Section 5 of this submission)
- A Service Integration Grid supplied by the provider (explained in section 5 of this submission).

### **4.1 How can the government ensure opportunities are available for new and emerging organisations to access funding?**

All suitable providers should be eligible to apply for grant funding at intervals (grant rounds) through a simple and rigorous process that is not onerous. This is a realistic objective and the department's current process can already be considered simple but arguably lacking rigor in some areas that can easily be addressed through the recommendations of this submission.



#### **4.2 What programs, supports and information are already available for smaller CSOs to help build capacity of the organisation? Are these working?**

The following support and information has been developed by the authors of this submission:

- Program Logic template with clear and simple guidelines for use (worked example shown in Section 1 of this submission)
- Low/no-cost (self-) evaluation methodology based on Program Logic and Critical Systems Heuristics that can easily be implemented internally or outsourced at minimal cost, including the Service Integration Assessment and Service Integration Grid (worked examples shown in section 5 of this submission).

These resources are offered to all providers. These resources are recommended to smaller community service organisations as being specifically designed to build organisational capacity at low/no cost. The organisations that have already made use of these resources were pleased with the outcomes.

However, it is not yet widely known that these resources are available and there is not a public space where they can be sufficiently promoted and easily accessed. If the Department were minded to make these available to community service organisations through its website, on request these resources could be further developed through a codesign process or published as they are on department's website at no cost.

#### **4.3 How could larger CSOs support smaller CSOs? What are the barriers to providing this support?**

The co-author's work in facilitating the codesign of a Better Outcomes Framework with the Community Services Advisory Group revealed that many small CSOs have specialist skills, local knowledge and networks critical to achieving better outcomes in area based programs. Hence partnering and capacity building of small CSOs should be a condition of long-term funding compacts with larger CSOs. Larger CSOs were in support of this proposition when the work was conducted in 2021 (Evans, 2020a).

#### **5. Partnering with trusted community organisations with strong local links**

A study of the Emergency Relief program found that providers overwhelmingly held the view that integrated services achieved better outcomes, especially in complex cases. The two strongest integrated service models were the fully integrated service (where the provider offered the full range of wraparound services) and the service hub or place-based model (where the services comprising the wraparound model were co-located).

### **5.1 *What is your experience with and reflections on place-based funding approaches?***

The evidence suggests that service hubs or place-based models should be pursued where possible. The co-location of providers in the same location facilitates important warm referrals, allows providers to specialize and benefit from the specialization of co-located providers, and reduces duplication of resources. All this leads to better outcomes for service users, who are more likely to take up and benefit from warm referrals to co-located services.

The evidence also suggests that co-location of services is practical to implement, whereas more formal service integration such as federated models or mergers are difficult and problematic and therefore not practical as a general approach.

In rural Australia these hubs may be best located at the regional scale.

### **5.2 *What innovative approaches could be implemented to ensure grant funding reaches trusted community organisations with strong local links?***

Use of the Service Integration Assessment and Service Integration Grid are simple tools that demonstrate a provider's level of strong local links. Providers can use these tools in (self-) evaluation to identify areas for continuous improvement. The department can require the Service Integration Assessment and Service Integration Grid be provided in responding to future grant opportunities to inform funding decisions relating to strong local links. These tools are simple to use, freely available, and demonstrated as worked examples in Section 5 of this submission.

### **5.3 *Which areas do you consider have duplicative funding or gaps you think need to be addressed, and what is the evidence?***

There is currently no systematic approach to identifying duplicative funding or gaps. The evidence is disparate and limited to localized studies using different methodologies, and is therefore of limited use.

The Service Integration Assessment and Service Integration Grid also offer a systematic approach to identifying duplicative funding or gaps as part of a grant application or program evaluation process. If collected centrally as part of a grant application or acquittal process, the department would then possess a rich dataset from providers across Australia with the ability to garner insights relating to the strength of local links, the prevalence of place-based models, and instances of service duplication. The ease of implementing the Service Integration Assessment and Service Integration Grid should be emphasised with comparison to the great benefits it would provide.

**5.4 Where there is a community-led change initiative, could share accountability to community and funders (government) strengthen service delivery?**

Yes. However, whether the payment by outcomes approach is an appropriate model should be tested case by case. For example, for Emergency Relief, the evidence suggests that the approach is not appropriate because the outcomes are too remote to be directly linked to the program, and this can lead to adverse unintended consequences. The most common adverse unintended consequences experienced internationally are creaming and parking. Creaming is when providers only work with service users who are likely to achieve the outcome, and parking is when providers avoid working with service users who are unlikely to achieve the outcome despite often being those most in need of the service.

**6. General questions for each focus area**

**6.1 If any, what are the problems or challenges you think have been overlooked?**

There is a need for scalable training solutions in programs such as Emergency Relief to respond to the need to upskill a disparate and largely volunteer workforce, which was a strong theme in the Emergency Relief survey and interview data. The sheer number of volunteers (8,316 from 122 out of 197 providers across Australia) highlighted the need for scalable solutions. An efficient way to deploy scalable upskilling solutions is through standardised online training modules that are developed centrally and made available to all providers. Service standards are also efficient and useful resources. The Australian Council of Social Services (2011) 4<sup>th</sup> edition of [The Emergency Relief Handbook](#) is available publicly as a PDF document. These service standards could be updated and become an online resource.

**6.2 What other solutions or changes could also be considered?**

As above.

**6.3 What does success look like?**

The measures of success for each program should be the output of a codesign process led by Collaborative Governance groups for each program (or group of related programs) and supported by a Program Logic.

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# 1. Giving the sector a voice and respect through a meaningful working partnership

The recommended approach to giving community sector stakeholders such as providers and beneficiaries a voice and respect through a meaningful working partnership with government is by embedding the following practices when designing and implementing social services:

- Reflecting on the Critical Systems Heuristics boundary questions
- Establishing the Collaborative Governance model
- Codesigning programs and services
- Developing a Program Logic as part of the codesign process
- Measuring outcomes.

These five components to the approach may at first appear complicated or onerous but in fact the proposal is straightforward and involves only iterative change to already existing processes. Moreover, these components are complementary and practical to fit together cohesively. Importantly, they provide valuable benefits aligned to the outcomes sought by the department and the community sector, and form a holistic response to the Issues Paper. These components and their interrelationships are explained below.

## 1.1 Critical Systems Heuristics

The first recommendation in approaching a collaboration between government and the community sector is by using Critical Systems Heuristics, which is a systems methodology designed for dealing with purposeful systems with a focus on critical reflection. The key feature of Critical Systems Heuristics is the twelve 'boundary questions' relating to the sources of motivation, control, expertise, and legitimacy behind the system, which inform systems planners about the 'boundary judgements' they make in terms of who is included or excluded from the (co)design process (Ulrich, 1995). The questions prompt the systems designers to consider the involved individuals and groups, as well as those affected by the system but not involved in its planning. The methodology involves answering the boundary questions both in terms of what would be ideal and what is actually the case to compare 'what is' with 'what ought to be'. The twelve boundary questions are:

1. Who is/ought to be the intended beneficiary of the system?
2. What is/ought to be the purpose of the system?
3. What is/ought to be the system's measure of success?
4. Who is/ought to be the decision-maker for conditions of success of the system?
5. What resources, or conditions of success, are/ought to be under the control of the system?

6. What conditions of success are/ought to be part of the decision-environment and not in control of the decision-maker?
7. Who is/ought to be the expert providing relevant knowledge and skills for the system?
8. What is/ought to be relevant new knowledge and skills for the system—the expertise?
9. What are/ought to be regarded as guarantor—assurances of successful implementation?
10. Who is/ought to be witness representing the interests of those negatively affected by but not involved with the system?
11. What are/ought to be the opportunities for emancipation of those negatively affected—to have expression and freedom from the system’s worldview?
12. What space ought to be/is available for reconciling differing worldviews of the system’s involved and affected?

These are powerful questions, which make transparent the boundary judgements made by system designers. Used as intended, Critical Systems Heuristics can ensure all stakeholders, especially those who are disadvantaged, have a ‘voice’ in the design of social services which involve or affect them. The methodology can also reveal the existence of uneven power distribution, or coercion, or unfairness in the system. Considering the boundary questions in the early stages of establishing program governance and approaching program design is strongly recommended.

## 1.2 Collaborative Governance

The next recommended step for establishing a meaningful working partnership with the community sector is implementing the Collaborative Governance model. Collaborative Governance has emerged in theory and practice over the last 30 years to assist in achieving outcomes from jointly implemented systems or programs. The basic premise is that more can be achieved together than any individual stakeholder can achieve on their own; and that while collaborating is not easy, Collaborative Governance assists by providing a best practice model. The department is already part of an established and well-functioning Collaborative Governance model in the Emergency Relief National Coordination Group. More broadly, there is agreement across the department and stakeholders that the current operating environment requires a collaborative approach with the community sector (Evans, 2020a).

The Collaborative Governance best practice model is illustrated in Figure 1. The model shows the elements of the collaborative process (including program definition, codesign, face-to-face dialogue and trust building), and how these are impacted by certain starting conditions and supported by co-governance and facilitative leadership (Ansell & Gash, 2008). Once established, the Collaborative Governance model operates as a virtuous cycle (Emerson et al., 2012). Collaborative Governance is the recommended governance model for jointly implementing social service programs with the community sector to achieve the best possible outcomes.

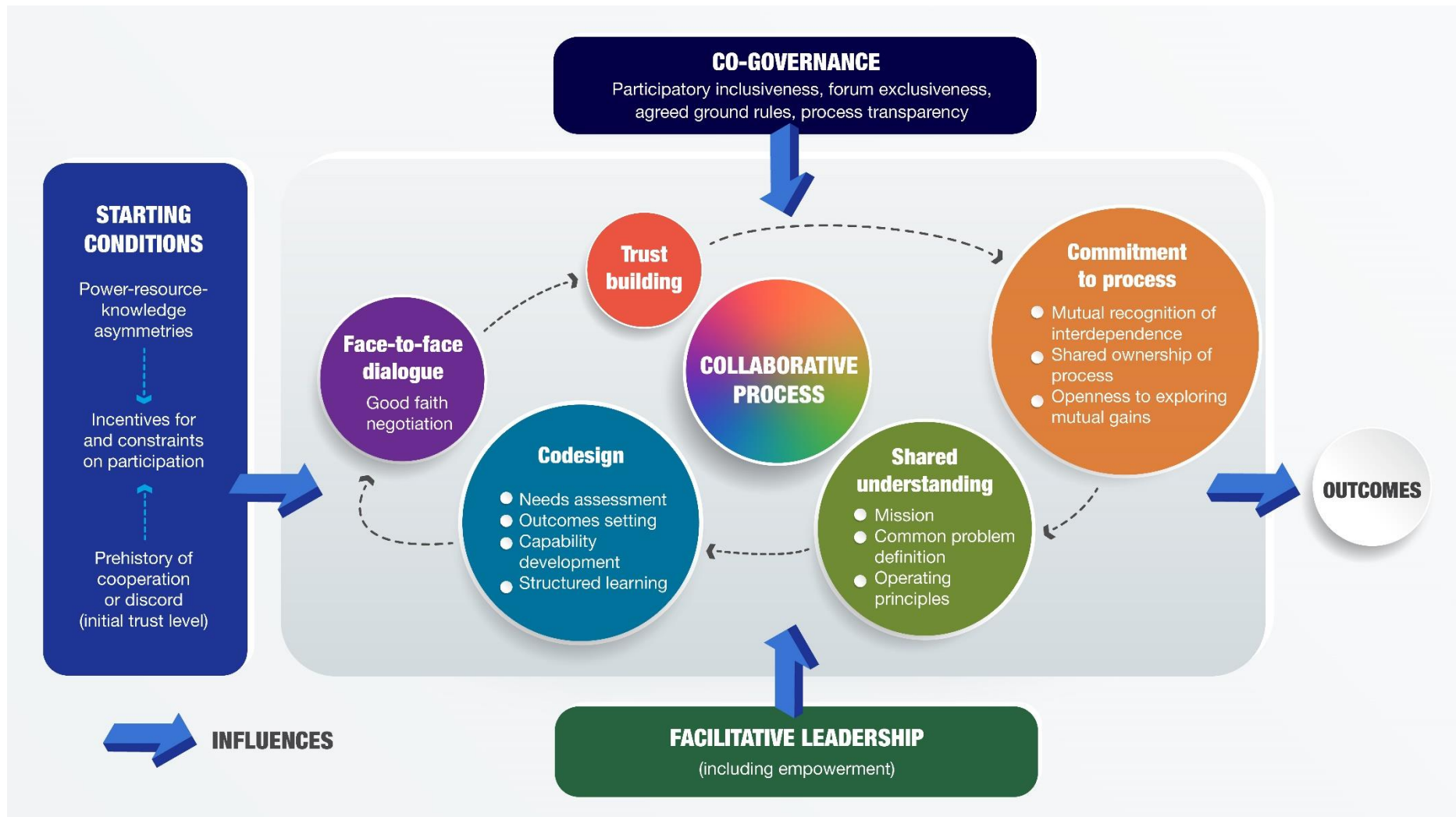


Figure 1. Best practice Collaborative Governance (Evans, 2020b)

Studies of implementing Collaborative Governance have highlighted its advantages and disadvantages (O'Flynn & Wanna, 2008). The advantages include the exchange of ideas and resources between collaborators to address complex problems that could not be tackled independently, the opportunity to improve the quality or effectiveness of programs or services, and the collective ownership of goals stemming from the inclusion of stakeholders in the governance process (Brandsen & Johnston, 2018). The disadvantages include the time and effort required to do Collaborative Governance well, the difficulty in coordinating diverse stakeholders and reaching consensus (particularly when interests collide), and the inability to make any single collaborator accountable for the outcomes (Huxham et al., 2000).

Empirical studies of implementing Collaborative Governance in an Australian community sector context include:

- Stronger families and communities strategy (O'Flynn & Wanna, 2008)
- ACT Government Improving Services with Families Project (Evans, 2013)
- Western Australian Alcohol and Other Drug Sector Reform (Berends et al., 2016)
- Goodna Services Integration Project in Queensland (Keast, 2016)
- Regional NSW Family and Youth Network (Keast, 2016)
- Gold Coast Homelessness Consortia (Keast, 2016)
- Department of Industry, Innovation and Science Integrated Service Delivery Model (Evans & McGregor, 2018)
- Change the Story: National practice framework for the prevention of violence against women and their children (Butcher & Gilchrist, 2020)
- Community-based emergency management planning and resilience (Butcher & Gilchrist, 2020)
- Throughcare: Program for community reintegration of offenders released from a custodial sentence (Butcher & Gilchrist, 2020)
- WHO STOPS: Community-led strategies to reduce and prevent childhood obesity (Butcher & Gilchrist, 2020)
- Children's Teams Local Governance Groups: Pre-emptive multidisciplinary intervention for children at risk of formal notification (Butcher & Gilchrist, 2020)
- Department of Social Services: Better Outcomes (Evans, 2020b).

The findings of these Australian studies, similar to studies in other countries which are dominated by the UK and USA literature, provide evidence to support the Collaborative Governance model (Bryson et al., 2015).

Three distinctive organisational structures are typically employed in Collaborative Governance and the choice can impact the effectiveness of the collaboration (Provan & Kenis, 2007). The simplest and most common form is a self-governed



network; the second level is a lead organisation network employed usually when one of the organisations clearly has greater resources; and the third level is a network administrative organisation where a separate entity is established. It is recommended that a self-governed network structure be adopted in most cases, and that the department provide funding for a secretariat as in the case of the Emergency Relief National Coordination Group.

In terms of evaluating the implementation of Collaborative Governance, Borden and Perkins (1999) developed a methodology centred around an evaluation survey, which captured many of the themes that continue to be highlighted as important by leading authors in the field (Ansell & Gash, 2008; Emerson & Nabatchi, 2015). Evans (2020b) updated the survey to more closely align with the Collaborative Governance model shown in Figure 1. The evaluation survey features a scoring scale which assess the strength of the collaboration and provides insights on where improvements can be made.

### 1.3 Codesign

Codesign is the recommended process by which the Collaborative Governance group should design social services, and is already commonly used by the department. Codesign is a methodology that supports inclusive problem solving in policy formulation, and program, project and service design (Evans & Terrey, 2017). Codesign places the service user at the centre of a planned process of collaborative learning, which focuses on the achievement of specific outcomes (Moore & Evans, 2021). According to Stoker and Evans (2022), best practice codesign involves:

- Transmission – the outcomes will impact on decision-making
- Representation – the forum should be broadly representative of the community of practice i.e., the research services portfolio
- Empowerment – participants should be enabled to participate
- Respectful but open conversation
- A forward thinking, problem-solving focus.

The evidence shows the codesign methodology is a user-centred process, which builds trust and engagement of stakeholders, leading to better outcomes. Moreover, the findings of prototyping and collaborative learning at the Department of Social Services (Evans, 2020a) generated ten operational principles for the codesign and delivery of outcomes-driven grants under the *Better Outcomes Framework*:

#### 1. A culture of collaboration

Establishing, maintaining and nurturing a collaborative culture between government and the community sector is the key mechanism for achieving better outcomes for Australians. This is founded on shared operating values, norms and accountabilities delivered through co-governance arrangements.

## **2. Participatory needs assessment and outcomes-setting**

The pre-commissioning process uses authentic co-design methods to inform participatory needs assessment and outcomes-setting with the community sector and beneficiaries.

## **3. Subsidiarity (also known as contestability)**

Programme administration is delivered at the most efficient sector or level of government and organisation.

## **4. Funding stability**

The community sector workforce is motivated by a commitment to community service and public value. This is easier to accomplish with security of funding, for appropriate programmes such as those with ongoing funding appropriations for the purpose of delivering services. The role of government is to ensure as much stability as possible to nurture a community sector inspired by the achievement of better outcomes for Australian citizens.

## **5. Programme co-development**

A co-development phase in the pre- and/or post-award period (depending on the programme) is used to co-design programme theories of change and intervention logic, short and intermediate outcomes (in alignment with commissioned outcomes), streamlined reporting systems and capability needs.

## **6. Simplicity over complexity**

Less is more in terms of reporting and outcomes measurement is sensitive to context, expectation and costs. Reporting processes deploy the principle of proportionality to create the space for an outcomes-focus centred on monitoring critical success factors. Outcomes are understood as a spectrum of contributions from: (1) short-term to (2) intermediate outcomes to (3) long-term impacts on cohorts and communities. Providers focus on (1) and (2) and the department (3) with particular emphasis on identifying and supporting vulnerable cohorts and communities.

## **7. Flexibility**

The department is flexible in its funding and reporting arrangements to create the space for organisational agility. This requires just enough governance for the department to meet its legal requirements and just enough trust for the provider to achieve outcomes.

## **8. Adaptive capacity**

The department seeks to work with providers that have the adaptive capacity to respond to community needs and government priorities and build effective delivery partnerships with smaller-scale providers with specialised skills, local visibility and legitimacy.

## **9. Commitment to outcomes-driven evidence-based practice**

The department builds capability in evidence-based practice across the community sector to enable an outcomes-driven approach. This involves the development of smart partnerships with appropriate peak bodies and knowledge institutions to ensure efficient knowledge and skills transfer.

## **10. Commitment to shared and continuous learning through data sharing**

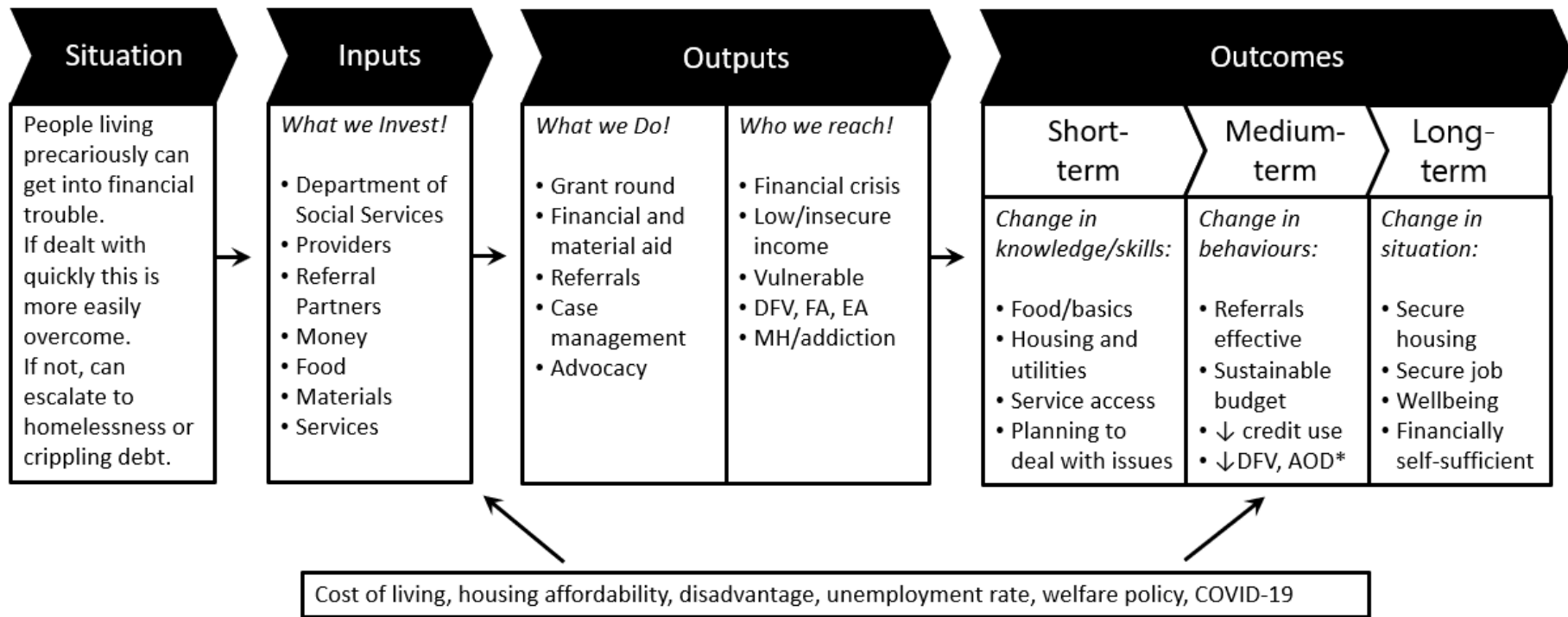
Feedback from beneficiaries, front line providers and other stakeholders is a crucial part of the continuous improvement cycle to improve outcomes. This commitment to learning is enacted through an action-learning approach to programme monitoring, mandated and transparent data sharing and through various knowledge building approaches and monitored through co-governance arrangements.

The infographics shown at Appendix A provide further detail on how to apply the ten recommended operating principles to the key questions informing participatory needs assessment and outcomes-setting, collaborative programme design, delivery and learning.

Further, as part of the codesign process, it is recommended the established Collaborative Governance group should revisit the Critical Systems Heuristics boundary questions, and develop a Program Logic to guide service delivery and evaluation.

### **1.4 Program Logic**

Program Logic is a methodology for designing and evaluating systems, with a focus on efficiency and effectiveness, and the measurement and achievement of beneficiary outcomes (Williams & Hummelbrunner, 2010; Funnell & Rogers, 2011). The key feature of Program Logic is the logic model, which is used to identify and link the purpose, inputs, outputs, and outcomes of a program (McLaughlin & Jordan, 1999; McCawley, 2000). Through a codesign process, the purpose, inputs, outputs, and outcomes of the logic model are captured on a one-page template. An example of a logic model for the Emergency Relief program is shown in Figure 2, which was developed as part of the research in a codesign workshop with staff and management from an existing provider, and informed by the findings of the survey and in-depth interviews of providers across Australia.



\* Domestic and family violence, alcohol and other drugs

Figure 2. Emergency Relief Program Logic Model (Adapted from McCawley, 2000)

Program Logic is recommended for planning and evaluating social services in Australia (Funnell & Rogers, 2011; Australian Institute of Family Studies, 2020) and has emerged as best practice in Western countries. The logic model can be used to guide implementation, develop a performance indicator framework, and evaluate the program in terms of whether the inputs were put in place as planned, whether the planned outputs eventuated, and whether the short, medium and long-term outcomes were achieved (Productivity Commission, 2020).

## 1.5 Outcomes Measurement and DEX

The department already collects data relating to outcome measures through Standard Client/Community Outcomes Reporting (SCORE), which forms part of the Department of Social Services Data Exchange (DEX) and can calculate recommended outcome measure such as the referral rate (percentage of clients referred to a specialised service) and the return rate (average presentations per service user in a reporting period). The wider use of SCORE by providers is encouraged where practical, including one additional survey question to identify if the service user is engaged with a specialised service to help with an underlying condition—since research found that referrals were key in achieving outcomes for the Emergency Relief program (McKenna, 2023).

A performance indicator framework was developed as part of research on the Emergency Relief program (McKenna, 2023), which to implement would require the department to collect two additional data points to report on recommended measures such as staff training costs per session and non-support costs per session. The research found that staff training was identified as important in delivering an effective service; however, the evidence supporting a good level of investment in staff training was lacking. Measuring non-support costs per session would provide transparency over the proportion of grant funding flowing to beneficiaries as opposed to those consumed by administrative or other resources. It should be emphasised that this recommendation would not be onerous to providers who are already routinely recording this data as part of monthly financial accounts in most cases.

Community organisations in Australia are already individually measuring outcomes to varying degrees. A survey of community organisations found the most frequently used methods for measuring outcomes were periodic surveys and interviews (Callis et al., 2019). The overall proportion of activities for which outcomes were measured is shown in Figure 3. Most organisations reported that outcomes measurement was self-funded, which was also the largest barrier to its implementation. Other barriers were the steep learning curve, time, and investment. Based on this data it is unlikely community service organisations (CSOs) will implement outcome measures across the sector without support from the department.

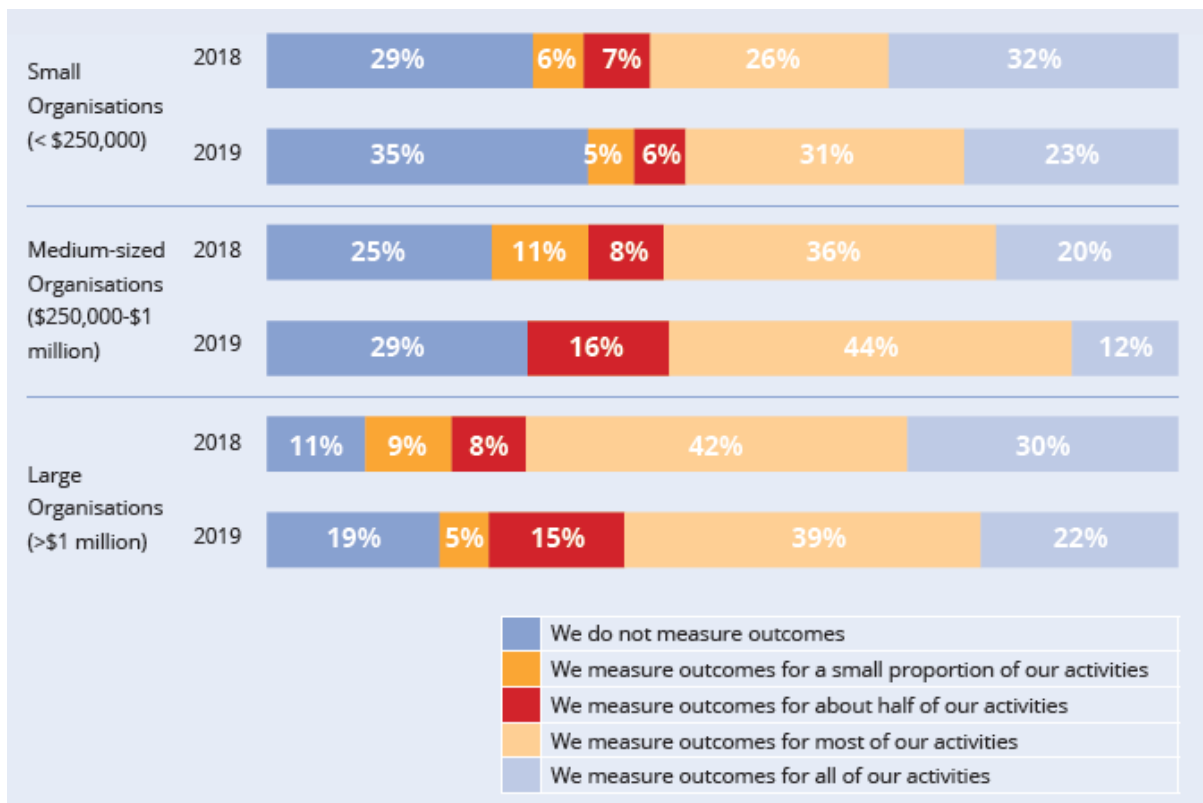


Figure 3. Activity outcomes measured by community organisations (Callis et al., 2019)

Finally, it is recommended that outcome measures related to the counterfactual of social service programs be developed as part of future research. For example, the Emergency Relief program prevents evictions, utility and telecommunications disconnections, homelessness, and insurmountable debt. Measures highlighting these successes should be developed, otherwise the outcome measures are limited to a focus on the return rate of service users that is often perceived as a failure (though the view that repeat presentations by service users is a failure remains contested).

## 1.6 Section summary

A summary is provided by responding to the questions posed in Section 1 of the department’s Issues Paper, which is restated in bolded italics:

### 1. ***Giving the sector the voice and respect it deserves through a meaningful working partnership***

The recommended approach to giving community sector stakeholders a voice and respect through a meaningful working partnership with government is by embedding the following practices when designing and implementing social services:

- Reflecting on the Critical Systems Heuristics boundary questions
- Establishing the Collaborative Governance model

- Codesigning programs and services according to the ten principles of the *Better Outcomes Framework*
- Developing a Program Logic as part of the codesign process
- Measuring outcomes.

To implement these is straightforward and involves only iterative change to already existing department processes and forms a holistic response to the Issues Paper. A full explanation is provided in Section 1 of this submission.

**1.1 *What would a partnership between CSOs and the government that achieves outcomes for Australians being supported by the community sector look like?***

The establishment of a Collaborative Governance model for each program (or group of related programs) with funding support for a secretariat such as in the case of the existing Emergency Relief National Coordination Group. The Collaborative Governance model should be periodically evaluated to ensure it is being implemented according to best practice and is achieving the desired outcomes. Once established, ongoing certainty that the Collaborative Governance model and funding support for the secretariat will continue is important, which is currently not the case for the Emergency Relief National Coordination Group and has adverse effects on the ability to recruit and retain a secretariat.

**1.2 *How can CSOs and government streamline the sharing of information, particularly through utilising technology to effectively engage, distribute, share, influence and inform in a timely and efficient manner?***

The use of a single system and reporting at an optimal frequency would streamline reporting requirements as outlined in Section 2 of this submission.

The sharing of information back to providers is desired by many and would provide insights for continuous improvement. An exemplar of a data sharing report that would be practical for the department to implement is shown at Appendix B.

**1.3 *How can government ensure the community sector, including service users and those not able to access services, have an opportunity to contribute to program design without imposing significant burdens?***

Implementing the Collaborative Governance model to lead a codesign process and develop a Program Logic with stakeholders is the recommended approach to include the community sector in program design without imposing significant burdens.

The involvement of services users is important but often more difficult to accommodate without significant burdens. One practical option, which is recommended, is to establish a service user panel composed of members from different cohorts and geographical locations to be involved in the

decision-making. Under this option, the Collaborative Governance group would seek feedback from the service user panel on the quality of service provision and ideas to improve the program. Consultation with the panel could be as required, or routine—such as a twice-yearly focus group. The panel would not be required to attend governance meetings—this way the composition, role design and operational integrity of the Collaborative Governance group is preserved, while the benefits of consulting directly with service users are facilitated.



## 2. Providing grants that reflect the real cost of delivering quality services

From an individual provider perspective, providing grants that reflect the real cost of delivering quality services would of course be desirable. However, from a sector perspective, if there are limited funds for the program or the department's overall suite of programs, then this would create a new problem of needing to increase the funding but reducing the number of providers funded to maintain the pot.

Furthermore, some providers are charitable organisations that receive donations for a purpose such as assisting people living in poverty, and in some cases it is arguably reasonable for the provider to be contributing to the program.

This submission recommends that the department should first seek to understand the full cost of delivering its programs so that it can make informed decisions on allocating its limited funds.

### 2.1 Transparency of service delivery costs and uses of grant funding

An evaluation based on the Program Logic in Figure 2 revealed gaps in Emergency Relief performance measurement (McKenna, 2023). The department lacked visibility over many of the inputs to Emergency Relief. The level of Emergency Relief funding provided by state governments and self-funded by providers was unknown, and therefore the full cost of delivering the program was also unknown. The number of employees and volunteers working in the Emergency Relief program was unknown, as well as what these represented in terms of the fulltime equivalent workforce. The breakdown of program costs was unknown, including the cost of administration and the proportion of costs that was ultimately provided to service users in material or financial support. There were also gaps in data collection relating to some of the program's activities, including whether referrals were taken up by the beneficiary and turning out to be useful, and whether beneficiaries were accessing case management, either through an Emergency Relief provider or another specialised service.

Having oversight of the inputs provides valuable information regarding the efficiency, quality, and effectiveness of a program (McCawley, 2000). However, the evaluation revealed there was limited oversight of the inputs to the Emergency Relief program, since the annual acquittal process only required providers to submit a statement from their auditor confirming the acquitted expenditure was eligible under the program (Department of Social Services, 2018).

It is recognised that the benefits of collecting additional data must be weighed against the administrative burden of data collection. At a minimum, it is recommended the additional data collection and outcome measures outlined in Section 1 be implemented. It is emphasised that this recommendation would not be onerous to providers who are already routinely recording this data as part of monthly financial accounts in most cases. It may, however, be onerous to the department and should be weighed against the benefits of greater accountability for grant funding.

## 2.2 Section summary

A summary is provided by responding to the questions posed in Section 2 of the department's Issues Paper:

### **2. Providing grants that reflect the real cost of delivering quality services**

#### **2.1 What would adequate and flexible funding look like?**

This would vary from provider to provider and it is not practical to develop a one-size-fits-all model. What is recommended as important is that the cost of service delivery and use of grant funding are made transparent so that (1) government can make informed decisions, and (2) providers can benchmark their performance. In both cases this facilitates informed decision-making and continuous improvement for both government and providers. An example of how data sharing between the department and providers might look is shown at Appendix B.

#### **2.2 What administrative and overhead costs are not being considered in current grant funding?**

This varies from provider to provider as the allowable use of grant funding to cover overhead costs is not clear in cases such as Emergency Relief. Moreover, grant funding used by providers to cover administrative costs is not reported to the department and therefore not transparent, and cannot be aggregated to respond to this question at the program level.

#### **2.3 How are rising operational costs impacting the delivery of community services?**

Rising costs of staffing and other expenses increase the unit cost of providing an instance of service. In practice this often leads providers to spread their available funding more thinly (for example, by limiting the cost of an instance of service, or limiting the instances of service provided in a period), which can lead to the unintended consequence of providing an insufficient or ineffective service in some cases.

#### **2.4 What have been your experiences with, and reflections on, the supplementation and change to indexation?**

Unable to comment.

#### **2.5 How can CSOs and the department work together to determine where funds are needed most to ensure equitable and responsive distribution of funds?**

Transparency of the demand for services and cost of service delivery.  
Collaborative governance and co-design of services.

## **2.6 How can government streamline reporting requirements, including across multiple grants, to reduce administrative burden on CSOs?**

The use of a single system and reporting at an optimal frequency would streamline reporting requirements. Currently the department's Data Exchange (DEX) is used, which can be made fit for this purpose with some iterative modifications including some additional data points outlined in Section 1 of this submission. Alternatively the government may choose to implement a new reporting tool, which would likely provide some incremental improvement but come at a significant cost. In terms of frequency, a change to reporting at 3-month intervals (rather than 6-month intervals in many cases) may be the right balance in terms of access to the latest data and minimizing red tape. In most cases the data reported by providers is routinely collected monthly so this recommendation would not be onerous on providers.

## 3. Providing longer grant agreement terms

### 3.1 Section summary

Based on a 2021 survey of 122 Emergency Relief providers across Australia and 19 in-depth interviews (McKenna & Evans, 2021), as well as informal interactions with Emergency Relief providers, responses are provided below to the questions posed in Section 3 of the department's Issues Paper:

#### **3. Providing longer grant agreement terms**

During in-depth interviews with Emergency Relief providers across Australia, when asked what they would like to see changed about the program, the third most frequent response was to have longer term grant agreements. One of the main weaknesses of the Emergency Relief program identified by interviewees was that grant agreements were too short.

#### **3.1 What length grant agreements are CSOs seeking to provide certainty and stability for ongoing service delivery?**

In most cases, five year grant agreements would provide the level of certainty required by providers to be most effective and deliver the best possible outcomes.

#### **3.2 What timeframes should the government aim for, at a minimum, to provide final outcomes on grant variations/extensions before the current grant ceases?**

Not less than six months and up to one year would be desirable. This timeframe is required mostly to secure the workforce for the extension period or otherwise provide reasonable notice so staff can be redeployed as necessary.

The department is aware of its own timeframes required for recruitment and should be mindful of the pressures that come from a lack of certainty towards the end of grant agreements. The community sector may be somewhat more nimble in recruitment but there is still a lengthy timeframe. Many program staff cannot bear a lack of clarity over ongoing employment in the short-term as it affects their personal livelihood, and is a common situation towards the end of grant agreements. Staff therefore look for and move to other employment, which can lead to poor end of program outcomes or staffing disruption if the program is extended.

#### **3.3 What funding flexibility do CSOs require to enable service delivery and innovation?**

Of greater concern is a lack of clarity, rather than flexibility. Currently there is a great deal of flexibility allowed under the Emergency Relief grant opportunity guidelines. Some broad guidance is provided but the survey and interviews with Emergency Relief providers found they are seeking more clarity and more specific guidance. It is recommended this clarity be provided because in

practice, providers remain unclear about flexibility/constraints and in seeking further guidance that is undocumented, adopt norms or inconsistent advice. For example, there is a great deal of confusion regarding the level of administrative expenses allowable under the Emergency Relief program.

### **3.4 *What flexibility is required by CSOs in acquittal processes to support and encourage sector innovation?***

Currently the Emergency Relief acquittal process requires only a statement by an auditor that the expenses assigned to the program by the provider are consistent with the grant guidelines. This must be close to representing the highest level of flexibility possible. It is therefore unlikely that many complaints will come from individual providers. However, from the department's perspective this could constitute a gap in accountability for public funds and it is recommended that higher standards be introduced. Moreover, from an overall sector perspective, there is likely to be pockets of inefficiency across the program due to a lack of accountability, which adversely affects the overall performance of the program.

### **3.5 *How can government improve the variation process, with consideration that CSOs must demonstrate alignment with the grant agreement and provide evidence of value-for-money outcomes?***

Providers should continue to be required to describe how their program design meets the criteria set out in grant opportunity guidelines. In addition to this, it is recommended that providers be required to describe how their program aligns to the Program Logic (developed through a codesign process as described and demonstrated in Section 1 of this submission). Any deviations from the Program Logic should be made transparent and explained. If the provider uses a different Program Logic, for example a large provider might develop a more complex program design, this should be supplied to the department with an explanation of how it aligns to the grant opportunity guidelines and justify any deviations. There are likely to be valid and compelling reasons for such deviations, which should be made transparent and explained.

## 4. Ensuring grant funding flows to a greater diversity of CSOs

Based on the survey, in-depth interviews and informal interactions with Emergency Relief providers, below responds to the questions posed in Section 3 of the department's Issues Paper:

### **4. *Ensuring grant funding flows to a greater diversity of Community Service Organisations***

It is recommended that grant funding should flow to a greater diversity of providers only if this would lead to better outcomes for service users. Each provider should be assessed on individual merits and how the inclusion or exclusion of the provider would affect the program as a whole and lead to better outcomes. It is recommended this individual provider assessment involve a review of the following:

- A description of how the provider will meet the criteria of the program as outlined in grant opportunity guidelines
- A description of how the provider aligns with the Program Logic and an explanation and justification of any deviations
- A Service Integration Assessment supplied by the provider (explained in Section 5 of this submission)
- A Service Integration Grid supplied by the provider (explained in section 5 of this submission).

#### **4.1 *How can the government ensure opportunities are available for new and emerging organisations to access funding?***

All suitable providers should be eligible to apply for grant funding at intervals (grant rounds) through a simple and rigorous process that is not onerous. This is a realistic objective and the department's current process can already be considered simple but arguably lacking rigor in some areas that can easily be addressed through the recommendations of this submission.

#### **4.2 *What programs, supports and information are already available for smaller CSOs to help build capacity of the organisation? Are these working?***

The following support and information has been developed by the authors of this submission:

- Program Logic template with clear and simple guidelines for use (worked example shown in Section 1 of this submission)
- Low/no-cost (self-) evaluation methodology based on Program Logic and Critical Systems Heuristics that can easily be implemented internally or outsourced at minimal cost, including the Service

Integration Assessment and Service Integration Grid (worked examples shown in section 5 of this submission).

These resources are offered to all providers. These resources are recommended to smaller community service organisations as being specifically designed to build organisational capacity at low/no cost. The organisations that have already made use of these resources were pleased with the outcomes.

However, it is not yet widely known that these resources are available and there is not a public space where they can be sufficiently promoted and easily accessed. If the department were minded to make these available to community service organisations through its website, on request these resources could be further developed through a codesign process or published as they are on department's website at no cost.

#### **4.3 *How could larger CSOs support smaller CSOs? What are the barriers to providing this support?***

The co-author's work in facilitating the codesign of a Better Outcomes Framework with the Community Services Advisory Group revealed that many small CSOs have specialist skills, local knowledge and networks critical to achieving better outcomes in area based programs. Hence partnering and capacity building of small CSOs should be a condition of long-term funding compacts with larger CSOs. Larger CSOs were in support of this proposition when the work was conducted in 2021 (Evans, 2020a).

## 5. Partnering with trusted community organisations with strong local links

### 5.1 Integrated services, place-based models and partnerships

There is strong evidence that local links between providers are important in providing integrated (wraparound) services through programs such as Emergency relief. A survey of 122 Emergency Relief providers found that the co-location of providers with other specialised services was believed to increase service integration by 84% of respondents (McKenna & Evans, 2021). Figure 4 shows that 95% of respondents agreed an important short-term outcome of the program was that service users understood the range of services that could assist them and pursued those opportunities, where were often facilitated through referrals to local partners; however, only 46% of respondents agreed that most service users took up the referrals made, while 14% disagreed, and 40% took no firm position or were unsure. This is a concern since longer-term outcomes rely on the take up of referrals in many cases, especially complex or intractable cases.

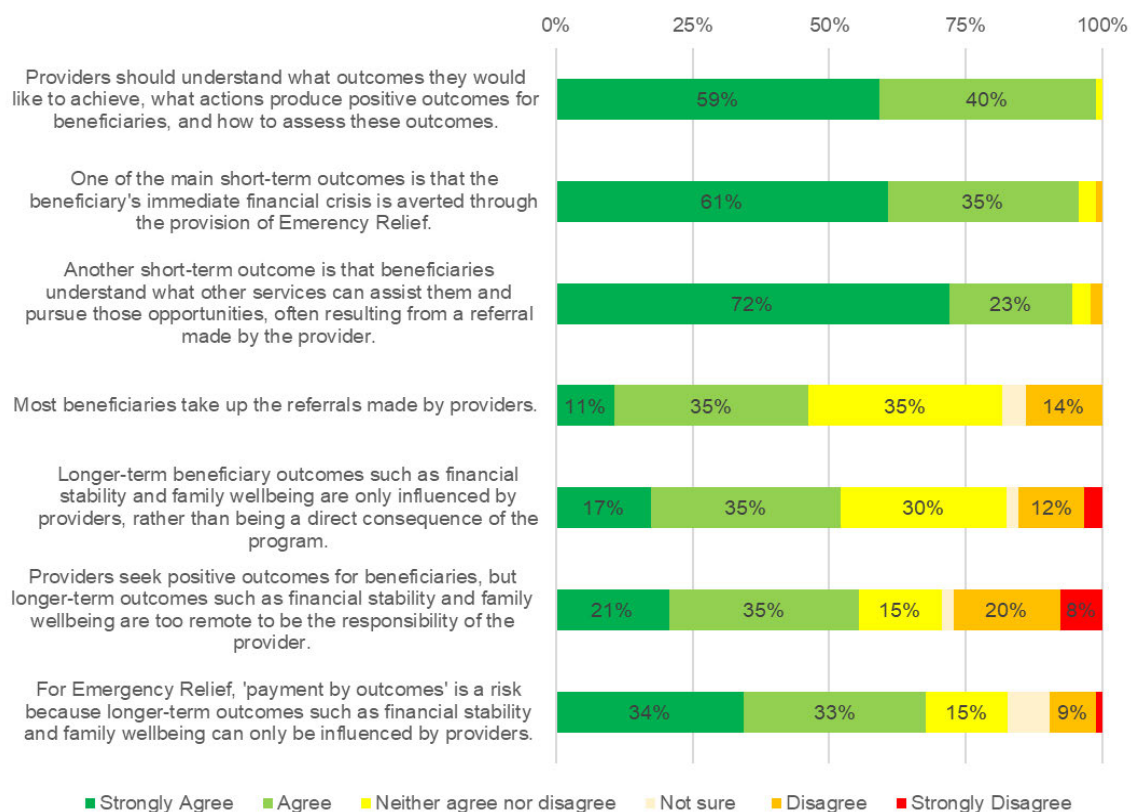


Figure 4. Emergency Relief provider perceptions of an outcomes-driven service

### 5.2 Service Integration Assessment

The level of service integration and partnership strength can be assessed using the simple Service Integration Assessment tool shown in Figure 5.



## Service Integration Evaluation

Service: Emergency Relief

Date assessed: 5 July 2021

The table below is an assessment of the level of service integration of the top 15 interrelated services (for referrals) ranked in order of importance.

[redacted] codesign workshop 5 July 2021

		< ----- Integration Continuum ----- >						
	Interrelated Service	Independent	Info Sharing	Cooperation	Collaboration	Consolidation	Integration	Co-location
Description	Name of internal or external service of importance	Operates autonomously in parallel fashion	Informal relationship	Loosely organised procedures to benefit all programs	Formalised arrangement with shared goal	Central admin and leadership, divisional control	Single authority, holistic, broad	Interrelated services in one location (Y/N)
Example	Internal and external referral partners	Stand alone, cold external referrals	Sharing brochures, joint meetings	Reciprocal referrals and follow-up	MOU, formal procedures	Umbrella organisation	One-stop shop, case management	Service hub, precinct
1	[redacted]			X				N
2	[redacted]			X				N
3	[redacted]		X					N
4	[redacted]				X			N
5	[redacted]		X					N
6	[redacted]				X			N
7	[redacted]						X	N
8	[redacted]						X	N
9	[redacted]						X	N
10	[redacted]		X					N
11.	[redacted]						X	N
12.	[redacted]				X			N
13.	[redacted]				X			N
14.	[redacted]		X					N
15.	[redacted]		X					N

Figure 5. Worked Example of an Emergency Relief Provider Service Integration Assessment (McKenna, 2023)

The Service Integration Assessment was developed based upon an existing multidimensional framework for conceptualising integrated social services (Konrad, 1996), which includes several levels integration operating on a continuum ranging from independent to fully integrated. By identifying referral partners and the level of integration with them, providers can assess strengths and weaknesses in their service delivery model to inform continuous improvement through evaluation.

The Service Integration Assessment formed part of an evaluation methodology which was applied to three programs of a community service organisation including an Emergency Relief program, a crisis accommodation service, and a rough sleepers program. The evaluation measured success against the components of a Program Logic codesigned for each service as shown earlier in Section 1.4.

### 5.3 Service Integration Grid

The most impactful finding stemming from the evaluation was determined to be the importance of referral systems. Internal referrals (to another service offered by the provider) were found to be most effective, followed by warm referrals to co-located services, then warm referrals to established support networks, and cold referrals were least effective. However, cold referrals (just providing contact details) were far more common than either internal referrals or warm referrals (providers facilitating the introduction/connection). In-depth interviews revealed that unless a referral was internal, to a co-located service, or within a support network, the beneficiary was unlikely to follow up on the referral. This points to the strength of integrated service models (where a provider offered a range of interrelated services), and in the co-location of providers in service hubs (place-based models).

From this finding a Service Integration Grid was developed as part of the evaluation methodology to identify strategic opportunities for providers and the department to consider. Shown in Figure 6, the Service Integration Grid has two dimensions: the number of integrated services offered by the provider along the horizontal axis, and the number of co-located services along the vertical axis. The provider plots the current level of service integration on the grid and consider this relative to two ideal service integration strategies: the Service Hub and the Fully Integrated Service, represented by the areas of the grid with a bold label.

Position (i) indicates the provider is located alone and offers some of the interrelated services comprising a wraparound service model such as financial counselling, mental health, or employment services. The strategic options available from this starting point are to increase the number of integrated services internally, attract other organisations offering those interrelated services to the location, or relocate to where those interrelated services are offered. At the system level, the Commonwealth can support this change by, for example, funding the provider to offer financial counselling services in addition to Emergency Relief.

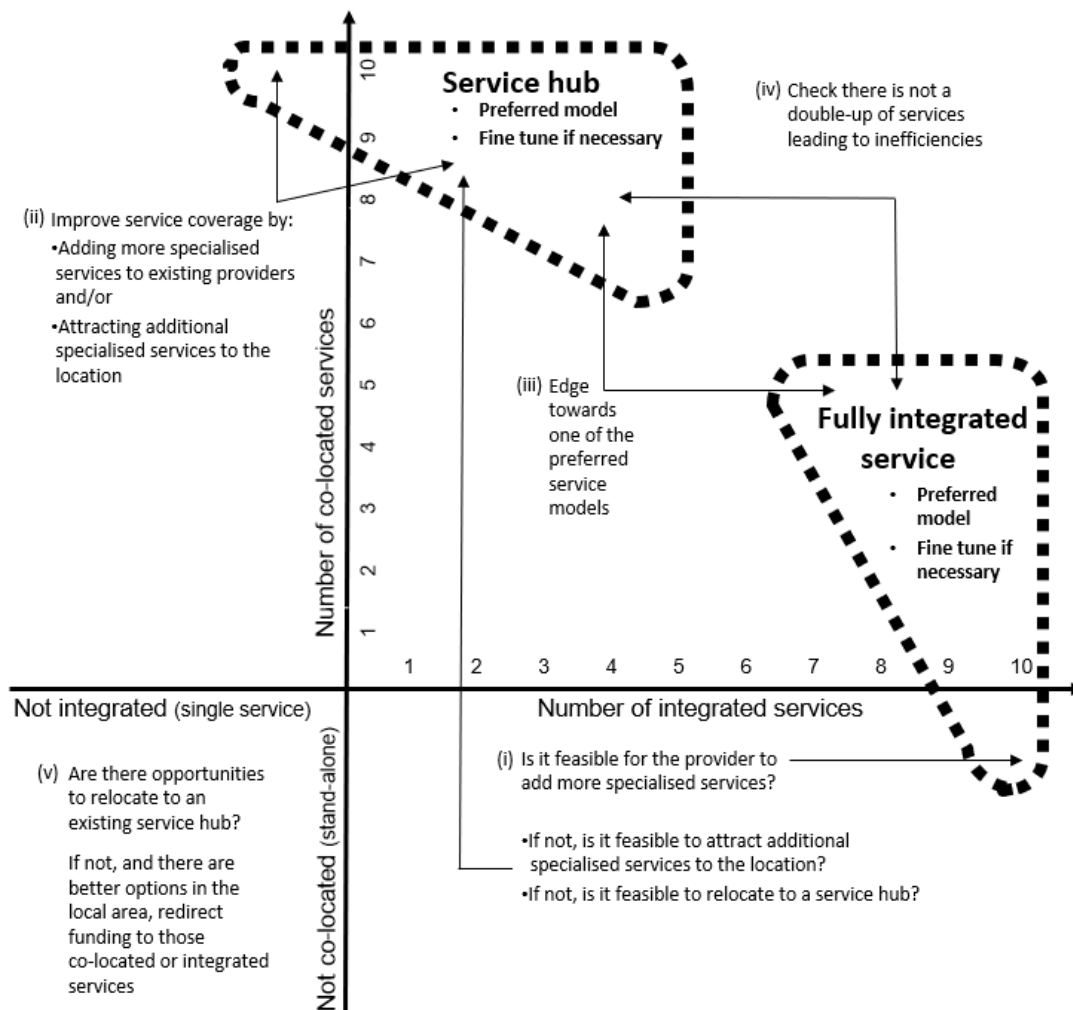


Figure 6. The Service Integration Grid

Position (ii) indicates the provider is offering an Emergency Relief service only, from a location where some of the interrelated services comprising a wraparound model are also located. From this position, the desired Service Delivery Model is to create a complete service hub. This can be achieved by adding more specialised services to existing providers or attracting providers of those specialised services to the location. The Commonwealth can support this transformation through the award of grant funding to deliver those services in the service hub location. A similar strategy applies from position (iii), where a provider operates some of the interrelated services and is co-located with some others. However, in this case there may be a further opportunity to merge the services and create one fully integrated service, which represents the highest level of service integration (Konrad, 1996). Again, the Commonwealth can support this transformation through the strategic award of grant funding.

Position (iv) indicates a full wraparound service model exists, which is a strong starting position. However, some services are being duplicated by different providers and rationalising the services on offer at the location might improve efficiency overall.

Position (v) is the weakest starting position. Here the provider only offers an Emergency Relief service and is not co-located with any of the interrelated services of a wraparound model. An assessment of opportunities to relocate to a service hub or create one should be undertaken. If this is not possible, there may be other providers operating from services hubs or offering integrated services, which could be better options for the Commonwealth to award grant funding.

To realise the benefits of the Service Integration Grid, providers could complete the grid as part of a self-evaluation, and the department could require potential providers to complete the grid as part of future grant opportunity responses. This would provide visibility of the strength in service delivery models to inform strategic choices of the provider and inform the department in determining where best to strategically award grant funding.

A worked example of the Service Integration Grid is demonstrated in Figure 7 based on the same Emergency Relief provider exemplified earlier with the Service Integration Assessment.

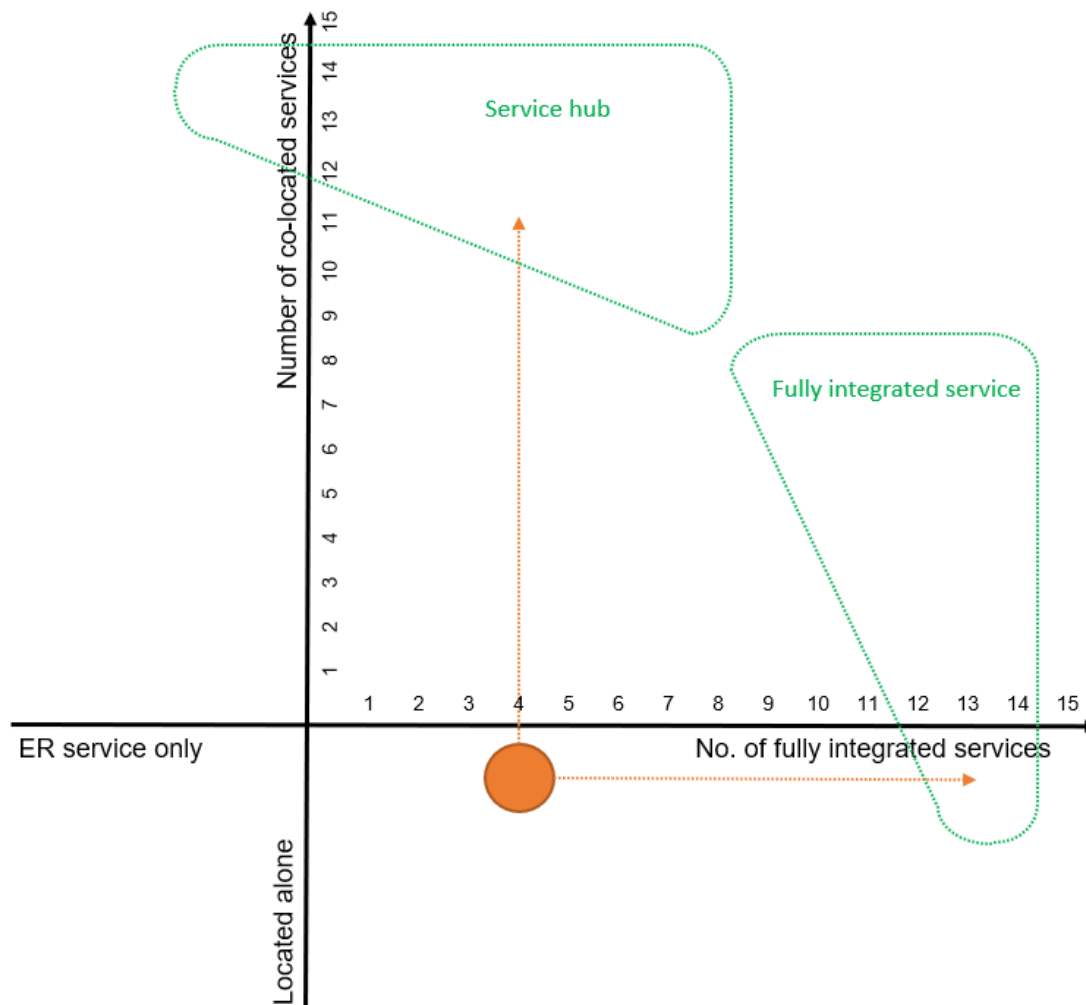


Figure 7. Worked example of an Emergency Relief Provider Service Integration Grid

The provider's situation is plotted on the Service Integration Grid in Figure 7 with an orange dot indicating it is located alone and operates some of the important services that are interrelated. The arrows show the strategic directions that can be taken including (1) co-locating with more interrelated services, and (2) operating more interrelated services to become a fully integrated service. Given this provider's individual profile, co-location with Indigenous services and clinical services such as acute mental health or alcohol and other drug services would be practical, as these services would be difficult for the provider to establish internally as fully integrated services. Additional services which would be practical for this provider to operate as part of an expanded and more integrated service offering include financial counselling, domestic violence, and transitional housing.

The use of the Service Integration Assessment and Service Integration Grid are strongly recommended as simple tools that can be used by providers and the department to determine whether the strength of partnerships and local links.

#### 5.4 Outcomes-based funding models

A common theme across Western countries is the momentum towards commissioning of social services by government to community organisations, with a focus on service user outcomes. Commissioning is relatively new to Australia but has been used in the UK for some 25 years (Dickinson, 2015). The literature reveals mixed results and highlights lessons that can be learned from the experience of the UK and USA, to avoid unintended negative consequences of commissioning in Australia. The positive and negative impacts of commissioning are summarised in Figure 8 below.

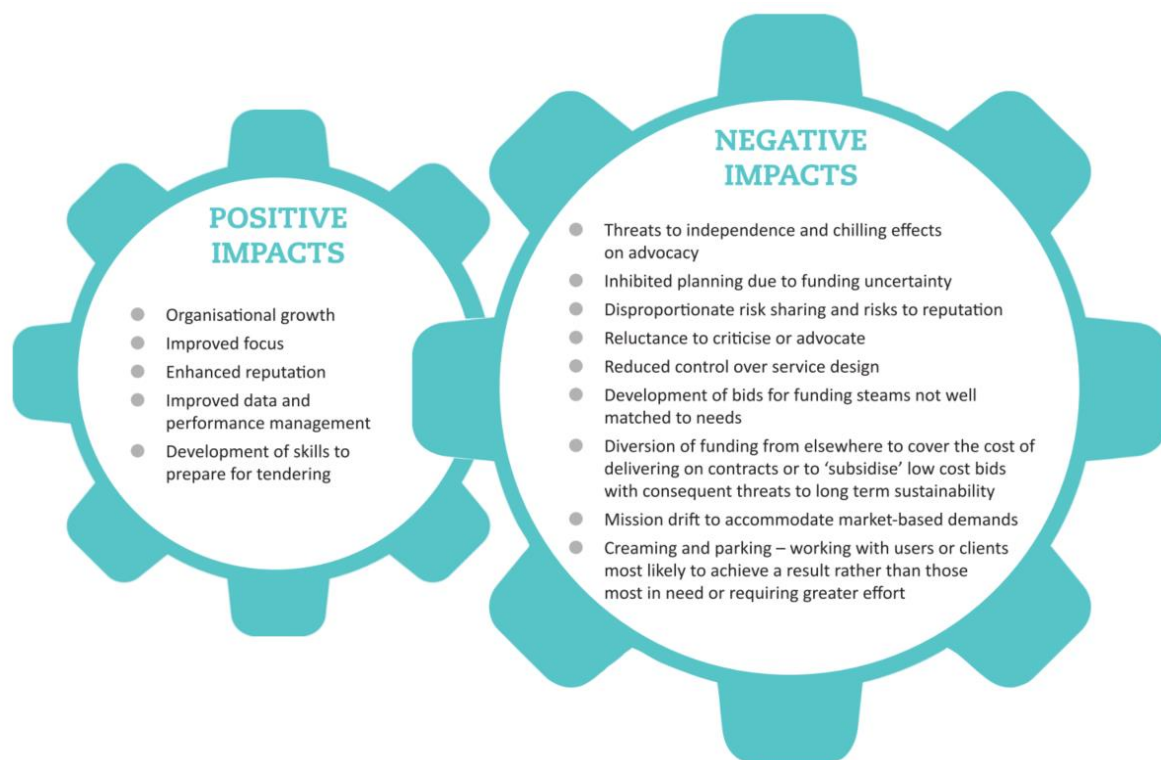


Figure 8. Positive and negative impacts of commissioning social services (Murphy et al., 2020)

Outcomes measurement goes hand in hand with commissioning. Where public funds are used to procure social services, governments are increasingly holding providers accountable for achieving the intended outcomes. Reporting on the outcomes of welfare services is in its infancy in Australia. Results-based accountability, the justification of practice based on outcomes demonstrated by evidence, has been implemented in NSW and was studied by Houlbrook (2011, p. 61), who found that:

...the competitive climate for funding in NSW potentially undermines the confidence of CSGP [Community Services Grants Program] services, as well as encouraging a focus on legitimising behaviour, both of which are evident in the research.

A further step in commissioning and outcomes measurement is outcome-based contracting. Outcome-based contracting, payment by results, and other variant terms, describe a funding agreement where at least part of the payment is linked to a change in circumstances of the beneficiary (Tomkinson, 2016). This is attractive to governments in terms of only paying for social services that are effective without the need to specify the service in detail; however, it transfers a significant risk to providers that many community organisations are reluctant or unable to carry (Murphy, 2020). Tomkinson's review found a lack of evidence that outcome-based contracts were effective, that performance indicators were difficult to determine, and a risk of perverse outcomes—consistent with comments from the head of the UK National Audit Office regarding the experience in UK (Normans Media Ltd., 2015). It is questionable whether outcomes-based contracting should be applied to programs such as Emergency Relief. Tomkinson (2016, p. 4) cautions:

...it is important to recognise that there are publicly funded human services that should help clients achieve outcomes, and services that are much more immediate or administrative. Therefore, we should be careful not to demand all publicly-funded services pursue outcomes.

This warning is relevant to Emergency Relief, since the program can only have a limited impact on long-term service user outcomes. Two thirds of respondents to the provider survey either agreed or strongly agreed that applying the payment by outcomes funding model to Emergency Relief was a risk because longer-term outcomes such as financial stability and family wellbeing could only be influenced by providers—there was not a strong causal link (McKenna & Evans, 2021). One respondent pointed to limited funding as a barrier: *“this program is not funded well enough to use an outcomes-based approach”*. Another respondent pointed to case management, for which additional funding would be required: *“outcomes-based programs need highly skilled staff who are consistently providing the service and one-to-one contact through case management”*. While these comments were representative of the clear majority view, there were eight who disagreed and one who strongly disagreed (out of 93 respondents). One respondent suggested: *“if ADDITIONAL funding was based on outcomes achieved, this would allow us to employ caseworkers and financial capability workers to walk the journey with the client. It would need to be about further resourcing”*. It was clear that providers

considered the current funding and program design for Emergency Relief insufficient to guarantee the desired long-term outcome of financial self-reliance.

## 5.5 Unintended consequences: creaming and parking

When incentivised to achieve certain outcomes from the program, there is evidence that providers have been responsible for perverse actions known as ‘creaming’ and ‘parking’ (Koning & Heinrich, 2013; Murphy et al., 2020). Creaming is when providers only work with service users who are likely to achieve the outcome, and parking is when providers avoid working with service users who are unlikely to achieve the outcome despite often being those most in need of the service. Note these studies were not related to the department’s suite of social services; however, they are evidence from other payment by outcomes programs internationally and the same unintended consequences could be experienced in Australia if implemented without careful consideration.

## 5.6 Section summary

A summary is provided by responding to the questions posed in Section 5 of the department’s Issues Paper:

### **5. Partnering with trusted community organisations with strong local links**

A study of the Emergency Relief program found that providers overwhelmingly held the view that integrated services achieved better outcomes, especially in complex cases. The two strongest integrated service models were the fully integrated service (where the provider offered the full range of wraparound services) and the service hub or place-based model (where the services comprising the wraparound model were co-located).

#### **5.1 What is your experience with and reflections on place-based funding approaches?**

The evidence suggests that service hubs or place-based models should be pursued where possible. The co-location of providers in the same location facilitates important warm referrals, allows providers to specialize and benefit from the specialization of co-located providers, and reduces duplication of resources. All this leads to better outcomes for service users, who are more likely to take up and benefit from warm referrals to co-located services.

The evidence also suggests that co-location of services is practical to implement, whereas more formal service integration such as federated models or mergers are difficult and problematic and therefore not practical as a general approach.

In rural Australia these hubs may be best located at the regional scale (Evans, 2019).

**5.2 *What innovative approaches could be implemented to ensure grant funding reaches trusted community organisations with strong local links?***

Use of the Service Integration Assessment and Service Integration Grid are simple tools that demonstrate a provider's level of strong local links. Providers can use these tools in (self-) evaluation to identify areas for continuous improvement. The department can require the Service Integration Assessment and Service Integration Grid be provided in responding to future grant opportunities to inform funding decisions relating to strong local links. These tools are simple to use, freely available, and demonstrated as worked examples in Section 5 of this submission.

**5.3 *Which areas do you consider have duplicative funding or gaps you think need to be addressed, and what is the evidence?***

There is currently no systematic approach to identifying duplicative funding or gaps. The evidence is disparate and limited to localized studies using different methodologies, and is therefore of limited use.

The Service Integration Assessment and Service Integration Grid also offer a systematic approach to identifying duplicative funding or gaps as part of a grant application or program evaluation process. If collected centrally as part of a grant application or acquittal process, the department would then possess a rich dataset from providers across Australia with the ability to garner insights relating to the strength of local links, the prevalence of place-based models, and instances of service duplication. The ease of implementing the Service Integration Assessment and Service Integration Grid should be emphasised with comparison to the great benefits it would provide.

**5.4 *Where there is a community-led change initiative, could share accountability to community and funders (government) strengthen service delivery?***

Yes. However, whether the payment by outcomes approach is an appropriate model should to be tested case by case. For example, for Emergency Relief, the evidence suggests that the approach is not appropriate because the outcomes are too remote to be directly linked to the program, and this can lead to adverse unintended consequences. The most common adverse unintended consequences experienced internationally are creaming and parking. Creaming is when providers only work with service users who are likely to achieve the outcome, and parking is when providers avoid working with service users who are unlikely to achieve the outcome despite often being those most in need of the service.



## 6. General questions relating to each focus area

### 6.1 Section summary

A summary is provided by responding to the questions posed in Section 6 of the department's Issues Paper:

#### **6. General questions for each focus area**

##### **6.1 If any, what are the problems or challenges you think have been overlooked?**

There is a need for scalable training solutions in programs such as Emergency Relief to respond to the need to upskill a disparate and largely volunteer workforce, which was a strong theme in the Emergency Relief survey and interview data. The sheer number of volunteers (8,316 from 122 out of 197 providers across Australia) highlighted the need for scalable solutions. An efficient way to deploy scalable upskilling solutions is through standardised online training modules that are developed centrally and made available to all providers. Service standards are also efficient and useful resources. The Australian Council of Social Services (2011) 4<sup>th</sup> edition of [The Emergency Relief Handbook](#) is available publicly as a PDF document. These service standards could be updated and become an online resource.

##### **6.2 What other solutions or changes could also be considered?**

As above.

##### **6.3 What does success look like?**

The measures of success for each program should be the output of a codesign process led by Collaborative Governance groups for each program (or group of related programs) and supported by a Program Logic.

## 7. References

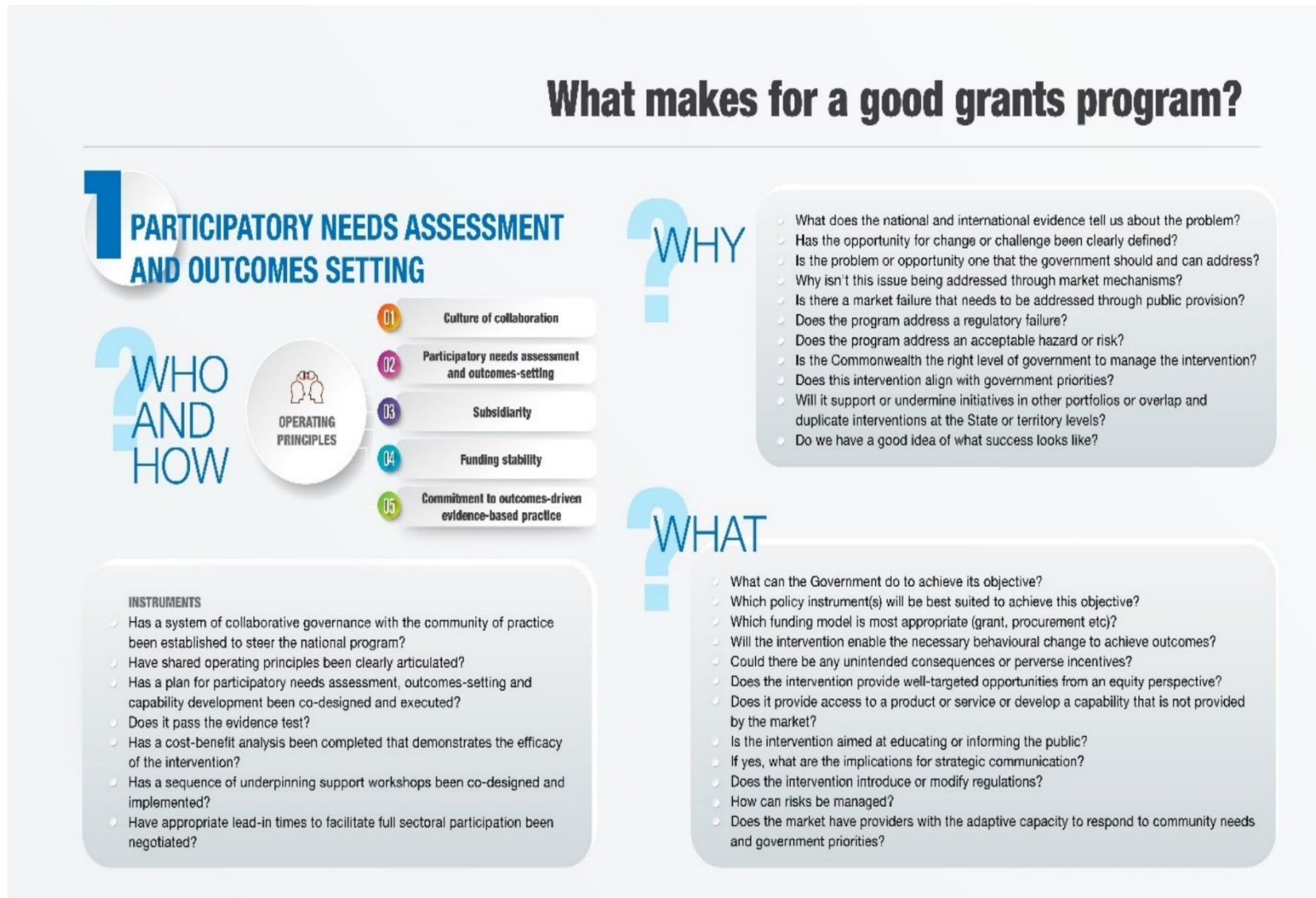
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## Appendix A: Codesign operating principles in action



# What makes for a good grants program?

## 2 COLLABORATIVE PROGRAM DESIGN

WHO  
AND  
HOW



- 01 Program co-development
- 02 Simplicity over complexity
- 03 Commitment to outcomes-driven evidence-based practice

- Has an appropriate program co-governance group been established to steer the program?
- Have shared operating principles been clearly articulated?
- Does the intervention provide for clearly defined short and medium term outcomes?
- Is it cost effective and does it deliver value for money?
- Does it minimise the cost and quantity of required inputs and outputs and also offer the best possible outcomes?
- Is the intervention fiscally sustainable? How does it compare on equity grounds?

### INSTRUMENTS

- Has a post-award co-development phase been created to: establish a (dynamic) partnership agreement that achieves program alignment with national outcomes and includes a capability review (particularly on SCORE and DEX reporting) and development plan to support adaptive management?
- Has an expectations thesis of program outcomes been co-developed as a benchmark?
- Has an evidence-based theory of change and intervention logic been prepared to underpin the intervention?
- Are implementation risks adequately assessed in terms of likelihood and consequence?
- Is the cost of the risk mitigation strategy proportionate?
- Does the intervention require an assurance review (e.g. RPAT or Implementation Readiness Review)?
- Have risks been identified in terms of – workforce readiness, digital preparedness, organisational capacity, time frames and governance structures?
- Has an appropriate performance monitoring system been co-designed?
- Are performance indicators robust, measurable and attainable?
- Are the costs of reporting proportional?
- Is measurement sensitive to a range of client journeys, contexts and expectations?
- Are outcomes understood as a spectrum of contributions from: 1) short-term to 2) intermediate outcomes to 3) long-term impacts.
- Are the responsibilities of providers to focus on 1 & 2 and the Department, 3, clearly articulated in Partnership Agreements?

# What makes for a good grants program?

## 3 COLLABORATIVE PROGRAM DELIVERY

WHO  
AND  
HOW



- 01 Program co-development
- 02 Simplicity over complexity
- 03 Adaptive capacity
- 04 Commitment to outcomes-driven evidence-based practice
- 05 Commitment to shared and continuous learning through data sharing

### INSTRUMENTS

- Is the Partnership Agreement dynamic to changes in the field of action?
- Does it allow for flexibility in response to need?
- Does data sharing occur efficiently and impact on improvements in practice?
- Can real-time data be provided on delivery issues by digital means?
- Are capability issues addressed?

## 4 COLLABORATIVE PROGRAM LEARNING

WHO  
AND  
HOW



- 01 Culture of collaboration
- 02 Program co-development
- 03 Simplicity over complexity
- 04 Commitment to outcomes-driven evidence-based practice
- 05 Commitment to shared and continuous learning through data sharing

### INSTRUMENTS

- Is there a commitment to continuous collaborative program learning?
- Is this commitment to learning enacted through an action-learning approach to program monitoring, mandated data sharing, joint digital learning platforms, workshop and conferencing activity and monitored effectively through co-governance arrangements?
- Have tensions in the delivery chain been addressed?
- Are the learnings easily translatable into practice?
- Is there a clear, evidence-based, outcomes-driven evaluation plan?
- Is the co-governance mechanism embedding learning within the Department and the community of practice?
- Are there executive reporting requirements on underperformance and appropriate exit strategies devised for termination?



## Appendix B: Data sharing exemplar

An example of how the department might engage in data sharing with the community sector is shown below based on the Emergency Relief (ER) program. The exemplar demonstrates how the provider's measures are benchmarked against the sector average to provide insights and inform continuous improvement.

[ER Provider Name]										
ER Provider Report for the 6 months to 31/12/2020										
Inputs	30/06/2019	31/12/2019	30/06/2020	31/12/2020	Sparkline	Cost per session				
						Provider	Sector			
Direct payroll	345,000	357,000	369,000	381,000		21	22			
Training	20,000	20,000	40,000	20,000		1	3			
ER items	1,127,000	1,202,000	1,277,000	1,353,000		75	60			
Admin and other	191,000	193,000	195,000	197,000		11	15			
<b>Total cost</b>	<b>1,683,000</b>	<b>1,772,000</b>	<b>1,881,000</b>	<b>1,951,000</b>		<b>108</b>	<b>100</b>			
Volunteer hours	33,020	35,360	36,036	33,488		1.9	1.2			
Volunteer valuation	1,320,800	1,414,400	1,441,440	1,339,520		74	48			
<b>Outputs</b>										
Training %	1%	1%	2%	1%		<p>ER items (Sector)</p> <ul style="list-style-type: none"> <li>Food/Vouchers: 69%</li> <li>Material Aid: 15%</li> <li>Transport: 5%</li> <li>Utilities: 5%</li> <li>Health Care: 5%</li> <li>Other: 2%</li> </ul>				
Training per session	1	1	2	1						
Total cost per session	112	111	111	108						
No. of referrals	1,200	1,500	1,800	2,500						
No. of service users	8,000	9,000	10,000	11,000						
Referral rate	15%	17%	18%	23%						
<b>Outcomes</b>										
							Sector			
No. of service sessions	15,000	16,000	17,000	18,000						
Return rate	1.9	1.8	1.7	1.6		2.7				
Total cost per service user	210	197	188	177		270				
<b>SCORE outcomes</b> (will be N/A for providers not using SCORE)										
Able to meet immediate needs	N/A	N/A	N/A	N/A		67%				
Engagement with relevant services	N/A	N/A	N/A	N/A		58%				
I was listened to and feel supported	N/A	N/A	N/A	N/A		96%				
Better able to deal with issues	N/A	N/A	N/A	N/A		92%				
Satisfaction with the service	N/A	N/A	N/A	N/A		96%				
<b>Demographic statistics</b>										
	Service users		Service sessions		Referral rate		Return rate			
	Provider	Sector	Provider	Sector	Provider	Sector	Provider	Sector	Provider	Sector
Female	55%	61%	54%	60%	23%	13%	1.6	2.7		
Disability	20%	22%	27%	28%	20%	15%	3.0	3.6		
Indigenous	10%	20%	8%	17%	25%	10%	1.2	2.5		
CALD	10%	9%	12%	10%	23%	15%	2.5	3.0		
Temporary Visa	5%	4%	5%	4%	25%	15%	2.9	2.4		
Looking for work	40%	40%	40%	39%	22%	12%	1.3	2.1		
Not looking for work	35%	30%	40%	34%	20%	10%	1.6	2.5		
Income support	80%	82%	85%	83%	23%	13%	1.5	2.6		
No income	8%	7%	10%	8%	25%	15%	3.0	2.9		
Homelessness	12%	9%	15%	10%	40%	25%	2.4	2.8		
Working age	92%	93%	92%	93%	23%	13%	1.6	2.7		
Single person	35%	33%	35%	33%	26%	15%	1.5	2.5		
Sole parent	25%	26%	25%	26%	22%	12%	2.0	2.5		
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>23%</b>	<b>13%</b>	<b>1.6</b>	<b>2.7</b>		