



LISTENING REPORT 2

SECTOR SUSTAINABILITY PROGRAM
START UP PHASE 2023-2024

TOOLS AND RESOURCES TO FULLY COST HUMAN SERVICES

MAY 2024

2022-2024 Commissioning for Outcomes

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1. Summary

The ACT Government Sector Sustainability Program 2023-2028 announced in February 2023 commenced with a start-up project (the Project) funded from July 2023-December 2024. This Project is being delivered by a community based Co-Lead working in partnership with an ACT Government based Co-Lead and is focused on progressing implementation of the recommendations accepted in principle by the ACT Government, as documented in the [ACT Government Response to the Counting the Costs report](#).

This Listening Report provides an update on progressing the following recommendations:

- Recommendation 2: Review ACT funding streams to ensure full cost coverage
- Recommendation 4: Build sector capacity to accurately cost services

Consultations in July-December 2023 identified three topics for the Project Co-Leads to progress improving ACT Government and NGOs capacity to accurately cost human services, with the results of this work expected to contribute to ongoing review of ACT funding streams through Commissioning to ensure full cost coverage:

- Understanding the **full list of functional costs** that enable an organisation to:
 - o Offer services in the community
 - o Govern operations
 - o Scale up and scale back services as required in response to changes in community needs and funding availability
 - o Deliver services that are compliant with legislative, regulatory, quality and funder-specified requirements
 - o Deliver services that achieve positive outcomes for the intended beneficiaries
 - o Adopt an orderly approach to setting up and winding down services, including ensuring safety and wellbeing of clients, workforce continuity and sustainability and wider service ecosystem health
- **Defining and assessing value for money** of human services funding proposals (via procurement and grant processes)
- The importance of managing risks associated with human services delivery, including **costs and risks that should be shared between funders and providers**

This report includes:

- A summary of consultation activities conducted in March-May 2024
- A summary of key input on the three topics listed above
- Detailed reports on the three topics, provided as Appendices

Next Steps:

- Share Listening Report with UWA Team providing expert consultancy in 2024 on tools, resources and policy advice on fully costing human services.
- Ongoing consultations with people who registered interest in contributing feedback
- Build awareness of NGOs and ACT Government of the full costs of human services delivery and the drivers of cost increases
- Work with the Commissioning Senior Officials Group to:
 - o Incorporate advice in Appendices 1,2 and 3 into tools and resources for ACT Gov and NGOs to fully cost human services
 - o Incorporate additional guidance material into ACT Government funding managers guide
- Brief Governance Committee in July 2024

WE DID THIS	WE DISCUSSED THIS	EMERGING THEMES
<p>Distributed Background Briefing and Consultation papers in March 2024 on three topics</p>	<p><i>What questions did we pose or what did we discuss</i></p> <p>1.Categorising full costs of human service delivery:</p> <p>Explored definition, usefulness and capacity building in fully costing services.</p>	<p><i>What are the themes that arose from these discussions</i></p> <p>Fully recovering the costs of service delivery is the top priority for improving the relationship between ACT Government and NGOs delivering ACT Government funded human services</p> <p>Not helpful to have a funder specified split of costs between cost categories because the right mix and level of investment in different cost components needs to be tailored to the specific service requirements</p> <p>Moving to a "scope of costs" approach to funding for human services delivery is aligned with ACT Government commitment to move to an outcomes-based funding approach</p>
	<p>2.Defining and assessing Value for Money of human services proposals:</p> <p>Feedback on criteria for assessing Human Services procurement and/or grant proposals</p> <p>Feedback on adding Human Services specific questions to the baseline Procurement ACT assessment questions</p> <p>Feedback on aligning assessment of value for money with the objective of Commissioning for shared value and adopting Commissioning foundation practices</p> <p>Are there any tools and guidance materials, and learning and development activities, that are needed to support incorporating multiple policy objectives?</p>	<p>Procurement and Grant evaluation teams need more tailored guidance on assessing proposals against Economic, Efficiency and Effectiveness criteria</p> <p>Need to add Equity and Embeddedness as additional human services specific criteria to include in evaluation of proposals</p> <p>Further work needed to align procurement processes with achieving policy objectives outlined in Wellbeing Framework and Human Services Reform 2020-2030</p>

WE DID THIS	WE DISCUSSED THIS	EMERGING THEMES
<p>Conducted Workshop on 8 April 2024</p>	<p>Conducted World Café to gain input, insights and further points for clarification on Topics 1, 2 and 3</p>	<p>Topic 1: See Appendix 1 Topic 2: See Appendix 2 Topic 3: See Appendix 3</p>
<p>Consulted further with ACT Government Officials on the key messages from the workshop</p>	<p>Briefed Officials on key issues explored and insights gained in workshop and sought further insight an input</p>	<p>Significant alignment of ACT Government stakeholders and NGO understanding of the key issues and priorities for change in guidance materials and practical tools for ACT Government funding managers, NGO providers and carer and consumer advocates.</p>

2. Participant summary

<i>Name</i>	<i>Stakeholder Group</i>	<i>Engagement Channel</i>
<i>Darlene Cox</i>	<i>Peak Body</i>	<i>Email</i>
<i>Anne Kirwan</i>	<i>Generalist Community Services</i>	<i>Face to Face Meeting</i>
<i>Lauren Anthes</i>	<i>Peak Body</i>	<i>Email</i>
<i>Kate West</i>	<i>Government Stakeholder</i>	<i>Email</i>
<i>Governing Board</i>	<i>Specialist Organisation</i>	<i>Face to Face Meeting</i>
<i>Craig Wallace, Nicholas Lawler</i>	<i>Peak Body- Lived Experience</i>	<i>Video Conference</i>
<i>Vik Fraser</i>	<i>Specialist Organisation</i>	<i>Face to Face Meeting</i>
<i>Regional Community Services Forum</i>	<i>Generalist community Services</i>	<i>Face to face Meeting</i>
<i>Peaks Consultation Forum</i>	<i>Peak Body</i>	<i>Face to face meeting</i>
<i>David Gilchrist</i>	<i>Academic/Expert</i>	<i>Online Meeting</i>
<i>Phillippa Moss</i>	<i>Specialist Organisation</i>	<i>Face to face meeting</i>
<i>CSD Aboriginal and Torres Strait Islander services development team.</i>	<i>Government Stakeholder</i>	<i>Online Meeting</i>
<i>Ruth Jalloh, Deborah Bampton</i>	<i>Generalist Community Services</i>	<i>Face to Face Meeting</i>
<i>All Sounding Board Members</i>	<i>Sounding Board</i>	<i>Email</i>
<i>Andrew Mehrton</i>	<i>Government Stakeholder</i>	<i>Email</i>
<i>Sally Gibson</i>	<i>Human Services Regulator</i>	<i>Online meeting</i>
<i>JaCS Commissioning Hub</i>	<i>Government Stakeholder</i>	<i>Online meeting</i>
<i>Health Commissioning Hub</i>	<i>Government Stakeholder</i>	<i>Online meeting</i>
<i>CSD Commissioning Hub</i>	<i>Government Stakeholder</i>	<i>Online meeting</i>

WORKSHOP ATTENDANCE 8 April 2023

Fiona May, Rita Kritikos, Shaun Kelly (**CSD**)
Fellon Gaida, Tania Browne, Yehuwdiy Dillon (**Health**)

Kirsty Dixon, Ruth Jalloh, Blessy Pascal - **generalist NGO**

Carmel Franklin (legal and financial counselling), Sonia di Mezza (CALD), Torien Lau (Self Help), Vik Fraser (gender), Sue Webeck (DV), Frances Crimmins (Women's) - **specialist NGO**

Yvonne Luxford (MH), - **Health NGO**

Leah Dwyer (Women's sector), Emma Hawke (ACTCOSS) - **Policy advocate in NGOs**

Jean Giese (Vol and Community info), Sebastian Rosenberg (MH), C Moore (Health consumer), Lisa Kelly (Carers) - **Peak Bodies**

3. Key actions taken

INPUT	ACTION	STATUS
<i>Workshop participants and people consulted after workshop said categorisation of costs needs to focus on the functions not on whether they are direct or indirect</i>	Refined list of costs	Work with NGOs and ACT Government to develop tools and resources that will support accurate calculation of full cost of service delivery for solvency, sustainability, and quality and sufficiency of supply to meet community needs
<i>Workshop participants and people consulted after workshop agreed that Equity and Embeddedness should be added to criteria for defining and assessing Value for Money</i>	Expanded criteria for defining and assessing Value for Money	Work with Procurement ACT and Commissioning Hubs to develop guidance material that will facilitate adoption of the more fit for purpose approach to planning and undertaking human services procurement.
<i>Workshop participants and people consulted after workshop said it was important to ensure consideration of effectiveness, equity, embeddedness, efficiency and economic factors when determining appropriate procurement methodology as well as when assessing proposals</i>	Provided a visual illustration of recommended expansion of guidance material to describe a fit for purpose approach to defining and assessing Value for Money	
<i>Workshop participants and people consulted after workshop said all Shared Risks should be considered as equally important</i>	No hierarchy of types of shared risks	Further work need to develop mutual understanding on shared risks and consider what format of template will facilitate consideration of these risks when negotiating funding arrangements and risk management responsibilities
<i>Workshop participants and people consulted after workshop agreed to add Intersectional Risk to the list of shared risks</i>	<i>Content shared during consultations on intersectional risk added to list of shared risks</i>	

APPENDIX 1

SUMMARY ANALYSIS OF FEEDBACK ON FULLY COSTING HUMAN SERVICES

Key Issue:

Current funding models do not enable full cost recovery of both direct costs of human service delivery and indirect costs associated with ensuring the entity delivering the service/activity is financially sustainable, meets regulatory and legislative obligations and resources appropriate operational oversight and strategic governance.

Scope of services to include in implementation of this material:

The material presented at the Workshop focused on identifying the full range of costs to be recovered when ACT Government is commissioning human services. The scope of services/programs that are defined by ACT Government as Human Services was published in February 2023 in the ACT Government Response to the Counting the Costs Report and Recommendations:

Services that provide support for a safe, healthy, inclusive community and in maintaining and promoting its quality of life. That support spans NGOs funded to deliver services across many sectors including safety, emergency and material aid, physical and mental health, housing, child and family, legal, employment, transit, education, recreation and culture. Human services contribute to daily living, to enable individuals, families and other groups in the community to develop, cope, function and contribute. (p10)

Key Messages from Consultations

1. There is a need to build capacity (including both permission and capability) in the ACT Government and NGO workforces administering Human Services funded by ACT government and delivered by NGOs to:
 - Accurately cost services to fully recover the cost of all functions that are required of NGOs delivering services via a funding instrument with the ACT Government
 - Ensure any expenses currently not funded or under-funded in ACT Government Human Services programs delivered by NGOs are identified and accounted for in future funding arrangements
2. In line with the ACT Government Commitments to Closing the Gap Priority Reforms, fully costing delivery of services by Aboriginal Community Controlled Organisations needs to include provision of resources to grow the capacity of organisations to increase services beyond current level of provision, in a way that ensures sustainability and success as funding transitions from mainstream organisations to Community Controlled organisations
3. Full Cost recovery in the literature categorises costs as direct and indirect. Feedback at the workshop indicated a preference for categorising costs according to the functions that are required to deliver human services.
4. Workshop participants identified all stages of activity/service delivery that need to be included in calculating full costs of service delivery:
 - Keeping an NGO “door open” so it has capacity to deliver services/activities when funding is available
 - Setting up for operational delivery of programs funded
 - Starting services/activities when new areas of service delivery are funded

- Delivering services/activities - noting there is a need for scope to renegotiate deliverables in multi-year agreements because changes in demographics, demand and costs are not often included in funding arrangements
 - Governing services/activities
 - Handing over services/activities when program funding changes to another provider
 - Winding down operations associated with services/activities when program funding ceases
5. Full Cost recovery should include all three levels of costs associated with sustainable delivery of both services/activities and governance of an organisation. Sustainable delivery and governance of an organisation has been defined in this resource: [2020-CBA-Not-for-Profit-Balance-Sheet.pdf \(uwa.edu.au\)](#)

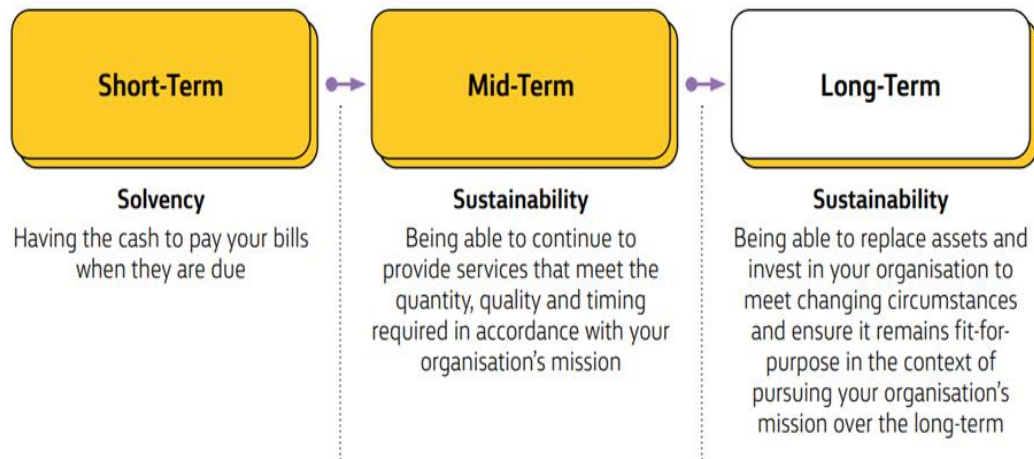


Figure 1: the balance sheet and sustainability

6. There was support for the following list of functions being used to describe the range of activities involved in delivering safe, high quality human services to citizens:
- a. Services/activities delivery
 - b. Quality control and evaluation, including internal processes and systems and external accreditation
 - c. Service improvement including systemic reform, improving equity of outcomes, contributing to policy reform, sector development and service model evolution
 - d. Visibility and Communication
 - e. Reporting and Evaluation
 - f. Human Resources
 - g. Technology, including hardware, software and capability
 - h. Infrastructure, including facilities and transport
 - i. Procurement
 - j. Legal services
 - k. Business development
 - l. Auditing
 - m. Governance, including Risk Management
7. The necessary functions listed above (and described in more detail in *Attachment A*) should be used as an educative and planning tool with both the NGO sector and government officials and leaders to build understanding of what is involved in sector sustainability. This is essential to overcome the myths and biases that underpin the non-profit starvation cycle.
8. ACT Government portfolios responsible for funding Human Services should recognise when funding for the Program is not adequate to recover the full costs of service delivery (as defined in points above), and be transparent and realistic about the scope and quantity of services they are able to invest in.

9. There was no support for this list to be used as a budget template for proposals from NGOs – because different services and different contexts require different combinations of functions and will have a different mix of costs to recover.
10. Funders should not specify what proportion of the budget should be allocated to any specific function because the level of cost associated with each of the components and stages of services/activities delivery will differ depending on:
- The type of service being delivered
 - Whether the funding program is new, evolving or continuing
 - Complexity of the services/activities
 - Regulatory and legislative requirements and compliance processes
11. The list of necessary functions should also not be used as an audit tool, it is a planning and education tool to inform both NGOs and Government ahead of human services investment activities including when developing proposals inside ACT Government, when seeking proposals from NGOs and when jointly negotiating funding arrangements.
12. Specific concerns with the approach to eligible and ineligible budget elements for short term small grants programs were also raised. The current premise that full cost pricing does not apply to small grants requires further exploration.

All functions required to deliver human services included in the material provided at Attachment A colour coded to the categories of costs articulated in Recommendation 2 in Counting the Costs Report: Review ACT funding streams to ensure full cost coverage, in which the following costs were listed:

- qualified staff recruited and retained at classification levels suited to job tasks
- professional development, supervision and other supports which develop quality and enable career progression
- reporting; administration
- technology; innovation, planning and service improvement
- auditing, legal and other necessary business activities and infrastructure
- co-design and involving people with lived experience
- advocacy, consultation, and policy input
- evaluation

FOLLOWUP QUESTION: Does the list of functions provided in Attachment A include all costs that are relevant to delivery of human services?

HUMAN SERVICES FUNCTIONS – delivery of services/activities and governance of organisation	USUAL COSTS TO DELIVER THESE FUNCTIONS
Services/activities delivery	<ul style="list-style-type: none"> - Designing, planning, implementing, controlling, adjusting and monitoring the specific activities required to deliver the services/activities in safe and inclusive way, in line with community need and evidence of good practice - Staffing (paid and volunteer) to implement the services/activities - Staffing to oversee the services/activities and its operations and activities - Maintaining services/activities records - Supporting partners and monitoring their activities in relation to the services/activities
Quality control and evaluation	<ul style="list-style-type: none"> - Management and clinical supervision of the staff (paid and voluntary) implementing the services/activities - Staffing and ICT infrastructure to oversee and implement program policies and quality control activities - Evaluating the outcomes achieved by the services/activities - Building the evidence base that informs service delivery - Accreditation against standards (staffing, fees to accrediting entity, ICT infrastructure)
Service improvement, including systemic reform and improving equity of outcomes	<ul style="list-style-type: none"> - Developing and maintaining (or sourcing) staffing capacity to ensure cultural, disability, gender diversity and intersectional competency - Participating in research and evaluation in subsector and/or broader human service ecosystem - Participating in Human Services Commissioning Cycle - Contributing to development of Human Services Policy and Program outcomes frameworks - Contributing to Human Services Policy and Program data governance policy and procedures
Visibility and Communication	<ul style="list-style-type: none"> - Communicating and publicising the services/activities as appropriate - Reporting on the activities and achievements of the services/activities - Communicating and promoting the organisation and its services to stakeholders including potential and existing clients, potential and existing donors/funders, other potential and existing partners, allies, or stakeholders
Reporting	<ul style="list-style-type: none"> - Maintaining the plans, master budgets, and forecasts that enable delivery of specific services/activities - Maintaining the services/activities financial records - Monitoring services/activities partner finances - Preparing services/activities financial reports - Managing the grant(s) and other funding including: Administering and overseeing the services/activities finances, processing services/activities income, making services/activities payments, and reconciling services/activities accounts - Collecting performance and other data on the services/activities and governance of the organisation - Establish, maintain and renew ICT systems and staff capability to produce reports to meet legislative, regulatory, quality and funding requirements

HUMAN SERVICES FUNCTIONS – delivery of services/activities and governance of organisation	USUAL COSTS TO DELIVER THESE FUNCTIONS
Human Resources	<ul style="list-style-type: none"> - Planning, delivery and evaluation of human resource management and development in the organisation - Recruitment, onboarding, retention and development of appropriately skilled and qualified staff who are responsible for delivery of services/activities and governance of the organisation - Recruitment, onboarding, supervision and retention of Volunteers for services/activities and governance functions - Paying staff salaries, expenses and related costs for services/activities and governance functions - Reimbursing volunteers for costs associated with their volunteering
Technology	<ul style="list-style-type: none"> - Establishing, maintaining and upgrading IT systems and databases for the services/activities - Developing and maintaining (or sourcing) ICT capacity to build the evidence base for service delivery models - Establishing, maintaining and upgrading IT systems and databases for the governance of the organisation: record keeping; compliance monitoring; reporting to funders, regulators and the public - Establishing, maintaining and upgrading IT systems to meet cyber security obligations
Infrastructure – facilities and transport	<ul style="list-style-type: none"> - Procuring, monitoring, insuring, cleaning, ensuring security and maintaining facilities to accommodate delivery of services/activities and governing functions - Procuring, monitoring, insuring and maintaining any vehicles required for services/activities - Transporting goods, supplies, staff and service recipients - Storing and maintaining services/activities vehicles, equipment, goods, consumables and other supplies
Procurement	<ul style="list-style-type: none"> - Procuring goods and services required for the services/activities and governance of the organisation - Managing supplier arrangements and reporting on all goods and services procured - Purchasing equipment - Booking accommodation, venues, and catering
Legal	<ul style="list-style-type: none"> - Legal advice and services relevant to service/activity delivery and governance of the organisation - Governing and managing the agency and ensuring that it is appropriately directed and well controlled in accordance with all applicable laws, regulations, quality and funding requirements
Business Development	<ul style="list-style-type: none"> - Developing and maintaining (or sourcing externally) that capability and capacity to build the evidence base for service delivery models and achievements including: research and evaluation; outcomes frameworks; data governance, collection, systems, sharing, analysis, security; and communication of impact - Attracting funding to the organisation to deliver services and support in the community through fundraising, promotions, campaigns, preparing funding proposals, sponsorships, events

HUMAN SERVICES FUNCTIONS – delivery of services/activities and governance of organisation	USUAL COSTS TO DELIVER THESE FUNCTIONS
Auditing	<ul style="list-style-type: none"> - Auditing operations, finances and financial systems (both internal and external) - Auditing the services/activities operations, finance and financial systems (both internal and external audit) - Monitoring and auditing services/activities partner finances
Governance, including Risk Management	<ul style="list-style-type: none"> - Operating a governing body (eg a Board or Executive Committee) and servicing this body to fulfill its duties - Ensuring that the NGO can operate legally in the jurisdiction and that it complies with all relevant laws, regulations and jurisdiction specific requirements - Maintaining and applying the organisational frameworks and policies required to enable the agency to operate in the service ecosystem, including but not limited to: risk management policy and framework, the procurement policy, the financial control policies and frameworks, the employment policies, the due diligence framework, other necessary compliance policies, the quality control policies and frameworks - Developing and maintaining the global systems required to ensure the effective and efficient delivery of the agency’s functions e.g. the underlying organisation communications network, security and communications platforms - Establishing and maintaining the finance, procurement, payroll and administration policies, systems, controls and staff capabilities that enable delivery of the services/activities and governance of the organisation - Developing and maintaining the agency’s strategies, plans, financial models, master budgets, forecasting and reporting frameworks - Maintaining the plans, budgets and forecasts for individual services/activities - Ensuring the services/activities comply with specific legal requirements relevant to its activities - Ensuring that the services/activities comply with all funder requirements - Insuring the services/activities and the entity

APPENDIX 2

SUMMARY ANALYSIS OF FEEDBACK ON DEFINING AND ASSESSING VALUE FOR MONEY OF HUMAN SERVICES PROPOSALS

Key Issue: Current ACT Government Value for Money guidance materials provide general advice on defining and assessing value for money when procuring goods and services. This general advice supports compliance with the Procurement Act and relevant regulations. It provides a necessary but not sufficient framework for defining and assessing value for money of human services procurements because the guidance material is silent on the policy objectives human services procurements are intended to deliver.

Scope of services to include in implementation of this material:

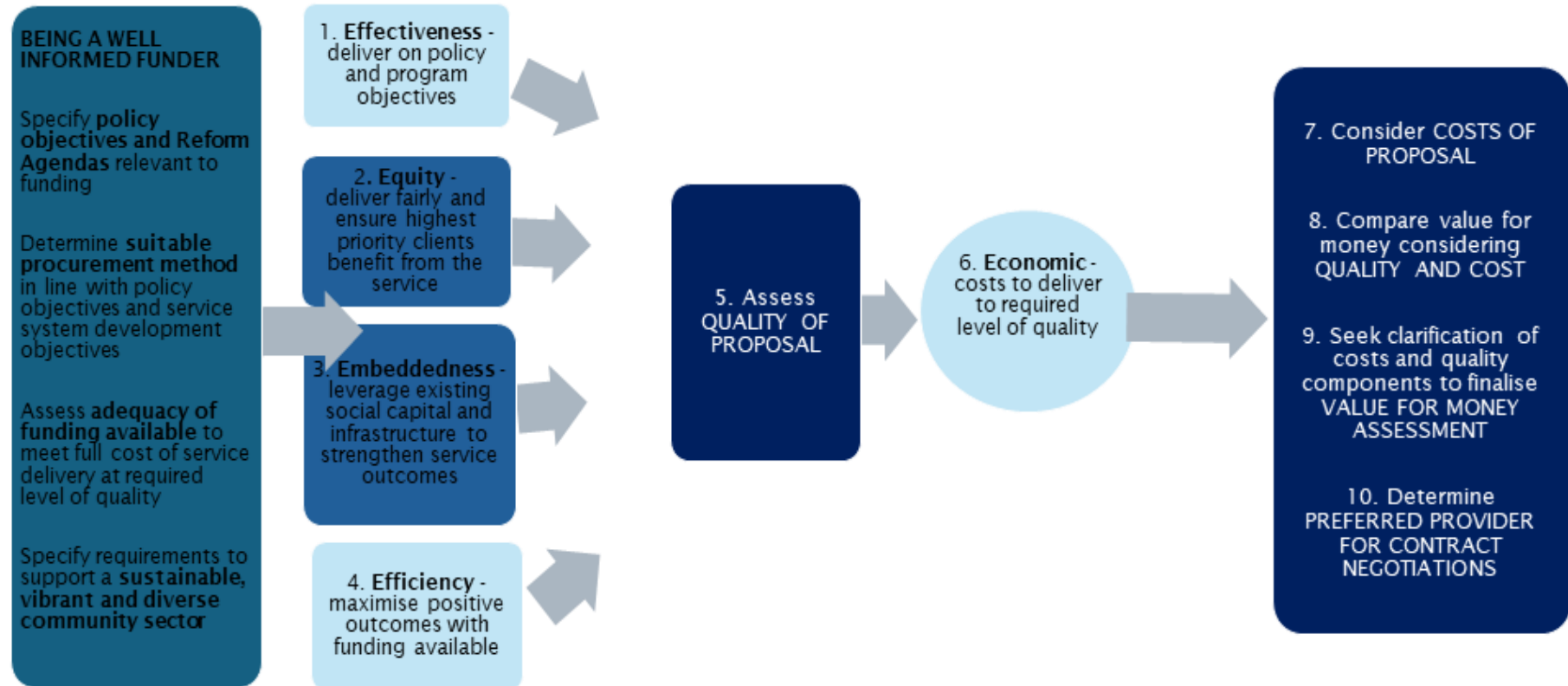
The material presented in the workshop briefing materials was designed to be incorporated into guidance material to people responsible for evaluating human services proposals – generated through either procurement or grant activities – to ensure a consistent understanding of all the financial and non-financial factors that should be considered in Value for Money assessments.

The scope of services/programs that are defined by ACT Government as Human Services was published in February 2023 in the ACT Government Response to the Counting the Costs Report and Recommendations: *Services that provide support for a safe, healthy, inclusive community and in maintaining and promoting its quality of life. That support spans NGOs funded to deliver services across many sectors including safety, emergency and material aid, physical and mental health, housing, child and family, legal, employment, transit, education, recreation and culture. Human services contribute to daily living, to enable individuals, families and other groups in the community to develop, cope, function and contribute.* (p10)

Key Messages from Consultations:

1. There is a need to grow confidence in the knowledge and capability of ACT Government Officials to operate as a well-informed funder
2. The policy objectives of Program funding and Sector Sustainability, including ACT Government commitments to Closing the Gap Priority Reforms and the ACT Government Human Services Reform Agenda 2020-2030, need to guide decisions regarding procurement method, be clearly articulated in procurement and grant documentation and fully understood by the Evaluation team.
3. A streamlined, more fit for purpose, approach to expanding the criteria for assessing value for money would be supported. A schematic representation of a revised approach to assessing value for money for human services is provided in the diagram below, and more detailed feedback on each criteria is provided on the following pages.
4. The existing general criteria for value for money (Economic, Efficiency and Effectiveness) were suitable to include, but should be weighted according to relevance to human services procurement
5. Effectiveness came through as the top order criteria, but there is a need to build a better mutual understanding of what information is required to be included in proposals to demonstrate effectiveness and how evaluation teams should assess this criteria
6. Additional specific criteria for assessing value for money in human services procurement presented in the workshop briefing materials (Equity and Embeddedness) were considered highly relevant and important to include in guidance material when evaluating human service proposals
7. The effectiveness, equity, embeddedness and efficiency criteria assess the quality of the proposal, and this should be assessed prior to assessing the economic criteria that focus on the cost of the proposal
8. The same evaluation team needs to assess all criteria
9. The evaluation team should seek clarification on the cost and quality components from proponents when the evaluation scores across different proposals are very close

The Diagram below brings together the feedback provided in consultations and could be used to guide development of more detailed fit for purpose resources to guide assessment of value for money in procurement and granting of human services by the ACT Government.



More detailed feedback was provided at the workshop on the five criteria for assessing value for money of a human services proposal, as outlined in Attachment A.

Data issues raised in consultations :

- Data needs a central place for collection and storage, and clear custodianship
- Would be great if government could fund NGOs to improve data collection and reporting
- Should not be able to add data fields after the contract is negotiated without agreeing how the additional costs to be incurred will be recovered
- The Human Services Reform Framework and Commissioning Roadmap identify valuing data as a reform priority. What does valuing data mean in practice?

Other issues raised in consultations:

- Need to incorporate focus on strengthening Human Services System when conducting procurements
- Need better information about:
 - current service system
 - enablers and barriers to workforce recruitment and retention
 - met and unmet needs
 - definition of innovation
 - government evidence requirements
- Need expertise in incorporating into RFQ/Grant design a focus on improving integration in human services system, and strengthening Community Services Industry capacity, sustainability, and innovation

FOLLOW UP QUESTIONS:

Do you have anything to add to the further points for consideration in Attachment A and in the dot points above?

Do you agree with the advice on the technical expertise that is required when evaluating human services proposals?

DEFINITION	FURTHER POINTS FOR CONSIDERATION	TECHNICAL EXPERTISE REQUIRED IN EVALUATION TEAM
<p>EFFECTIVENESS – This is the evidence that the proposed approach will deliver on policy and program objectives and community needs</p>	<p>What evidence would be considered credible and sufficient?</p> <p>Evidence requirements need to be developed with sub sector</p> <p>Needs to not only rely on traditional hierarchy of evidence which prioritises Randomised Control Trials etc.</p> <p>Do not rank the evidence according to the hierarchy in the CYFP paper, need scope to value different evidence types equally. This is critical because so much of human services is under-researched, has emerging practice and/or different types of knowledges are under-valued.</p> <p>Look at data beyond academically produced evidence – value lived experience evidence.</p> <p>Consider person centred data</p> <p>How is innovation defined?</p> <p>Need clear definitions of outputs and outcomes, and direct and indirect impacts to support assessment of proposals on consistent basis and against transparent criteria</p> <p>Should be able to present the service offering as delivering on prevention ‘and/or’ early intervention</p>	<p>Yes – expertise in assessing:</p> <ul style="list-style-type: none"> • The maturity of the service system – eg well established, newly developed? • Dependencies across the human services system – eg does an effective service require co-operation, co-ordination, collaboration and/or co-investment? • Strength of evidence regarding demand and capacity of service system to meet this demand • Alignment of service model with problem to be addressed • Different proposed approaches against consistent criteria
<p>EQUITY – This is the evidence that the service will be delivered fairly and ensure highest priority communities, groups and/or individuals benefit from the service</p>	<p>The funder needs to be a well informed procurer of services – with expertise in the policy issues and service delivery challenges for the Program being procured/granted</p>	<p>Yes – panels require access to information that supports them in understanding:</p> <ul style="list-style-type: none"> • Identifying at risk and under-served communities • Monitoring community need and demographic factors driving need <p>And expertise in assessing capacity of proposed approach to:</p> <ul style="list-style-type: none"> • Improving equity in health and life outcomes for priority population groups

DEFINITION	FURTHER POINTS FOR CONSIDERATION	TECHNICAL EXPERTISE REQUIRED IN EVALUATION TEAM
<p>EMBEDDEDNESS – This is identifying whether the proposal demonstrates that existing social capital and infrastructure will be leveraged to strengthen service outcomes</p>	<p>Need to mitigate risk of concentrating services and creating barriers to new services being established</p> <p>Embeddedness with which demographic? – should be determined by community need and community voice not Government</p>	<p>Yes – expertise in</p> <ul style="list-style-type: none"> • Assessing social capital vested in NGO presenting proposal • Considering how the NGO would add value to meeting community needs, eg: <ul style="list-style-type: none"> ○ Improve integration across the service systems to support seamless and holistic care, and transitions between services. ○ Reduce pressure on our hospitals and other crisis services, such as health, homelessness or statutory services for children, young people, and families, by prioritising prevention and early support ○ The organisation has existing infrastructure/social capital that will add value to the ACT Government funding to increase the reach, effectiveness and/or outcomes of the services
<p>EFFICIENCY – This is maximising the positive outcomes with the funding available</p>	<p>In addition to general understanding of efficiency, Consumers need choice to use more than one service as well as choice between services – how will this be assured in the development of RFQs and Grant Guidelines?</p> <p>Needs to be both NGO and Government accountability re alignment of funding available and level of need.</p> <p>What are the pathways to increased community control?</p> <p>Long term investment needed to sustain information sharing and data collaboration.</p>	<p>Yes Expertise in assessing whether acceptance of a proposal/mix of proposals from NGOs will ensure:</p> <ul style="list-style-type: none"> • Access to choice of service offerings and control of service arrangements by people eligible for the service • Furthering self-determination of Aboriginal and Torres Strait Islander people and communities • Use of data and research that drives investment and outcomes

DEFINITION	FURTHER POINTS FOR CONSIDERATION	TECHNICAL EXPERTISE REQUIRED IN EVALUATION TEAM
<p>ECONOMIC - This is the cost to deliver the service at the required level of quality</p>	<p>How do you determine and make clear in RFQ the “required level of quality”?</p> <p>Full recovery of all costs is critical to sustainable delivery – how will this be considered?</p> <p>Indexation and contract lengths most important factors in recruiting and retaining suitably qualified workforce</p>	<p>Yes – understanding of the starvation cycle and access to information about accurately costing the following expenses in delivery of human services:</p> <ul style="list-style-type: none"> • Recruitment and retention of a suitably qualified workforce • Renewal of ICT hardware and software to report data, conduct evaluations, manage human resources and ensure cyber security • Human resources to collect, use, analyse, report and share data relevant to monitoring client and service system outputs, outcomes and impacts • Sustaining inter-sector and cross-sector information sharing, collaboration and partnerships • Participation in the ongoing cycle of Commissioning, including contributing to research and policy reform to improve human services

APPENDIX 3

SUMMARY ANALYSIS OF FEEDBACK ON SHARING RISKS IN LONG TERM PARTNERSHIP OF ACT GOVERNMENT AND NON-GOVERNMENT ORGANISATIONS TO FUND AND DELIVER HUMAN SERVICES

Key Issue:

Current ACT Government risk management tools and templates do not provide sufficient scope to document, control and treat the risks that are shared by ACT Government and Non-Government Organisation (NGO) partners when delivering human services. Current risk management tools and templates are designed for separate risk management approaches by Government and NGOs and are designed for shorter term funding arrangements than will become the norm as more human services complete a commissioning cycle.

Scope of services to include in implementation of this material:

The material presented at the Workshop focused on management of shared risk in commissioning of human services.

The scope of services/programs that are defined by ACT Government as Human Services was published in February 2023 in the ACT Government Response to the Counting the Costs Report and Recommendations: *Services that provide support for a safe, healthy, inclusive community and in maintaining and promoting its quality of life. That support spans NGOs funded to deliver services across many sectors including safety, emergency and material aid, physical and mental health, housing, child and family, legal, employment, transit, education, recreation and culture. Human services contribute to daily living, to enable individuals, families and other groups in the community to develop, cope, function and contribute.* (p10)

Key Messages from Consultations:

1. Workshop participants identified a number of systemic issues impacting on sharing risks in human services delivery:
 - How are whole of system risks monitored, controlled, and treated? This is the role of funder as system “steward” and should be done in partnership with peak bodies, providers and service user representatives. In current approach to Commissioning there is limited visibility or management of cross service system risks that can be impacted positively or negatively by procurement/grant decisions
 - Human service delivery, particularly with people who experience high levels of deprivation, exclusion, intersectional vulnerability, and complexity of need, is inherently risky. The quality and regulatory compliance requirements for human services are designed to support management of risks, and successful compliance with these requirements should be recognised by funders as a significant measure of effective risk management
 - Each party carries a different level of risk, and current procurement and funding management processes assume providers will be responsible for all service delivery risks. This is not consistent with the intention to shift to a model of NGOs as partners with ACT Government in service delivery
 - Current risk management tools assume risk controls/treatments should be separately designed by funders and providers, so risks are not jointly identified, management plans are developed separately, and controls/treatments are implemented unilaterally
 - Risk documentation focuses on current risks, not potential future risks within the period of the funding agreement eg demand growing beyond funding availability

2. Human Services risk management frameworks need to be based on a mutual commitment to reciprocity in the relationship and sharing power in decision-making.
3. It would be valuable to develop a template to identify, document, assess, control and treat shared risks between funder and provider during the delivery of human services would be valuable.
4. It will be important to work with insurers to identify any limits on and opportunities to improve sharing of risks between funders and providers.

Feedback on relevance of definition of Shared Risks from Commonwealth Department of Finance:

Workshop participants welcomed a discussion about an agreed definition of shared risks between ACT Government funders and NGO providers of human services. Workshop participants indicated the definition below, sourced from the Commonwealth Department of Finance guidance material on risk management, provided a useful starting point for agreeing what risks are shared. The points of emphasis in the definition below show where workshop participants saw alignment with their priorities for agreeing a definition of shared risks.

“Shared risks are those risks with **no single owner**, where **more than one entity is exposed to or can significantly influence the risk**. These include risks that extend across entities and may involve other jurisdictions.

Although they will differ in scale and nature, shared risks have a number of distinguishing characteristics.

- A shared risk may have no naturally apparent owner. Unlike simpler risks, **no one entity may be able to manage the risk on their own**.
- Shared risks often **require a network of distributed responsibilities and relationships**.
- Shared risks can have **complex causes, and can be influenced by the actions (or inaction) of a range of participants** in different ways.
- Should a shared risk be realised, they **can affect different organisations in different ways, and can have complex and widespread impacts**.

...The management of shared risks should be agreed by all parties involved. **Accountability and responsibility for the management of these risks should be identified and accepted by those best positioned to manage them.**^[1]

Feedback on Shared Risks to be managed jointly by ACT Government and NGOs in delivery of Human Services

8 key risks in long term cross-sectoral partnerships were outlined in the briefing materials, capturing insights from a systematic literature review of 159 articles on evaluation of Public Private Partnerships (PPPs) between government funders and non-government providers of services^[2].

These 8 risks were agreed to be relevant to the credibility and sustainability of the long term partnership of ACT Government and NGOs to deliver human services in the ACT, and to ensuring reputation and community wellbeing are maintained

- Contract Risks
- Resource Risks
- Risks to Objectives
- Risks in the Operating Environment
- Commitment Risks
- Risks to the Structure of the partnership
- Communication Risks
- Trust/Monitoring Risks

When invited to specify the top three risks most people consulted said it was preferable to consider all 8 risks as equally important to understand and mitigate through a shared responsibility agreement.

An additional risk was recommended to be added to the list: Intersectional Risks.

A summary is provided below of these 9 shared risks, the issues regarding these risks raised in consultations, the potential mitigations identified in the literature and the additional mitigations identified in consultations.

FOLLOW UP QUESTIONS:

Do you agree with the addition of the Intersectional Risk category?

Do you have anything to add to the material presented on the 9 shared risks?

^[1] [Element 6: Shared Risks | Department of Finance](#)

^[2] [Full article: Risks in Public–Private Partnerships: A Systematic Literature Review of Risk Factors, Their Impact and Risk Mitigation Strategies \(tandfonline.com\)](#)

Shared Risk in long term partnership from literature	Current Issues in managing shared risk raised in consultations	Potential Mitigations from literature	Mitigations identified in consultations
<p><u>Contract</u> risks include:</p> <ul style="list-style-type: none"> • negotiation - the duration of negotiations , insufficient processes for getting a contractual agreement, asymmetric information flow and imperfect information • Incompleteness - In long-term partnerships, contractual arrangements need to cover a long period and it is not possible to define a “complete” contract considering all relevant aspects and future incidents • Contractual design - an absence of flexibility to allow changes, lacking details or missing transparency of contractual contents 	<p>The standard clause in funding agreements states the funded NGO indemnifies the ACT Government against liability for costs. This increases risk and insurance costs for NGOs when unexpected costs are incurred from brokered services, and these costs are not able to be fully recovered at current funding levels</p>	<p>These risks can be mitigated by including in contract:</p> <ul style="list-style-type: none"> • Agreed mechanisms to flag changing circumstances and agreed roles when responding to changing circumstances; • Yearly opportunity to negotiate amendments to contract; • Exit procedures agreed in contract 	<p>ACT Government agrees circumstances and processes through which standard contract clauses can be refined to ensure contract is fit for purpose in a partnership between ACT Government and NGOs in human service commissioning.</p> <p>Government a more well-informed purchaser of what level of service can be provided with the funding available</p> <p>Data collection in all phases of Commissioning includes monitoring unmet demand and changing needs and/or evidence of effective service models</p> <p>Annual reviews to monitor the risk of changes in costs of delivering services to meet program objectives, and shared responsibility for responding to service access and quality gaps.</p>

Shared Risk in long term partnership from literature	Current Issues in managing shared risk raised in consultations	Potential Mitigations from literature	Mitigations identified in consultations
<p><u>Resource</u> risks include:</p> <ul style="list-style-type: none"> Financial - cost overrun due to poor initial cost estimates, lack of finance for future capital investment Workforce – supply of qualified staff, capability to operate in collaborative arrangement Different expectations of timeframes for outcome – short term vs long term return on investment 	<p>Risks in competing/ conflicting priorities between funder and supplier eg Sometimes government objectives are not consistent with provider understanding of what level of funding is required to meet community needs</p> <p>Data frameworks and reporting tools focus on inputs and outputs, not outcomes/impacts</p> <p>Baseline pricing does not account for changes in the operating environment during multi-year funding arrangements.</p>	<p>These risks can be mitigated by:</p> <ul style="list-style-type: none"> Clear and consistent budget reporting, Partners supporting each other in terms of workforce recruiting, keeping the right people, consulting internal experts or referring to external advisors, regular and individualized workforce training and permanent education offerings Detailed time schedule, milestones, and fixed deadlines, penalties for late project completion or incentives for on-time delivery 	<p>Reset baseline funding to address baked in gaps in funding across all functions as a result of three cost drivers:</p> <ul style="list-style-type: none"> - Inflation - Expanded expectations (eg cyber security, regulatory compliance) - Population growth
<p>Risks to <u>Objectives</u> include:</p> <ul style="list-style-type: none"> Conflicting goals – short term vs long term outcomes, financial return, public value impacts Strategic misalignment – different approach to achieving shared objective Lack of clarity re goals and strategies - uncertainty about the expected outcome, unclear goal setting or unclear policies 	<p>Lack of clarity on what is to be purchased can lead to misalignment of objectives between funder and provider</p> <p>Information and data collection not clear in investment phase and/or unfunded and/or requirements change during funding period</p>	<p>These risks can be mitigated by:</p> <ul style="list-style-type: none"> Documentation of goals of each party A common vision is communicated to internal and external stakeholders and maintained by the partners Setting milestones and assuring regular negotiations Contract states all goals, strategy to deliver on goals, values, assets and management responsibilities 	<p>Tools and templates are consistently used across all human services</p> <p>Increase data literacy and capability in both funder and provider</p> <p>Costs of data collection included in Program funding</p>

Shared Risk in long term partnership from literature	Current Issues in managing shared risk raised in consultations	Potential Mitigations from literature	Mitigations identified in consultations
<p>Risks in the <u>Operating Environment</u>:</p> <ul style="list-style-type: none"> • Political risks • Demand/revenue risks • Risks related to a competitive environment • Unpredictable incidents 	<p>Commonwealth and ACT Government funding decisions changing service ecosystem but no cross-jurisdiction or intra-jurisdiction co-ordination to plan, design, deliver, monitor and evaluate changes.</p> <p>No stewardship of funding across different Programs – including multiple ACT Government funding contracts to same NGO</p> <p>The risk of additional costs to other parts of the service system eg in crisis services, is not visible to or financially attributed to the Program that is not able to be provided to all people eligible for the service</p>	<p>These risks can be mitigated by:</p> <ul style="list-style-type: none"> • Engagement of and visibility to key political stakeholders • Partners are highly experienced in the operating environment • Pre-planning risks and responses to economic, financial, legal and political complexities 	<p>NGO is able to have a single relationship manager for all ACT Gov funding contracts</p> <p>Commissioning cycles are co-ordinated across Programs to minimise risks</p> <p>Shared governance by NGOs and ACT Gov of ongoing risk identification, control and treatment in Programs</p> <p>Guidelines to funding managers in NGO and in ACT Gov to support best practice in scanning for significant changes in input costs</p> <p>Allocation of funds in Program to manage costs associated with responding to risks not anticipated in investment phase</p>

Shared Risk in long term partnership from literature	Current Issues in managing shared risk raised in consultations	Potential Mitigations from literature	Mitigations identified in consultations
<p><u>Commitment risks:</u></p> <ul style="list-style-type: none"> • Lack of identification with project - partners may have an incentive to run a partnership only to serve their own interests before meeting the stated mutual objectives • Engagement - a lack of motivation, unwillingness to collaborate, reluctance to take risks or to invest 	<p>If funding is inadequate to meet needs of people eligible for the service then:</p> <ul style="list-style-type: none"> • The NGO provider carries the reputation risk of denying services such as negative commentary on the accessibility and effectiveness of the service offering • People eligible for the service suffer from the risk of escalation of needs and reduction in quality of life whilst they await access • Visibility of intersectional needs and costs of meeting needs for higher risk individuals/groups, lack of visibility of barrier to access because of higher risk 	<p>These risks can be mitigated by:</p> <ul style="list-style-type: none"> • Freedom for both partners and determine incentives and rules for collaboration • Willingness to compromise and to collaborate • Penalties for non-delivery by either party • Managers work together collaboratively, especially when circumstances change 	<p>Annual Review of funding agreement includes focus on current issues in managing shared risks, and reviews of shared responsibility for risk management occur more frequently when circumstances have changed significantly.</p>

Shared Risk in long term partnership from literature	Current Issues in managing shared risk raised in consultations	Potential Mitigations from literature	Mitigations identified in consultations
<p>Risks to the <u>Structure of the partnership</u>:</p> <ul style="list-style-type: none"> • Roles – differences in roles and responsibilities not understood by all parties • Decision-making - complexity or insufficient advancement of decision-making processes, different strategies or divergent expectations of partners, the lack of a harmonized decision-making process and the inadequate integration of project members in these processes • Co-ordination – lack of co-ordination, lack of mechanisms to support co-ordination and incompatible management structures <p>These risks are important to identify and address promptly because they have significant impacts on credibility and sustainability of the partnership:</p> <ul style="list-style-type: none"> • unfair distribution of power, reducing value-add of partnership • avoidance of responsibility for deadlines or budgets • impaired progress towards goals • inefficiently used or wasted resources 	<p>Funding managers do not have an appropriate level of delegation to negotiate sharing of risks, including when risk appetite is different between funder and provider</p> <p>Service delivery gap due to delay in decisions about funding allocations</p> <p>Lose skilled workforce when continuity of funding is uncertain</p> <p>Service continuity relies on provider capacity to manage costs of delay in future funding</p> <p>Smaller organisations unable to sustain operations through period of funding uncertainty</p>	<p>These risks can be mitigated by:</p> <ul style="list-style-type: none"> • clearly defining roles and responsibilities across all levels of delivery (operational, tactical, strategic) • democratic and participative approaches helped to enable more open discussions and to build trust • appropriate and timely decision-making mechanisms • Deliverables realistic as possible and need to monitor and evaluate them constantly 	<p>Funding Managers need to be appointed at a level with appropriate level of delegation to resolve issues promptly</p> <p>Need to invest in relationship building before procurement stage.</p> <p>Procurement stage needs to be developed together in consultation.</p> <p>Timelines are realistic, and 6 months notice given if timing of investment phase of commissioning cycle will change</p> <p>Transition arrangements are fully funded and of sufficient length of time provided to enable appropriate wind down/set up/start up investment and implementation</p>

Shared Risk in long term partnership from literature	Current Issues in managing shared risk raised in consultations	Potential Mitigations from literature	Mitigations identified in consultations
<p><u>Communication</u> risks include:</p> <ul style="list-style-type: none"> • Interactions – barriers include the lack of communication, the intensity of interaction, the complexity of communication processes, the lack of interpersonal communication, and differences in language, culture or power • Sharing information - information asymmetry, the handling of confidential information and the quality of information flow • Timeliness - Especially at the beginning, before the contracts are signed and the working phase starts, partners might not focus sufficiently on communication 	<p>Need a shared language, shared capability development and two-way information flow to ensure risks are visible to all parties and roles/responsibilities to control and treat risks are negotiated effectively</p> <p>ICT infrastructure, software and capability not funded</p> <p>There is inadequate guidance on enabling mutual accountability – need funding management templates to support shared risk management and enable prompt escalation and resolution of disputes regarding responsibilities to ensure effective risk management; also need data collection to include monitoring for unmet need</p> <p>Don't understand or adopt best practice in sharing risks</p>	<p>These risks risk can be mitigated by:</p> <ul style="list-style-type: none"> • Regular meetings – more at beginning, less frequent once well established • Formally agreed information exchange or information sharing between partners • Adequate skills in each partner to understand and promote their ambitions and interests 	<p>Consistent definition and shared language re sharing risks</p> <p>Consistent tools to document risk management</p> <p>Agreed data governance framework</p> <p>Reporting requirements included in RFQ/Grant Guidelines</p> <p>Shared capability development that includes funders, providers and service user groups</p>

Shared Risk in long term partnership from literature	Current Issues in managing shared risk raised in consultations	Potential Mitigations from literature	Mitigations identified in consultations
<p><u>Trust/Monitoring</u> risks include:</p> <ul style="list-style-type: none"> Monitoring – enough monitoring capacity to ensure the right quality output Building – sufficient trust without leading to neglect of monitoring responsibilities Transparency – to enable exchange of sensitive information to identify risks and emerging problems 	<p>Limited capacity to automate data and report analysis</p> <p>No data to inform current monitoring or future planning of Human Service delivery, particularly with people who experience high levels of deprivation, exclusion, intersectional vulnerability and complexity of need, is inherently risky.</p> <p>The quality and regulatory compliance requirements for human services are designed to support management of risks, and successful compliance with these requirements should be recognised by funders as a significant measure of effective risk management.</p>	<p>These risks can be mitigated by:</p> <ul style="list-style-type: none"> sharing of information mutual understanding formal and informal meetings supported practical collaboration among the partners open and honest communication clear roles and responsibilities for all partners 	<p>Articulation of a principles and strengths based approach, along with high quality assessment process, reduces risks for funders, providers and improves outcomes for people accessing services</p> <p>Any changes in reporting requirements are funded</p> <p>Program funding includes allocation for full recovery of ICT costs</p> <p>Agreed approach to collecting unmet needs data included in RFQ/Grant Guidelines and funded by Program</p>
<p><u>Intersectional</u> risks include:</p> <ul style="list-style-type: none"> Unconscious Bias Discrimination (racism, sexism, ablism, ageism, gender normism, homophobia) Re-traumatising models and practices 	<p>Shared management of this risk will support addressing gaps and barriers in service provision for people who experience these risks and for services proactively counteracting these risks when they are not visible and/or valued in service data reporting, evaluations and/or service system development.</p>	<p>These risks can be mitigated by:</p> <ul style="list-style-type: none"> Recognising gaps in research and evidence base and not applying evidence hierarchy inappropriately when assessing service proposals (during procurement or grant processes) Preferencing community-led design and delivery models Cultural Competency given preference in procurement and grant criteria and when assessing value for money Intersectional capability development 	

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