

The prime provider model

An opportunity for better public service delivery?

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May 2014

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In 2013 the Centre for Public Policy became part of the Melbourne School of Government.

The project which led to this paper took place under the auspices of the Brotherhood of St Laurence partnership with the School of Social and Political Sciences

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Published by

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www.unimelb.edu.au/

ISSN 1832-4339
ISBN 978-1-921623-45-5

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Contents

Executive summary	5
Introduction	6
Evolving role of the public sector	6
What is the prime provider model?	6
Factors driving the adoption of prime or lead provider models	9
Fiscal challenges	9
Welfare reform and wicked social problems	9
Service fragmentation	10
Hybrid and networked government	10
Research method	11
Findings from the literature	11
Current examples of prime or lead provider models for public services	12
International approaches	12
Approaches in Australia	13
Perceived benefits or advantages of prime provider models	14
Increased coordination of, and collaboration between, local providers	14
Reduced administrative and monitoring costs for government	14
Enhanced opportunities resulting from economies of scale	15
Key benefits of a prime provider approach from a not-for-profit perspective	16
Challenges and perceived risks of prime provider models	16
Hollowing out of government	17
Provider/market failure	17
Squeezing out of smaller providers and loss of social capital	17
Implications	18
Conclusion	21
Appendix 1: Case study – Home Interaction Program for Parents and Youngsters	22
Appendix 2: Case study – Work and Learning Centres	28
Appendix 3: Case study – Saver Plus	34
References	39

Executive summary

Since governments began outsourcing services in the 1990s there has been considerable experimentation with different commissioning approaches. At a time of fiscal restraint and reductions in the size of the public sector, governments are exploring new service delivery models, particularly those that are seen to increase coordination in addressing complex policy problems, known as ‘wicked’ problems. One model that is receiving attention is the prime provider approach. This is an approach where government contracts with a lead or prime provider which in turn takes responsibility for organising and managing service delivery through a group of subcontractors or providers who are specialised and/or local suppliers.

Prime provider models operate in a range of health and welfare sectors. In Australia, a prominent lead provider model is the Communities for Children (CfC) initiative operating in 45 disadvantaged communities across Australia. Other examples of prime provider approaches in Australia include headspace and Partners in Recovery. The Brotherhood of St Laurence has been involved in developing innovative service models that operate within a prime provider framework.

The prime provider models in Australia tend to be locally based, partnership-type approaches delivering services to a specific client group. Many have been initiated by community or not-for-profit organisations rather than being driven by government. In contrast, internationally, prime provider models have been driven by government and developed as large-scale, commercial contracts that have attracted significant interest from large, for-profit companies. For example, the estimated cost of the UK Work Programme is £3 billion to £5 billion over five years (Finn, 2013).

The perceived benefits of prime provider models for government include greater coordination of local specialist providers, reduced administrative costs and enhanced opportunities for innovative service delivery resulting from economies of scale. The challenges for government in these approaches relate to the hollowing out of capabilities and provider or market failure. In addition, prime providers themselves are faced with challenges relating to managing potential risks and liabilities as well as contract and performance management.

From the experience of the Brotherhood of St Laurence, some of the perceived benefits of prime provider models for the not-for-profit sector include the capacity to scale up innovative programs, opportunities for partnerships and collaborations with other organisations and communities, and enhanced capacity to garner community support and involve volunteers and service users in delivery. The challenges for the not-for-profit sector lie particularly in reputational risk, the potential squeezing out of smaller not-for-profit providers in larger, commercial contracts that require a high level of capital, and managing changing expectations from government when public servants struggle to adapt to a new regime wherein knowledge gathering and service monitoring is predominantly undertaken by the prime.

While there is evidence to suggest that some prime provider models have resulted in better coordinated local service systems, for example CfC (Muir, Katz, Edwards, Gray, Wise & Hayes, 2010), the empirical data on the effectiveness of the prime provider model overall is limited (Baulderstone & Earles, 2009; Earles & Baulderstone, 2012; Purcal, Spooner & Thomson, 2010).

A research project involving a partnership between the University of Melbourne and the Brotherhood of St Laurence will examine prime provider models and explore a range of issues, including how these models affect the relationships between the actors in these service delivery arrangements. The aim is to gather empirical data relating to the effectiveness of prime provider service delivery models, in this emerging and as yet under-researched area.

Introduction

The University of Melbourne in partnership with the Brotherhood of St Laurence is developing a research program that aims to critically examine ‘prime’ or ‘lead’ provider models of public service delivery. This discussion paper forms part of the initial exploration and provides an overview of the factors driving the adoption of prime provider models, the current approaches that have been observed in Australia and overseas and a brief analysis of the perceived benefits and challenges. We also present four cases from the Brotherhood of St Laurence of the prime provider model in practice, reflecting different policy areas and relating to different levels of government. From this discussion we set out a series of questions to guide the program of research.

Evolving role of the public sector

The way we understand government and the delivery of public services has been changing in the past few decades (Osborne & Gaebler, 1992). In Australia, competitive tendering and contracting has been increasingly used as an instrument of public sector reform since Compulsory Competitive Tendering was introduced in Victoria 1994 (Domberger, 1994; O’Flynn, 2007). The rise of the new public management (NPM) philosophy in the 1990s presented a major strategic and cultural shift in the way public services are defined and delivered (Alford & O’Flynn, 2012; Considine, 2000, 2001; O’Flynn, 2007). The NPM agenda includes measures such as privatisation, corporate management and the establishment of market-type approaches (Carson & Kerr 2010; Lyons & Passey, 2006). Underpinning NPM is the notion that government bureaucracies are too inflexible to cope with the demands of modern economies and that incorporating private agencies in the delivery of public services produces cost-effective outcomes (Anheier, 2009; Considine, 2000, 2001; Eardley, 2003a; Hood, 2000; Lyons, 2007; Ramia & Carney, 2003).

As governments have been increasingly contracting out services, the role of the public sector in Australia has been evolving from ‘doing’ to more of an ‘enabling’ role (APSC, 2009). Otherwise described as ‘steering not rowing’, this approach gives the public sector the responsibility for ensuring that government policy intentions are implemented through services provided by non-government entities, whether they be for-profit or not-for-profit organisations (Denhardt & Denhardt, 2000; Osborne & Gaebler, 1992). The changing nature of the public sector and a desire to discover better and more efficient ways of delivering outcomes is creating an interest in exploring new models of service provision. One approach that is receiving increasing attention both in Australia and in other OECD countries is the prime or lead provider model.

What is the prime provider model?

A prime or lead provider model, also referred to as a prime contractor model, involves a commissioning approach where a government contract is awarded to a high-level organisation that has the responsibility of organising and managing a group of subcontractors/providers often called the supply chain (Armstrong et al., 2009; Finn, 2007, 2013). In more traditional purchaser/provider models, government purchases services that are delivered by either not-for-profit or for-profit providers (Deakin & Walsh, 1996). The prime provider model introduces a new dynamic into the purchasing arrangements, which involves a not-for-profit or a for-profit organisation taking on a role as purchaser/manager of public services. This creates a three-tier approach, for example the Communities for Children prime provider model involves ‘government as funder, not-for-profit as purchaser and not-for-profit, for-profit and government (at other levels) as providers’ (Baulderstone & Earles, 2009). This in turn brings new complexity into the relationships between the various

actors and gives non-government organisations, whether they are not-for-profit agencies or for-profit firms, a ‘quasi-governmental’ role (Purcal, Spooner & Thomson, 2010).

Different prime provider models have developed over the past decade in the area of health and welfare services. The diversity of models and terminology used to describe these approaches makes it difficult to identify which service delivery arrangements might be classified as prime provider models. Some arrangements are place-based partnership models, some are created through consortia and others develop as local area networks. Prime or lead provider approaches have emerged for different reasons: for example, Communities for Children was established in 2004 as part of the Stronger Families and Communities Strategy (2004–2008) and was driven by government. Moreover the impetus for increasing the scale of these models in some instances comes from government and in others comes from champions in the not-for-profit sector. In developing a typology for prime provider approaches, an examination of the following characteristics could prove useful:

Origin of the program: In some instances the prime provider model results from a specific government strategy or policy decision, including the decision to outsource public services. In other cases initiatives have developed from innovative pilot programs that have emerged as a result of a community need, with the prime provider model initiated/promoted by not-for-profit sector organisations.

Ownership type: There may be a variety of ownership types, including a single not-for-profit or for-profit organisation, a combination of not-for-profit and for-profit organisations and/or a combination of public, not-for-profit and for-profit organisations.

Scope: Prime provider models may operate at a national, state or regional level, or in various combinations of these levels.

Funding source: Funding may be derived directly from government and/or from a private sector partner, philanthropic grants and/or donations, fee-for-service arrangements or a combination of these.

Delivery partners: These may include a range of specialist providers operating on a fee-for-service basis, a local network of service providers organised for purpose, a consortium comprising various organisation types, or organisations designated as subcontractors; or in some instances the prime provider may elect to also deliver services directly.

Governance framework: Specific governance frameworks are often articulated in the relevant government contract or program guidelines and may include an Advisory Committee Structure involving relevant stakeholders. Some frameworks are underpinned by a ‘code of conduct’, as is the case in the UK Work Programme prime contractor model. In the United Kingdom, the Merlin Standard has been designed to ensure fair treatment of contractors, adherence to the code of conduct and to promote high performing supply chains (Finn, 2013). Prime contractors are contractually required to undergo a Merlin bi-annual assessment to gain and maintain accreditation.

Contract framework: This may include a formal funding contract or agreement, licence, subcontract, memorandum of understanding, etc. Furthermore, as noted above the payment arrangements may be structured in a variety of ways including block grants, fee for service or payments by outcomes/results.

When these factors are considered, prime provider approaches emerge as different hybrid organisational structures and relationships. Table 1 presents an initial typology for selected prime provider models currently operating in the health and welfare sector.

Table 1: Typology describing selected prime provider models

Program name and origin	Service sector	Ownership	Scope	Funding source	Delivery partners	Governance framework	Contract structure for delivery
UK Work Programme Program previously delivered by government	Employment services	15 for-profit, 2 not-for-profit and 1 public prime contractors	National (18 Contract Package Areas (CPA))	UK Government	Prime contractor direct delivery and subcontracting.	The Merlin Standard	Contract and subcontract – payment-by-results method (PbR)
headspace New initiative – emerged from the work of ORYGEN Research Centre	Mental health for young people	Not-for-profit entity established for purpose	National (64 sites)	Federal Gov. (Dept. of Health), and MBS/allied health funding	Subcontracting to consortia usually NGO and health sector consortia	National Office and Site Consortia	Subcontract and use of private psychologists' MBS funding and other allied health funding
Communities for Children New initiative in 2004	Family services/ parenting support	Not-for-profit organisations operating as 'facilitating partners'	Multi-state Operating in 45 areas	Federal Gov. (Dept. of Social Services)	Direct delivery and subcontracting to government and NGOs	Community advisory committee	Subcontracting through local agencies via funding agreements with block funding
HIPPY Innovative existing licensed program, scaled up	Early learning/ parenting support	Not-for-profit organisation as program developer	National (50 current sites + 50 new planned)	Federal Gov. (Dept. of Education)	Subcontracting to NGOs and direct delivery	Contract and advisory committee	Licensing and funding agreements
Saver Plus Innovative existing program, scaled up	Financial management/ education	Brotherhood of St Laurence (BSL) – private sector partnership as developer	National (60 sites)	Federal Gov. (Dept. of Social Services) and private sector	Subcontracting to NGOs and direct delivery	Tripartite governance involving NGO/private sector/ government	Partner and Service Delivery Agent funding agreements
Work and Learning Centres Innovative pilot	Employment and training	BSL as program developer	State (5 sites)	Victorian Gov. (Dept. of Human Services)	Subcontracting to NGOs and direct delivery	Contract and management advisory committee	Funding and service agreements and MOUs

Factors driving the adoption of prime or lead provider models

There are several factors driving the interest in prime or lead provider models from governments, including:

- the desire to achieve cost-effective outcomes for public services in an environment of fiscal restraint;
- welfare reform and the seemingly intractable nature of wicked social problems;
- the view that public service delivery has become fragmented and disjointed; and
- an emerging view of the potential of local community organisations to collaborate, leverage additional resources and more successfully engage citizens in co-production.

These issues are considered in more detail below:

Fiscal challenges

The Australian Government has made a commitment to reduce the federal budget deficit and this is likely to lead to austerity measures, accompanied by a renewed focus on accountability and reductions in the size of the public service. A National Commission of Audit has been asked to review the scope, efficiency and functions of the Commonwealth government. The commission, due to report in March 2014, will consider savings and efficiencies to improve the effectiveness and value for money of all Commonwealth expenditure (National Commission of Audit, 2013). The expectation is that the audit will result in further reform of the public sector and other measures designed to contain public expenditure (Jaensch, 2013). The pressure on budgets is widespread: an April 2013 Grattan Institute report notes that challenges exist for all Australian governments, with growing public expectations of government services, an anticipated slowdown in the mining boom, reduced tax revenue, and rising health and welfare costs (Daley, McGannon & Savage, 2013). Given the scale of spending on health and welfare services it is expected that new models of service delivery will be on the agenda.

Welfare reform and wicked social problems

Australia, like other western democracies, has been implementing welfare reform initiatives since the early 1990s. Concomitant to this is the exploration of ways to address seemingly intractable or 'wicked' social problems, including high rates of jobless families, youth homelessness, long-term unemployment, spatial disadvantage, economic and social marginalisation and entrenched poverty. Such problems have many interdependencies and often have multiple causes (Rittel & Weber, 1973). Because there are no clear solutions for wicked problems, governments need to explore different ways of addressing the issue and at the same time avoiding unintended consequences (APSC, 2007). The interrelated nature of social problems has driven attention on more collaborative approaches that include better coordination of service provision (APSC, 2007; Eggers & Goldsmith, 2004).

This has also driven a strong interest in place-based approaches focusing on finding local solutions to the unique problems experienced in specific disadvantaged communities (Bellefontaine & Wisener, 2011; Breeze, Cummings, Jackson, McInroy, Nolan, 2013; Byron, 2010; Centre for Community Child Health, 2011; Griggs, Whitworth, Walker, McLennan & Noble, 2008; Maddock,

2013; Telfer, 2013). Experiments with prime or lead provider models could be attractive in these situations because they can *potentially* combine the benefits of scale via the prime, and local knowledge via sub contractors, in this relationship.

Service fragmentation

An outcome of new public management style reforms has been the creation of more-fragmented public services, partly resulting from the competitive environment that has evolved and partly because of the difficulty that different levels of government and different government agencies have in working across boundaries (APSC, 2007; Alford & O'Flynn, 2012; Considine & Lewis, 2011; Gash, Panchamia, Sims & Hotson, 2013; O'Flynn, Blackman and Halligan, 2014). The term 'joined up government' is frequently used; and in Australia, attempts to realise this include measures such as 'one stop shops' such as Services Connect, administered by the Victoria Department of Human Services, or the Local Connections to Work initiatives operating in 17 Centrelink locations throughout Australia. Service fragmentation is fuelling a growing interest in new service delivery models that are perceived to sponsor greater cooperation and collaboration between diverse local service providers (APSC, 2007; O'Flynn, 2009; O'Flynn, Blackman and Halligan, 2014).

Hybrid and networked government

In Australia, governments use various mechanisms to deliver public health and welfare services, including direct service delivery through government agencies such as Centrelink as well as delivery through not-for-profit and for-profit non-government organisations using various commissioning approaches such as specific grants, licence and regulation and, in the case of the federally funded employment services, the establishment of a quasi-market.

The resultant hybrid arrangements for public services involving a diverse range of government and non-government agencies is sometimes described as a 'mixed economy' model of public and private participation (Considine, 2000). As these arrangements become more complex and diffuse there is an increasing focus on encouraging organisations to work more effectively together (APSC, 2007; Considine & Lewis, 2011).

The desire to create stronger connections within service networks brings into focus the concept of 'integrator' (Duckworth & Sotiropoulos, 2012; APSC, 2009). Duckworth & Sotiropoulos (2012) define an integrator as 'an organisation strategically deployed by the commissioner with specific responsibility for mapping and then assembling a network of local providers to achieve agreed outcomes' (Duckworth & Sotiropoulos, 2012). It should be noted that the role of integrator can be performed by a government department, a prime contractor or a third party not involved in service delivery (APSC, 2009).

Research method

In order to identify the prevalence of prime provider models, a comprehensive literature search was undertaken. The initial focus was on journals in the area of public policy and public administration research as well as third sector reviews, not-for-profit management and sector journals.

The second stage of the literature search focused on material available from government departments. For Australia this focused on the five key Commonwealth departments involved in delivering, funding and/or administering health and welfare services: the Department of Health, Department of Social Services, Department of Human Services, Department of Education and Department of Employment. Programs administered by the Victorian Department of Human Services were also examined.

A review of Australian Public Service Commission publications was conducted; this provided a good overview of the challenges confronting public commissioners. Further a search of reports and evaluations completed by the Australian National Audit Office was also undertaken.

A comprehensive search of think tanks and institutions revealed some useful reports among the grey literature, particularly in the United Kingdom and to a lesser extent in the United States. Research institutions, advocacy groups and think tanks examined in Australia included the Australia and New Zealand School of Government, the Centre for Policy Development, the Australian National Institute of Public Policy, the Australian Council of Social Service, the University of NSW Social Policy Research Centre, the Centre for Independent Studies and the Institute of Public Affairs. The research institutions/think tanks in the UK included the Institute for Government, the Serco Institute, 2020 Public Services Trust at the RSA, the National Institute of Economic and Social Research, the Third Sector Research Centre and the Centre for Economic and Social Inclusion. In the United States, institutions/think tanks included the Brookings Institution and the Nelson A Rockefeller Institute for Government.

Findings from the literature

The literature search confirmed the current lack of directed academic research in the specific area of prime provider approaches. There is considerable academic literature focusing on new public management and outsourcing of public services (Alford, 1993; Alford & Hughes, 2008; Alford & O'Flynn, 2012; Aulich & Hein, 2005; Brown, Potoski & Van Slyke, 2006; Considine, 1999, 2000, 2001, 2003, Considine & Lewis, 1999, 2011; Considine, Lewis & O'Sullivan, 2011; Davies, 2008; Domberger 1994; Fabian, 2010; Finn, 2000, 2008, 2009; Harris, 1999; Hood 1995, 1997, 2000; Levy, 2012; O'Flynn 2007; Quiggin, 1994; Ramia & Carney, 2003; Steane, 2008; Stewart, 1999; Van Slyke, 2002; Walker, Brewer, Boyne & Avellaneda, 2011).

There is also a significant body of literature that examines the impact of the contracting environment on not-for-profit organisations (Anheier, 2009; Austin, 2003; Bennett & Savani, 2011; Chen, Lune & Queen, 2013; Dees & Anderson, 2003; Eikenberry & Kluver; Frumkin & Andre-Clarke, 2000; Lecy & Van Slyke, 2013; Lipsky & Smith, 1989; Lyons, 2007; Marston & McDonald, 2006; Mendel, 2010; Ortmann & Schlesinger, 1997; Salamon, 1993; Smith & Lipsky, 1993; Stone & Ostrower, 2007; Wright, Marston & McDonald, 2011).

Some literature focuses on accountability issues associated with outsourcing (Barrett, 2000; Cameron, 2004; Cribb, 2006; Dart, 2004; Denhardt & Denhardt, 2000; Dubnick & Frederickson, 2010; Ferris, 1993; Mulgan, 2006) and there is an emerging body of literature that explores the

growing interest in collaborative and partnership approaches in service delivery (Millbourne, 2009; O'Flynn, 2009; O'Leary, Choi & Gerard, 2012; Smith, 2013; Winkworth & White, 2011).

While there is limited empirical data comparing commissioning approaches and prime provider models in particular, there is some academic literature that has reviewed elements of the Communities for Children lead agency or facilitating partner model (Baulderstone & Earles, 2009; Cortis, 2008; Earles & Baulderstone, 2012; Purcal, Spooner, & Thomson, 2010). However these studies conclude that further research is required on the impact of prime provider approaches. Purcal, Spooner and Thomson (2010) note that 'it cannot be conclusively determined whether the strengths in the facilitating partner model outweigh its weaknesses, compared to other funding models'.

Finally, the UK Department for Work and Pensions has produced a considerable number of research reports that focus on the prime provider / prime contractor approach in the area of welfare to work (Armstrong, Byrne, Patton & Horack, 2009; Armstrong, Byrne, Cummings & Gallen, 2010; Armstrong, Cummings, Jones & McConville, 2011; DWP, 2012; Finn, 2007; Lane, Foster, Gardiner, Lanceley & Purvis, 2013; Newton, Meager, Bertram, Corden, George, Lalani, Metcalf, Rolfe, Sainsbury & Weston, 2012). In the outsourcing of public services, this area appears to attract significant experimentation; consequently, the international examples of prime provider models showcased in this paper are welfare to work initiatives. These models are illustrative of prime provider type approaches and clearly do not constitute an exhaustive account of these models.

As mentioned, to date there has been fairly limited empirical research undertaken into prime provider models. In the next section we provide an overview of the current state of research including examples and the perceived benefits and advantages of these models. We then point to the challenges and perceived risks identified in the research to date.

Current examples of prime or lead provider models for public services

International approaches

United States

In the United States, welfare reform has increased the motivation and opportunity for different state agencies to test different service delivery models (Bryna Sangar, 2001). New York City (NYC) introduced a prime provider approach in 2000, contracting with 15 prime providers to deliver welfare to work services (Armstrong et al., 2009; Finn, 2009). Prime providers may deliver services either directly to clients through in-house service provision or through a range of subcontracted organisations. Since the establishment of the prime provider approach in NYC, the number of providers has declined: in 2009 there were just eight providers covering ten large contracts (Armstrong et al., 2009). It should be noted that although welfare to work programs have been outsourced in most US states since the introduction of Temporary Assistance to Needy Families (TANF) in 1996 (Finn, 2007), experimentation with prime provider models has been limited.

United Kingdom

In the United Kingdom, commissioning strategies include the 'prime provider' or 'prime contractor' models, as they are known, in health and social care and most recently in employment services. In the employment services arena, the Work Programme is a large-scale, national prime

provider model introduced in June 2011. For the purposes of commissioning, the UK is divided into very large geographical Contract Package Areas with 2–3 prime contractors operating in each area (Rees, Taylor & Damm, 2013). The UK Work Programme has a strong commercial focus and has attracted, larger scale, well-capitalised prime providers, the majority of which are multinational, commercial companies such as Ingeus, G4S and A4e (Finn, 2013; Rees et al., 2013). In order to bid, companies had to demonstrate that they had the financial strength to manage a payment-by-results contract and had an annual turnover of at least £20 million (Lane et al., 2013). It is estimated that the cost of the entire Work Programme will be between £3 billion and £5 billion and will assist 3 million participants over a five-year period (Finn, 2013).

This approach involved a rationalisation of government procurement, replacing almost all previous welfare to work programs administered by the Department for Work and Pensions (DWP) (Rees et al., 2013). The commissioning framework is designed to transfer the financial risk from the taxpayer to the prime contractors and to incentivise innovative service delivery using an outcomes-based payment system (Finn, 2013; Maddock, 2013). The Work Programme comprises a relatively small number (18) of large prime contractors who manage a supply chain of subcontractors (Finn, 2013; Maddock, 2013; Rees et al., 2013). In the two-tier supply chain system, Tier 1 organisations provide what is known as ‘end to end’ services: that is, they effectively work with the client for the entire period of service delivery. Tier 2 organisations provide specialist or targeted services, for example drug and alcohol programs, housing support services, mental health support services. Prime contractors have the option of delivering services direct to clients and/or subcontracting to Tier 1 providers (Rees et al., 2013). Three of the Work Programme prime contractors do not provide direct services, choosing to fulfil service delivery requirements through subcontractors, using their expertise in building and managing a supply chain and organising finance (Finn, 2013).

Approaches in Australia

Whilst there is considerable diversity, compared with recent developments in the United Kingdom, the prime provider type models introduced in Australia tend to be smaller scale, more locally based, partnership models focusing on specific groups such as families and children (Communities for Children:¹ funded through the Department of Social Services); young people experiencing mental health issues (headspace:² funded through the Commonwealth Department of Health); and people with severe and persistent mental illness with complex needs (Partners in Recovery³ funded through the Commonwealth Department of Health).

The prime provider type approaches in Australia have been variously described as consortia models, partnership approaches or local service franchises.

The Brotherhood of St Laurence has developed several innovative service models that have been funded by Commonwealth and state governments and are delivered through prime provider type approaches. These include:

- ***Home Interaction Program for Parents and Youngsters (HIPPY)***: a home-based parenting and early childhood enrichment program that develops the foundations for learning in the home

¹ <http://www.dss.gov.au/our-responsibilities/families-and-children/programs-services/family-support-program/family-and-children-s-services>

² <http://www.headspace.org.au/about-headspace/what-we-do/what-we-do>

³ <https://www.health.gov.au/internet/main/publishing.nsf/Content/mental-pir>

during children's crucial early years, contributes to successful school participation and offers parents a supported pathway to employment and local community leadership

- **Work and Learning Centres:** a place-based approach aimed at improving participation in the labour market for disadvantaged jobseekers, particularly those living in public housing
- **Saver Plus:** a matched savings program developed by Brotherhood of St Laurence and ANZ that aims to assist people on low incomes to build their financial knowledge, establish a long-term saving habit, and save for their own or their children's education.

These three examples showcase a variety of prime provider models in practice and illuminate both the potential benefits and the challenges of this approach. (See Appendices for additional detail).

Perceived benefits or advantages of prime provider models

Proponents of the prime provider approach suggest that commissioning through a prime contractor model has the capacity to deliver greater public value through the creation of diverse and local service solutions (Duckworth & Sotiropoulos, 2012). Based on the existing research, specific advantages are seen to include:

Increased coordination of, and collaboration between, local providers

The prime provider has responsibility for managing the formal contractual requirements with the purchasing department as well as facilitating the development of local service networks. Subcontracting arrangements enable the prime provider to draw on the legitimacy that community-based services have established through their local connections and understanding of local needs. In the case of Communities for Children, local relationships and community trust were regarded as important factors in the selection of organisations as facilitating partners (Earles & Baulderstone, 2012). Prime provider models involve a transfer of risk, including financial risk, from government to the prime provider (Rees et al., 2013). Because the major risks are borne by the prime contractor specialist organisations are able to focus on strengthening their capacity in service delivery. Prime providers are in a unique position to identify and encourage the spread of good practice among the subcontracted organisations. The evaluation of the Communities for Children prime provider model suggests that this approach has resulted in a better coordinated local system of early childhood services (Muir et al., 2010).

Reduced administrative and monitoring costs for government

There is a view that having multiple providers increases transactional costs and duplicates administrative costs (Duckworth & Sotiropoulos, 2012). As the prime provider/contractor is responsible for organising and managing the supply chain, this shifts the cost of monitoring from government to prime providers. It has been argued that this results in significant cost saving for government as well as a shift in the roles and responsibilities of public officials (Bryna Sangar, 2001), ostensibly freeing government commissioners to focus on long-term strategic objectives (Duckworth & Sotiropoulos, 2012). While this is the intention in the UK Work Programme, evidence to date shows that this has been problematic for a several reasons, not least of which is the churn that occurs when key leaders and policy makers move to a different portfolio (Gash, Panchamia, Sims & Hotson, 2012).

Brotherhood of St Laurence prime provider experience

The prime provider model for HIPPY effectively offers government a choice in monitoring service provision. In theory, the prime model means government transfers monitoring responsibilities (and associated costs) to the prime provider but determines the input, activities and/or outcomes they want monitored and reported on. In practice, however, governments may double-monitor in several ways. Government sets a reporting framework but the Brotherhood of St Laurence's experience has shown they may adjust and add to data reporting requirements from the prime over time. While aggregate program reports are available, invariably individual site reports are sought. Where individual sites are underperforming against targets or there is any perceived political or departmental risk, bureaucrats will seek more input into the day-to-day management of site issues or performance—effectively duplicating site monitoring and risk management processes meant to be undertaken by the prime. While prime provision is meant to 'free up' commissioning departments, on occasions there may be reluctance to disengage and allow the prime to monitor and hold the relationship with subcontractors.

Enhanced opportunities resulting from economies of scale

Larger contracts enable prime contractors to create economies of scale and invest in new technologies and management systems (Armstrong et al., 2009; Finn, 2009). In theory, this should result in reduced costs, improved management information and program data. In the case of the Brotherhood of St Laurence Saver Plus initiative, management systems have improved over time.

It has also been suggested that prime provider models increase flexibility to innovate in service delivery, as not-for-profit and for-profit non-government organisations are unencumbered by the bureaucratic processes normally associated with the public sector (Duckworth & Sotiropoulos, 2012).

Further the governance arrangements in these models have the capacity to bring prime providers into a more direct relationship with subcontracted organisations. This facilitates the sharing of expertise in service delivery interventions and responses to client needs. Early indications suggest that relationships between prime providers and Tier 1 subcontractors are characterised by collaboration rather than competition and that sharing of good practice between primes and subcontractors in the supply chain is relatively common (Lane et al., 2013).

Finally a key consideration in selecting prime providers is that they have the necessary organisational governance structures to undertake a project management role and to effectively administer public funds (ANAO, 2013; Earles & Baulderstone, 2012; Russell, Wall & Doan, 2011).

Brotherhood of St Laurence prime provider experience

Work and Learning Centres utilise the prime provider role to encourage collaboration between Centres as well as within their local delivery communities. Significantly, collaboration between site delivery agents is probably less likely in a competitive tendering environment. While the governance arrangement of a local advisory panel at each Work and Learning Centre facilitates coordination at the local level, delivery agents have reported that their collaboration with other centres, facilitated through the professional development and other events organised by the State Office, is highly valued and helps to encourage good practice and sharing of ideas to improve delivery and outcomes.

Key benefits of a prime provider approach from a not-for-profit perspective

The perceived benefits for a not-for-profit organisation promoting, delivering or engaging in a prime provider model of delivery are likely to be different from those for government or for-profit organisations. The reasons the Brotherhood of St Laurence has advocated for and developed prime provider approaches include:

- **capacity to garner community support** and promote engagement of citizens, including volunteers and service users;
- **collaboration and partnership opportunities** with other organisations and communities;
- **flexibility/agility** to adapt programs to local circumstances and needs;
- **scale**—the opportunity to take innovative programs that have been developed by the Brotherhood of St Laurence, trial them and implement them, at scale. In part this is about sharing what the Brotherhood believes to be good practice, but it is also about testing and learning more about innovative programs when they are delivered in a variety of settings. Having Brotherhood of St Laurence programs delivered at scale also delivers other benefits including:
 - additional resources to invest in program fidelity, quality and practice improvement;
 - opportunity to evaluate Brotherhood programs and learn from the delivery of Brotherhood models in a variety of settings;
 - engagement with local community organisations and communities in a wider array of geographic locations than the Brotherhood would otherwise have been connected to, allowing us to learn more about local communities; and
 - opportunities for advocacy and influencing. Invariably larger programs with a strong track record in delivery, adaptability to local settings and service users, and built in evaluation, offer opportunities to influence and advocate for wider policy change.
- **knowledge** nationally about what works or doesn't work in a range of settings;
- **credibility and reputation** from government and with other community service agencies.

Challenges and perceived risks of prime provider models

In prime provider approaches, various challenges emerge for governments, prime providers and the organisations they connect to. For government, the challenge is for commissioning departments to balance service devolution with maintaining a close watching brief on the health of the service provider network. Prime contractors, too, need to maintain a close relationship with subcontracting organisations, particularly to manage performance and potential non-compliance issues that could result in liability for the prime contractor. For not-for-profit prime providers, there can be the added challenge of maintaining or reconciling the role as a prime provider with the organisation's core mission. Subcontractors are also likely to experience challenges, often relating to resourcing issues. Specific policy and market risks include:

Hollowing out of government

As policy makers become further removed from direct service delivery, there is a danger that they start to lose touch with critical issues that impact not only on future policy decisions but also on the actual structure of service delivery systems (Finn, 2007; Gash et al., 2013). The loss of knowledge and insight can have far-reaching ramifications for broader government policy decisions, and this may be exacerbated by adding further links in the public service delivery supply chain. For example it has been suggested that the privatised employment services system in Australia, while not currently a prime provider model, creates the potential for government to progressively lose some of its access to labour market intelligence (APSC, 2009). While in many instances the knowledge is transferred to other organisations, an important empirical question is whether government is able to effectively access this knowledge to shape government policy and program design.

Provider/market failure

International experience of prime provider approaches suggests that there is a risk of becoming over-reliant on a limited number of large organisations and this presents challenges if these providers fail, or choose to exit the service arrangements. Theoretically this is referred to as a hostage situation. Government commissioners need to have the capacity to intervene to ensure that service delivery is not jeopardised through potential weaknesses at either the prime or sub prime level. Protecting the integrity of public service delivery is also critical; this can be seriously undermined by corporate malpractice, as has been witnessed in the UK Work Programme (Maddock, 2013). Media scrutiny of the Work Programme has been intense and has reinforced negative perceptions of the program (Maddock, 2013, Rees et al., 2013).

Brotherhood of St Laurence prime provider experience

The Brotherhood of St Laurence generally operates its prime provision programs so that there is usually not one big provider but many small local ones, including the Brotherhood as both the lead or prime provider and also a delivery agent.

There are tensions in the prime model for the Brotherhood in that risk, particularly political and reputational risk are held by the Brotherhood as the prime, rather than by government or the department. While the delivery agencies carry some risk for delivery failure, ultimately it is the Brotherhood that is responsible for achieving contracts. As such the Brotherhood works closely with its delivery agencies not just to ensure service performance targets are met and services are delivered to a high level of quality, but also to ensure that any risks are identified early and addressed collaboratively.

Squeezing out of smaller providers and loss of social capital

Organisations that are subcontracted by a prime provider have a reduced opportunity to relate directly to the funding agency and this may compromise their opportunity to grow organically and incrementally through other potential funding opportunities (Finn, 2009). Further, there is a suggestion that the expansion of larger prime providers may crowd out smaller community and specialist organisations, thereby creating a loss of social capital (Bryna Sanger, 2003; Rees et al., 2013). There is some evidence that this has occurred in the NYC prime provider model (Bryna Sanger, 2003). In the United Kingdom, low client flows have created uncertainty for specialist organisations, with some electing to opt out of the service system. For example St Mungos, a large

homeless charity, left the Work Programme after failing to receive any referrals (Gash et al., 2013). Some argue that this undermines the already limited social capital of poor communities (Bryna Sanger, 2003).

Brotherhood of St Laurence prime provider experience

All of the Brotherhood's prime provider models work with local community organisations. Clear funding streams and outcome requirements along with support with data systems and reporting give smaller providers certainty and ensure their continued capacity to engage in service delivery. This approach ensures continuity of service, demonstrates trust, promotes collaboration and ensures the prime model is delivered through local community organisations that are better placed to engage participants and leverage their existing local community connections and partnerships.

Implications

This discussion paper has sought to introduce some of the issues that relate to prime or lead provider approaches and start a broader debate about the efficacy of these in practice. Prime provider/prime contractor models vary in scale: some involve large, national, commercial contracts of significant monetary value and others are small-scale, locally based operations. In the Australian context, most tend to focus on service provision to a discrete client group—for example, jobseekers, young people or families that include younger children.

Despite the effort to realise joined-up service provision, most prime provider models are commissioned within public service silos and therefore may be constrained by competing priorities and agendas.

Whilst these models may become more popular or scaled up in Australia, in designing a prime provider model careful attention needs to be given to creating a commissioning approach that avoids unintended consequences and ensures that the service system delivers the desired outcomes. Another key issue in designing the service system is how success will be measured. Our research project will include an examination of these issues. Key questions to be explored in this research project include:

1 Is there evidence that these models increase the effectiveness of service delivery and/or address the weaknesses of alternative service delivery models?

To date, very few studies have focused solely on the effectiveness of the prime provider approach. Most evaluations tend to focus on the impact of the service interventions, rather than a comparative analysis of the prime provider governance framework. However, the evaluation of the Communities for Children (CfC) initiative does suggest that service coordination and collaboration has improved between services within CfC communities (Muir et al., 2010).

2 Why do organisations choose to become prime contractors and what impact might a prime contractor role have on an organisation's mission?

In selecting organisations to undertake prime provider roles, consideration is typically given to the ability to deliver large and complex programs, existing organisational infrastructure and resources, connection to community experts and community trust (Earles & Baulderstone, 2012). Consequently organisations with this capacity may elect to become prime contractors. Moreover,

these organisations might view building social capital as a key objective of their mission and perhaps see greater potential to achieve this through a prime provider/contractor role. Backman and Smith (2000) suggest that vertical relationships can provide valuable resources, including funding, technical assistance and administrative support. On the other hand, in a prime contractor model sectoral boundaries become more blurred, and not-for-profit and for-profit organisations take on a quasi-government role in managing contracts and the performance of other organisations (Purcal, Spooner & Thomson, 2010). This has implications for not-for-profit providers which may be more comfortable as the direct provider of services, rather than perform a monitoring function traditionally seen as the responsibility of government. Empirical research into this topic, however, has not been undertaken.

3 How does a prime provider model impact the relationships between the actors in service delivery arrangements?

In monitoring the performance of subcontracted organisations, prime providers may require the subcontractor to take some kind of remedial action if performance is considered sub-optimal. In some instances this may involve sanctioning the subcontractor organisation. Such interactions may create tensions. In the case of CfC, there was deep resentment within one community when the contract for project delivery by a local government subcontractor was not renewed (Earles & Baulderstone, 2012). Conflict between prime provider and the service delivery organisation can undermine the cooperation that is necessary to achieve the program outcomes (Backman & Smith (2000). Moreover, conflicts may emerge in relationships if a particular organisation is perceived to be gaining some kind of advantage over others. In the UK Work Programme the perception that prime contractors stood to make large profits heightened tensions and created distrust between organisations at all levels (Rees et al., 2013). There is also evidence that some Tier 1 and Tier 2 organisations in the Work Programme are dissatisfied with the relationship they have with their prime contractors (NCVO, 2012).

4 How might prime provider approaches affect the behaviour of organisations involved in service delivery arrangements?

There is limited empirical data relating to how prime provider approaches affect the behaviour of organisations involved in service delivery. Communities for Children research notes that ‘not-for-profit purchasers had more local autonomy in decision making and action than the government providers’ (Earles & Baulderstone, 2012). Transparency, levels of support and autonomy in decision making are key factors that influence the behaviour of organisations in the service delivery arrangements. In the HIPPY initiative, training, consultation advice and support are provided to partner agencies and this appears to support positive interaction within the program (Liddell, Barnett, Diallo Roost & McEachran, 2011). Further, the way funding and incentives are structured will also influence behaviour. In the reviews of the UK Work Programme, there is some evidence to suggest that the payment-by-results model has led to ‘gaming’ behaviour on the part of organisations involved in the service delivery arrangements. Careful attention therefore needs to be given to the way incentives are constructed at every level, to avoid gaming behaviour, for example, so called ‘parking’ of the hardest to help clients and ‘creaming’ to ensure success through providing assistance to those with lesser needs. This is limited research, however, which shows how this is manifested in the prime provider model within the employment services area. Further research is needed to examine how prime provider approaches affect the behavior of all organisations within these service delivery arrangements.

5 *What role should public service departments have in market stewardship?*

Every commissioner of public services has a responsibility to deliver best value outcomes and services. While government commissioners need to be assured that public services are delivered effectively and efficiently by proficient organisations, there is also a need to protect the diversity of service providers, particularly when client choice and competition are important tenets. It is also critical that commissioners have a realistic approach when costing services to ensure firstly that service quality is not adversely impacted and secondly that providers do not withdraw from unprofitable contracts and/or are forced to exit the market because of financial viability issues. There is evidence to suggest that the payment-by-results model used in the UK Work Programme is creating financial viability concerns for a number of organisations, particular given the current economic climate in Britain (Lane et al., 2013). There is also anecdotal reporting in the UK media and in complaints to Members of Parliament of poor service quality (Finn, 2013).

6 *What skills do commissioning and prime provider actors need to develop to manage prime provider models effectively?*

A key challenge for public sector agencies is to marry the goals of accountability, effective performance and innovation while ensuring public confidence in outsourced service systems. A prime provider approach introduces a new dimension to public service contract management and has its own unique capability requirements in terms of skills, systems and organisational culture for government as well as prime providers. Skill requirements include how to plan and specify which joined-up services are required, how to appropriately incentivise the various organisations in the service system and how to manage technical contracts, as well as good negotiation and relationship management skills.

7 *What are the most effective selection processes and what criteria should be used to identify and assess the capabilities of organisations to operate as prime providers?*

There are a number of procurement processes that government departments can use to award contracts to prime providers, such as open competitive tendering or more selective tendering arrangements. In the initial commissioning phase in the NYC welfare to work services, prime contractors were selected using a collaborative approach between funder and bidder through a process known as ‘negotiated acquisition’ (Armstrong et al., 2009; Finn, 2007). The key challenge is to ensure that the process is transparent and sufficiently robust while at the same time not creating high entry barriers that exclude suitable organisations.

8 *What governance frameworks work best in prime provider approaches?*

For prime provider models to operate effectively, careful attention needs to be given to the mechanisms or tools used to connect the network of actors. Some prime provider approaches operate within complex governance environments that create complex accountability requirements. For example HIPPY involves multiple lines of accountability including a licence from HIPPY International, the Brotherhood of St Laurence, the Department of Education, and sub-licensing arrangements within HIPPY partner agencies. While the evaluation of HIPPY notes that the program is well managed with strong governance arrangements, stakeholder feedback suggests that there are opportunities for improvement within the innovative model (Liddell et al., 2011). When developing governance frameworks, serious consideration needs to be given to their impact of requirements on all stakeholders. Moreover, the decision needs to be made whether governance

frameworks will be imposed or allowed to evolve. There is limited empirical research that has explored this question.

9 *Does ownership matter in prime provider approaches? Do not-for-profit, for-profit or government primes operate in different ways?*

Given the involvement of organisations from not-for-profit, for-profit and public sectors (and indeed hybrid organisational structures) in prime provider approaches, an important area of exploration will be an examination of how ownership type impacts the way that organisations operate. In some of the CfC research there is evidence to suggest that government organisations have less flexibility than their not-for-profit counterparts, which are more likely to experience ‘devolved authority compared with the centralised and extended hierarchies experienced by government providers’ (Earles & Baulderstone, 2012). However, a preliminary review of the difficulties experienced by contractors in the UK Work Programme suggests that sector or ownership type posed less of a problem for organisational viability and success than the position of the organisation in the supply chain (Rees et al., 2013). Moreover in the Job Services Australia (JSA) model, various studies confirm that service delivery agencies are becoming homogenised and differences between not-for-profit and for-profit organisations are difficult to identify (Considine, 2003; Considine, Lewis & O’Sullivan, 2011). While JSA is not a prime provider approach, nonetheless this network includes a mix of not-for-profit and for-profit organisations and provides insight into the impact of contracting arrangements that are overly prescriptive.

10 *How do policy makers ensure the development of evidence-informed policy when further removed from service delivery?*

In the hollow state, public commissioners do not have a direct relationship with client groups and must rely on third parties to inform them of emerging issues. Therefore policy is informed through the lens of various organisations that may have competing agendas. A prime provider model further removes public policy makers from the front line of service delivery.

11 *What role should citizens have in the co-production of services in a prime provider approach?*

In recent years, public sector reform has seen renewed attempts to engage citizens and place their needs at the centre of service delivery through co-production of services. Denhardt & Denhardt (2000) pose the following question: ‘In a rush to steer the boat are we forgetting who owns the boat?’ They propose that the emphasis for public service delivery should be on developing a normative model that serves and empowers citizens.

Conclusion

Bringing together the expertise of the Brotherhood of St Laurence with that of researchers from the University of Melbourne provides an opportunity to explore these critical issues, build knowledge, and inform policy design and implementation.

Appendix 1: Case study – Home Interaction Program for Parents and Youngsters (HIPPY)

History

The Home Interaction Program for Parents and Youngsters (HIPPY) is a two-year home-based parenting and early childhood learning program targeting families with young children. Families start HIPPY when their child is in the year before school (usually around four years old) and continue the second year of HIPPY during the child's first year of school. The HIPPY approach develops the foundations for learning in the home during children's crucial early years. Home tutors support parents to develop their relationship with their children as the child's first teacher. HIPPY fosters social inclusion and offers parents a supported pathway to employment and local level community leadership.

In 1998 the Brotherhood of St Laurence signed a sole operating licence with HIPPY International to deliver HIPPY in Australia. In total, HIPPY models are delivered in thirteen countries (including USA, Canada, Argentina and New Zealand).

The Brotherhood of St Laurence began running HIPPY in Fitzroy, an inner suburb of Melbourne with a population that included some of the most vulnerable families and children in Australia. Over the next ten years the Brotherhood gradually expanded the program to nine disadvantaged communities in south-eastern Australia. The Brotherhood accumulated a considerable body of practice knowledge and evaluative evidence that demonstrated strong positive impacts of an empowering community-based home visiting program. It was this accumulated body of knowledge, the strong indications of positive impacts, and the design of HIPPY that led to the Australian Government's decision to expand the program nationally.

In 2008, the Australian Government contracted the Brotherhood of St Laurence as prime provider to undertake a five-year national rollout that would deliver HIPPY in 50 communities across Australia by 2012. The sites were chosen by the Australian Government with some input from the Brotherhood. The majority of HIPPY sites are located in regional or rural areas of Australia.

In the 2012–13 Budget, the Australian Government committed over \$100 million over four years to support HIPPY operating in existing communities and to expand the program to an additional 50 communities. The Brotherhood of St Laurence is then contracted to:

- operate as the prime provider for HIPPY;
- engage, inform and assess up to 30 potential communities in 2013 and 2014;
- expand HIPPY to 50 new locations with Aboriginal and Torres Strait Islander communities (25 new sites in each of 2014 and 2015);
- provide ongoing support to the existing 50 locations; and
- support around 4,000 four-year-old children.

HIPPY model

All HIPPY programs around the world follow the HIPPY model developed by Hebrew University, Israel. The five essential features of the HIPPY are: a developmentally appropriate curriculum;

with role play as the method of teaching; staffed by home tutors from the community; supervised by a professional coordinator; and with home visits interspersed with group meetings and ‘everywhere’ delivery. A HIPPY Australia site serves up to 60 children (aged 4 and 5 years) with one coordinator and between two and five part-time home tutors.

The HIPPY model seeks to engage parents and encourage parents to participate in their children’s education. HIPPY targets parents in disadvantaged communities who want to improve the educational enrichment for their children. It is designed to remove barriers to participation due to lack of education, poverty, social isolation and health and wellbeing issues. HIPPY uses structured materials and activities designed to be integrated into the daily life of the family. Home tutors schedule fortnightly visits to work through the program resources in the family’s home.

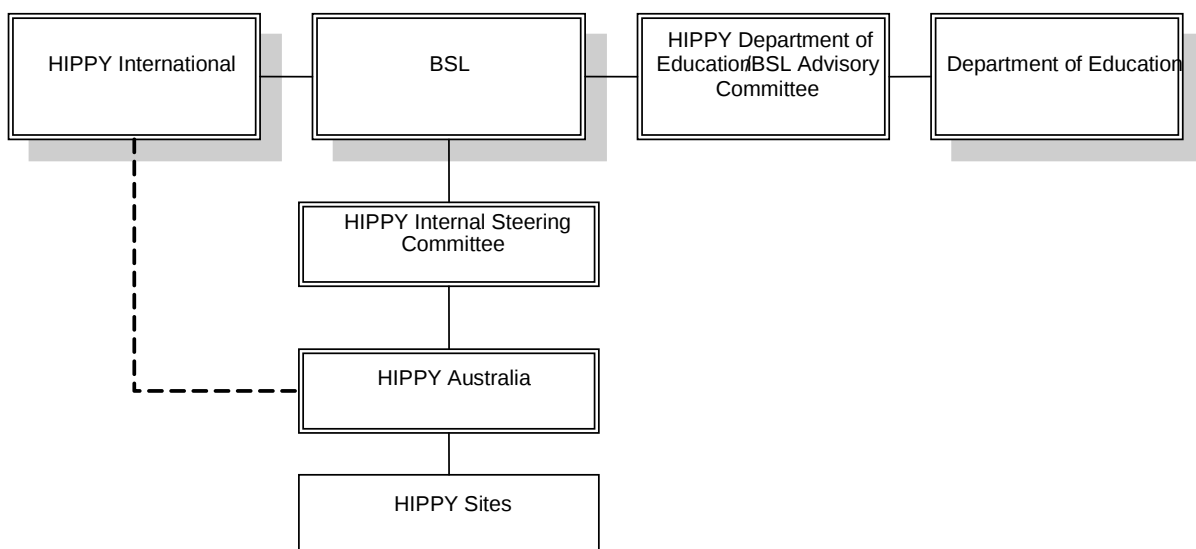
HIPPY also offers some parents a supported pathway to employment and training as HIPPY tutors and/or coordinators. In 2014, HIPPY will employ locally 75 coordinators and more than 250 home tutors in 75 disadvantaged communities.

Accountability and governance

Since 2008, HIPPY has been funded by the Australian Government through the Department of Education and is managed nationally by the Brotherhood of St Laurence through HIPPY Australia. The Brotherhood issues a sub-licence incorporating funding and service requirements to local community service providers to run the program. HIPPY is one of the first prime provider models for the Australian Government.

The governance arrangements for HIPPY represent a positive partnership between the Australian Government, the Brotherhood of St Laurence and more than fifty organisations (see figure). The Brotherhood is accountable to the Australian Government and HIPPY International and has accountability and governance responsibility to the local HIPPY providers. Local providers are a range of not-for-profit organisations including health and family service providers, Aboriginal organisations, community organisations and playgroups. The HIPPY Brotherhood of St Laurence / Department of Education Advisory Committee is the main decision making and performance management body for the governance of HIPPY in Australia. This committee meets quarterly.

Figure: HIPPY governance structure



HIPPY Australia manages the program from a Melbourne office with sixteen staff. HIPPY consultants undertake roles and responsibilities to support providers including advice, regular visits to sites, bi-annual assessment of sites, training of coordinators, development of curriculum and materials, and performance management and quality assurance of sites. HIPPY Australia Consultants support sites to achieve their delivery milestones and targets in a collaborative and cooperative manner.

In 2011, the Department of Education commissioned an independent evaluation of HIPPY that found the program's purpose and values are widely understood and well reflected in practice (Liddell et al., 2011). Accountability structures, requirements and processes are also clear and well understood. Data is routinely collected and used for decision making. The evaluation found support policies and processes are in place, including direct support to program providers on the recruitment of HIPPY Coordinators and HIPPY home tutors, pre-service training, quality improvement cycle, curriculum and resource review and development, financial administration and compliance.

Local HIPPY providers (delivery agents)

Since 2008, the selection of new site locations has been managed and selected by the Australian Government through the Department of Education. Site selection is based on statistical analysis of disadvantaged communities (such as ABS, AEDI and school data), government local information and a community nomination process with some consideration of Brotherhood operational requirements. Once a shortlist of locations is confirmed, the Brotherhood runs the engagement, information and assessment process involving both the communities and potential new HIPPY providers. All Brotherhood selection processes and information are approved by the Department of Education.

To select new HIPPY providers for Aboriginal and Torres Strait Islander communities, an open public tendering process is undertaken. The Brotherhood in consultation with the Department of Education selects the new providers for each site based on specified selection criteria including financial viability and engagement with local Aboriginal and Torres Strait Islanders and organisations. Following sub-licensing of providers, the Brotherhood provides advice and support to new providers.

The Brotherhood of St Laurence directly delivers HIPPY in four sites around Melbourne and so shares the challenges, risks and demands of service delivery alongside the other local providers. This adds to the Brotherhood's credibility when working with sites on reporting or performance issues and developing innovative tools and resources.

The Brotherhood's experience as a prime provider is that we are able to gather reporting and monitoring information, assess sites while also learning from them, encourage collaboration across the sites, and share good practice between sites to improve the overall performance of HIPPY. We are nimble in quickly responding to sites, receptive to innovative approaches and able to undertake research for the purpose of practice improvement and evidence gathering. For example, the Brotherhood is delivering a new purpose-built performance management system developed within nine months; instituting flexible arrangements to suit local circumstances; and undertaking a HIPPY recruitment and retention study.

Reporting

The Brotherhood of St Laurence contract with the Australian Government clearly sets out the reporting and development requirements and key milestones. With the significant growth in HIPPY to 100 sites in 2015, the Department has required and is increasingly interested in outcomes and learning from HIPPY. In 2014, the Brotherhood will provide a total of 59 reports and plans to the Department of Education, including monthly and quarterly progress reports, financials and project plans. To achieve these requirements and improve monitoring of sites, the Brotherhood is introducing a purpose-built performance management system, along with new quality assurance planning including risk management, strategic planning and increased communication and networking with sites.

Changes over time

Over the last fifteen years, the Brotherhood has expanded and changed the way it operates HIPPY, with an increasing emphasis on quality to ensure program fidelity and site performance. The key initiatives have been:

- investing in developing the relationship between the providers and HIPPY Australia;
- listening and responding to the concerns of the providers, sites and coordinators including those related to the sustainability of sites, resources and training;
- developing the curriculum, resources and performance management system in consultation with providers and HIPPY International;
- providing HIPPY Australia staff to support, visit and provide feedback to sites including mentoring of coordinators;
- developing the employment and training pathways for coordinators and home tutors;
- providing quality in-house training to HIPPY providers; and
- undertaking research into improving the HIPPY model.

Relationships

HIPPY Australia has good working relationships and networks with HIPPY providers, the Department of Education, HIPPY International and HIPPY in other countries. We are able to communicate with people without the constraints of government and flexibly work with external organisations on improving early learning and parenting. For example, the Brotherhood of St Laurence and HIPPY providers work with multiple service providers, community groups and individuals in local areas.

As a result of the increased level of Australian Government funding and HIPPY being a national program in 100 disadvantaged communities, the Department of Education has a more 'hands on' approach which can constrain the ability of the Brotherhood to operate, as significant staff resources are invested in reporting to the department. The program is also more subject to the political processes of government such as new site approval, assessment processes and public communication. However, the Brotherhood as prime provider does enable quick implementation on the ground. A good example of this is the community engagement and assessment process in 2013 and the doubling of the size of the program to 100 sites within two years including contracting with seventy local providers.

Evidence of success

The Brotherhood of St Laurence has a Research Centre which has partnered with various university research teams to evaluate HIPPY. Between 2002 and 2007, a series of research and evaluation projects undertaken on HIPPY showed very positive outcomes and recurring themes⁴ including:

- eagerness in children to learn new concepts
- increased self-confidence of parents
- improved communication between parents and children
- positive impact on family relationships.

In 2007, Victoria University evaluated nine HIPPY sites in Australia, including five Victorian sites (Moonee Valley, Moreland, Winchelsea, Colac, Fitzroy and Geelong), two Tasmanian (Burnie and Smithton), and one community site with a high proportion of indigenous residents in New South Wales (La Perouse)⁵. The research demonstrated the appropriateness and effectiveness of HIPPY for parents and children of educationally disadvantaged families, in culturally and linguistically diverse and Anglo-Celtic communities, from the multiple perspectives of parent, child, home tutor and management experience. HIPPY also assisted parents' perceptions of themselves as empowered to actively facilitate their children's development and enhanced their development.

The HIPPY National Rollout Evaluation undertaken with Monash University⁶ evaluated the appropriateness, effectiveness and efficiency of HIPPY, and whether the program was governed with good practice. The evaluation found strong evidence about the distinctive place that HIPPY fills within early childhood development programs in Australia, as well as scientific evidence of HIPPY's effectiveness and cost-effectiveness⁷ when compared with other programs both here in Australia and overseas. It found that on starting HIPPY, children's literacy and numeracy skills were, on average, up to thirty per cent below the Australian norm. But after two years of HIPPY, children's cognitive development was the same as the Australian average. HIPPY was also found to be successful in delivery to Aboriginal and Torres Strait Islanders. This evaluation informed the further funding and expansion of HIPPY by the Australian Government.

Challenges

As a prime provider, the Brotherhood has to factor in governmental processes into the contractual requirements set by the department. Key factors impacting on achieving outcomes are ministerial approval of major decisions relating to HIPPY, electoral and budgetary cycles, and administrative and departmental procedures. These requirements cause delays that can affect the Brotherhood's relationships with communities and program providers and its ability to deliver its contractual deadlines. Government requirements impact, for example, in the following ways:

- Community engagement for the shortlisted thirty communities in 2013 was compressed into six weeks, resulting in criticism from providers and communities;

⁴ See for examples, Gilley 2002, Grady 2002, Green 2003, Green & Dean 2007

⁵ Dean, S, *HIPPY Australia Research 1998 –2007: Research summary*, School of Psychology, Victoria University, 2007.

⁶ Liddell, M, Barnett, T, Roost, F & McEachran, J, 2011, *Investing in our future: An evaluation of the national rollout of the Home Interaction Program for Parents and Youngsters*, final report to DEEWR.

⁷ Ibid. p. 88. The 15-year long-term benefit-cost ratio for HIPPY is a return on investment to society of as much as \$2.53 for every \$1 spent.

- The 2012–13 budgetary allocation ‘front loaded’ funding prior to fifty new sites becoming operational from 2014. Consequently, in the earlier years HIPPY budget reports show a substantial surplus progressing to deficits in the final year of the contract, opening up discussion from the department regarding our management of our budgets;
- The significant Brotherhood contractual reporting requirements (i.e. 45 reports in 2014 and 14 reports in 2015) have to be transferred into sub-licence requirements that increase the administrative costs to local HIPPY providers. Consistent feedback received in the Department’s independent 2013 Locational Sustainability Assessment of the existing fifty sites related to the time-consuming reporting requirements.

Future opportunities

The Australian Government funding of 100 sites until 2016–17 and the Brotherhood of St Laurence’s exclusive licence to operate HIPPY in Australia provide opportunities to expand and innovate. The prime provider model allows the Brotherhood to undertake research, develop innovative resources and systems and achieve outcomes that would not be possible if the Australian Government directly funded the local providers. Many of these providers are too small to undertake systemic innovations particularly in training and employment, curriculum, performance management and the use of ICT in program management and delivery.

Appendix 2: Case study – Work and Learning Centres

History and context

The Work and Learning Centre (WLC) program arose out of an initiative called the Centre for Work and Learning, Yarra (CWLY). The CWLY pilot was established as a demonstration project to test innovative, place-based approaches to promote work and learning opportunities for disadvantaged jobseekers. It was located in an inner-city neighbourhood with a high density of public housing and high concentrations of unemployment. It was funded by the Brotherhood of St Laurence and the then Department of Education, Employment and Workplace Relations (DEEWR) through the Innovation Fund over a three-year period from July 2009.

The pilot program was designed to address high levels of worklessness on inner-city public housing estates, and tested the idea that the current employment and training service systems were unable to work successfully with the most marginalised clients.

The pilot offered a place-based approach with personal support for jobseekers and access to training and work experience with a direct line of sight to local employment opportunities. It evolved over time as understandings about the client group and the services developed. Key elements included:

- lower case loads for more personalised and flexible assistance
- individual needs assessments
- access to motivational or psychological support
- outreach to public housing residents to foster engagement
- memberships offered to clients to promote participation in activities
- capacity for advocacy on behalf of clients to Centrelink and Job Services Australia (JSA)
- access to paid work and traineeships through private sector employers and social enterprises
- engagement strategies aimed at ‘hard-to-reach’ residents.

An evaluation of the pilot showed that a place-based, person-centred approach could help tackle high levels of unemployment particularly among public housing tenants and jobseekers that are disadvantaged in the labour market⁸.

Model

The incoming Coalition government made an election commitment in 2011 to fund five Work and Learning Centres (WLCs) across Victoria in areas with high concentrations of public housing at a total cost of \$4.6m over three years. The model was based on the pilot that ran at CWLY.

WLCs were to act as independent brokers, establishing local service delivery models, engaging directly with employers and bringing together vocational and non-vocational training, employment and support for local participants.

⁸ Research and Policy Centre, BSL, *Centre for Work and Learning, Yarra - Evaluation Report*, June 2012

The overarching objective of the WLCs is to provide a response that can address complex barriers to employment and also create viable pathways into employment for people who are disconnected from the workforce.

Key aims are to:

- improve participation in the labour market by disadvantaged jobseekers, particularly those living in public housing;
- improve the employability skills and work readiness of people living in areas with high concentrations of public housing;
- improve engagement in learning by people living in these areas who have low or no skills or no relevant skills for the local labour market; and
- engage with local employers to ensure they consider offering employment opportunities to people living in public housing or in disadvantaged communities.

Accountability and governance

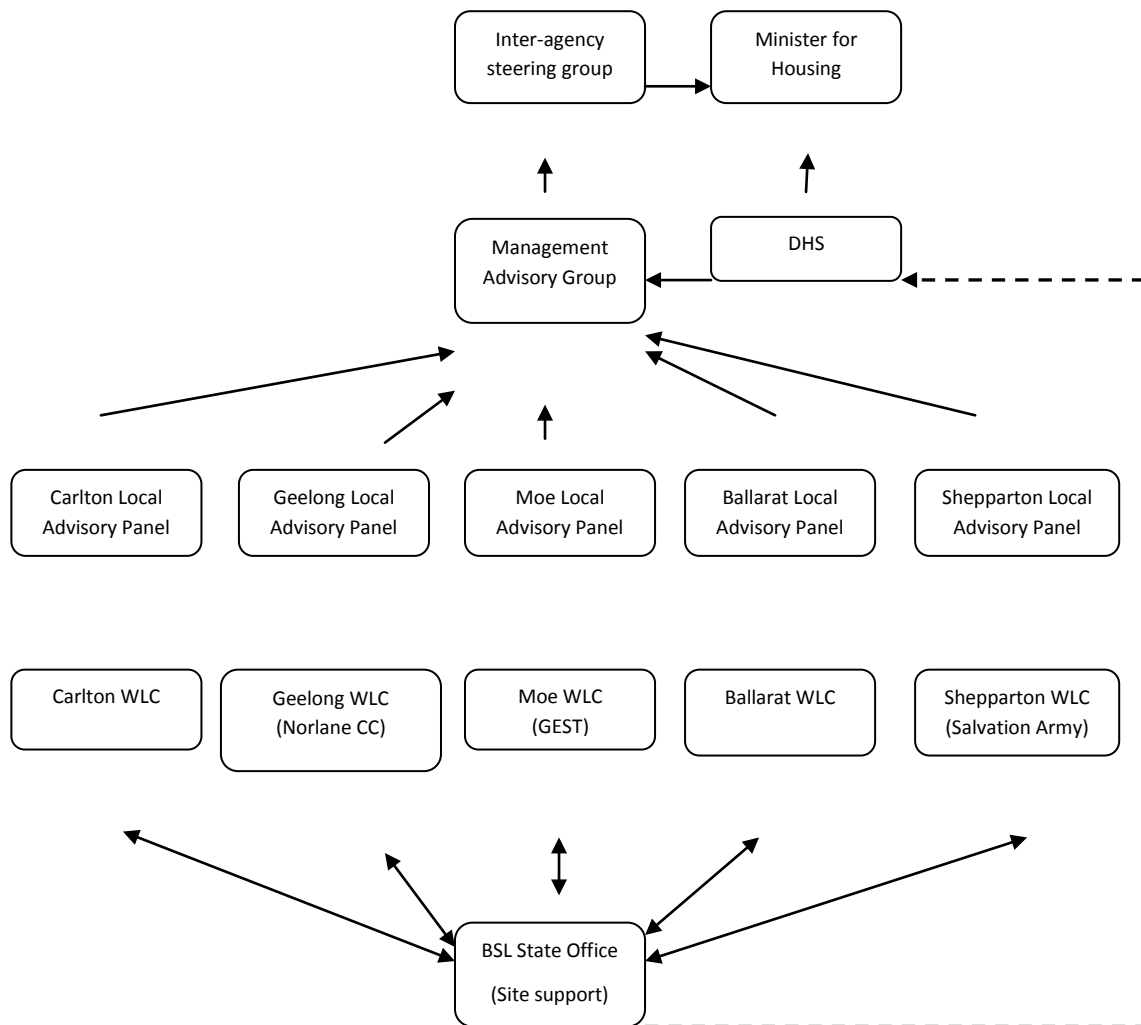
The Victorian Government funded the Brotherhood of St Laurence through the Department of Human Services (DHS) to 'establish and operate' five Work and Learning Centres; however the MOU between the Brotherhood and the government acknowledged that the Brotherhood would be responsible for 'sourcing, appointing and managing'⁹ service provider organisations that would be responsible for the day-to-day operation of each Work and Learning Centre.

The governance structure incorporates an overarching, inter-agency steering committee that reports to the Minister and covers both Youth Foyers¹⁰ and the Work and Learning Centres (with representation from the Brotherhood of St Laurence, Hanover Welfare Services, DHS, and the departments of Education (DEECD), Treasury and Finance, and Premier and Cabinet. The Work and Learning Centres are overseen by a management advisory group (MAG) which reports to the interagency steering committee. Local advisory panels (LAPs) have also been established for all sites to provide a local governance structure. The governance and operating structure is set out in the diagram below.

⁹ Memorandum of Understanding between the Department of Human Services and the Brotherhood of St Laurence in relation to establishing the Work and Learning Centre Initiative, signed in September 2012.

¹⁰ The Victorian Government has funded three Education First Youth Foyers to provide access to housing and education for homeless young people or young people at risk of homelessness.

Figure: Governance and operating structure of Work and Learning Centres



Delivery agents

The selection process for local service provider organisations and sites was the responsibility of the Brotherhood of St Laurence in consultation with DHS. However, DHS played a stronger role in determining the geographic areas where the sites would be located. It was acknowledged that each operating model should reflect local needs and circumstances. The Brotherhood of St Laurence was to provide a ‘state office to provide assistance with service development, recruitment of staff, financial and other reporting, employer engagement and employment program support, evaluation and advocacy’¹¹.

Five sites were selected for delivery but just one is directly operated by the Brotherhood. Carlton, in a collaboration with the Church of All Nations, is delivered by the Brotherhood. Geelong is delivered by Northern Futures, a local agency with a strong track record in the area. Northern Futures was auspiced by the Committee for Geelong until 1 July 2013. Changes to the structure of

¹¹ Department of Human Services, Housing and Community Building, *Expression of Interest: Work and Learning Centres – 2012–13*, 30 December 2011.

Committee for Geelong required a new auspicing arrangement so Geelong is now auspiced by Norlane Community Centre (NCC). Moe is operated by Gippsland Employment Skills Training (GEST), another local delivery organisation with a strong track record locally. Ballarat is delivered by a consortium that was established to bid for the WLC in the Sebastopol area. The consortium partners are Ballarat Neighbourhood Centre (BNC) and the Highlands Local Learning and Employment Network (LLEN). The BNC itself has emerged from the amalgamation of a number of neighbourhood houses and has located at a newly built site attached to a high school. Shepparton is delivered by the Salvation Army's Pathways Housing Service. Like Ballarat, the Shepparton site has been located in a newly built facility at Mooroopna that offers supported housing and is co-located with a Salvation Army social enterprise cafe and other services that help provide access to other support and training for participating clients. The Salvation Army has long history in the Shepparton area.

Delivery sites were chosen through an expression of interest process with an initial long-list of sites determined by the interagency steering committee. Evaluation of the expressions of interest was considered by DHS and the Brotherhood jointly, taking into account factors such as the concentration of public housing and disadvantage, organisational capacity and local connections.

Reporting

The Brotherhood now reports key indicators monthly for all sites to DHS and the interagency steering committee. DHS provides the Minister with monthly reports on progress. The sites report their figures to the Brotherhood on a fortnightly basis and these are collated by the Brotherhood into the monthly report. In addition all sites send quarterly reports, annual activity plans, annual financial acquittals and budgets to the Brotherhood. These are developed initially with support from the Brotherhood and then checked, validated and reviewed before they are forwarded to DHS.

Changes over time

The MOU between DHS and the Brotherhood initially said that 'where feasible WLCs will be co-located and integrated with housing services'. In practice this turned out not to be possible for any of the sites, although engagement with, and referral of clients from, housing and DHS remains a key objective.

In addition, while the MOU initially set out a requirement for quarterly reporting, DHS requested a shift to monthly reporting across all key indicators in late 2012 in addition to the longer quarterly narrative reports. In order to ensure integrity of the data provided to government and to better track site progress, the Brotherhood established fortnightly reporting against key indicators for all sites. This was a significant change for services and one that increased their administrative burden but all agreed to the change acknowledging that it helped them to monitor their own progress and identify any problems more quickly. It seemed that this change was driven by DHS concerns about the progress of some sites and the department's desire to provide the Minister with more regular and up-to-date information.

The Brotherhood initially entered into MOUs with all delivery sites that focused primarily on requirements to provide monthly and quarterly reporting, key targets to be met over the three years period and details of the financial payments over that period. As the department instituted new, wider and more frequent reporting requirements there was a realisation that the current MOUs were no longer fit for purpose. Essentially the Brotherhood of St Laurence was in a subcontracting relationship with the providers and the MOU did not provide for reporting requirements,

timeframes for delivery of targets, delivery of financial acquittals, or circumstances where delivery agents were failing to meet targets. In addition, the new DHS reporting requirements needed to be factored into the contractual relationships with sites. Geelong's Northern Futures now has new funding and service agreement with the Brotherhood and others are expected to follow in early 2014. DHS is also revising its MOU with the Brotherhood of St Laurence towards a funding and service agreement, altering reporting and data requirements, key deliverables and milestones.

Relationships

The sites have a strong and collaborative relationship with the Brotherhood Work and Learning Centres State Office. The State Office brings staff from all sites together for at least four staff development days a year, and visits each site at least once per month and often more frequently. Site visits have been conducted to attend Local Advisory Panel meetings, to provide support in database systems, to attend launches or events, to facilitate strategic planning, training or development activities, or just to catch up on progress. In addition the team provides telephone support for any issues that arise and liaises with the sites on media and other promotional opportunities. There is generally strong support for the State Office among the sites although this has become challenging when sites feel under scrutiny or new reporting requirements have had to be introduced. The State Office has promoted and supported collaboration and information sharing between the sites. They have effectively become a single Work and Learning Centre 'team' despite the geographic distance between them and the different localities and communities they work in. For example, more established sites have hosted other, newer sites sharing information about the processes or procedures they used in the establishment phase.

The relationship between the Brotherhood and the department has been developing. Initially, there were instances where DHS communicated directly with sites to obtain information, which led to some 'doubling up' on information gathering. DHS now ensures it notifies the Brotherhood of any contact with the sites and where possible site visits to Work and Learning Centres by DHS are undertaken with the Brotherhood's State Office staff present.

Evidence of success

There is preliminary evidence of success in the model, with sites now achieving most key performance targets for 2013. An as yet unpublished study conducted by the Brotherhood found that the Work and Learning Centres were making a difference to their clients, who had increased their income; reduced their reliance on income support payments; improved their higher life satisfaction; indicated more positive mental health and vitality; and increased confidence. Nearly all clients strongly agreed or agreed that they found the support from the Work and Learning Centre helpful and that it improved their chances of finding work. DHS is conducting their own site review in preparation for a wider evaluation by an independent evaluator.

Challenges

A key challenge has been retaining the goodwill of participating agencies as reporting and other requirements have increased. These have largely been driven by the department. The MOU that was originally developed between the Brotherhood of St Laurence and DHS has been redrafted to a more formal funding and service agreement that reflects the department's new reporting and data requirements as well as key milestones, deliverables and other requirements. Increasingly, the Brotherhood is acting more in the role previously occupied by the bureaucracy, managing and

monitoring data and site reporting. However key differences remain. The Brotherhood delivers one of the services itself and so shares the challenges, risks and demands of service delivery alongside the other sites. This adds to the Brotherhood's credibility when working with sites on reporting or performance issues. The State Office also provides resources that are dedicated to supporting the sites in achieving their delivery milestones and targets in a collaborative and cooperative manner. Unlike a government department, the Brotherhood is able to gather reporting and monitoring information from the sites but also to learn from them, support and encourage collaboration across the sites through regular professional development activities and events, and share good practice between the sites to improve the overall performance of the program. The way the program is structured and supported encourages a collaborative and team approach among the delivery agencies rather than a competitive or disconnected series of services.

Future opportunities

There may be opportunities to grow the model further into other parts of Victoria or even interstate. It is currently strongly connected with the idea of improving the labour market engagement of Victorian public housing tenants but there are other disadvantaged communities where the model may provide a suitable intermediary between mainstream employment and training services and the local labour market.

Appendix 3: Case study – Saver Plus

History

Saver Plus was developed by the Brotherhood of St Laurence (BSL) and ANZ as a broad-based matched savings scheme designed to ‘assist people on low incomes to build their financial knowledge, establish a long-term savings habit and save for their own or their children’s education’¹².

The program invites clients to save up to \$50 per month for 10 months and, upon achieving this objective, receive funds to the same value from ANZ. The matched funds can only be used for education purposes for the clients themselves or their children. As well as committing to a savings goal participants receive ten hours of financial literacy education through ANZ’s Money-Minded program. This assists them in building financial knowledge and basic budgeting skills.

Saver Plus is Australia’s largest and longest running matched savings program. It has outlasted many similar overseas schemes and this year celebrated its 10th anniversary. A core element of the program is the belief that low-income individuals and families are able to save and in so doing learn new habits that enable them to build financial capability, reduce the risk of financial exclusion and live more productive and fulfilling lives.

The program was launched in 2003 in a small number of sites but by the completion of Phase 4 in 2011 more than 7,000 individuals had successfully completed the course. Since its inception, more than 20,000 Australians have participated in the program which operates in 60 sites across Australia and seeks to reach a target of 19,000 participants in Phase 5 (2011–2014).

Model

A significant feature of Saver Plus is that the intellectual property of the program is jointly owned by the Brotherhood and ANZ. In its current form the program does not exist as a consequence of a response to a government tender, but rather as the result of organic growth over the past decade.

Saver Plus is funded principally by the Commonwealth Government which has provided \$6.5 million per annum in its Phase 5 iteration (2011–2014). ANZ also provides funding in the form of a maximum \$500 matched savings for each participant that completes the program, per successful client, and funding for dedicated Program Managers employed by the program partners. The Brotherhood of St Laurence, Berry Street and the Benevolent Society have one program manager each and the Smith Family has two in recognition of their larger number of sites. These agencies are partners in the program. Smaller service delivery agencies, operating a one or a small number of sites, access a Services Program Manager employed in the Saver Plus National Office (SPNO) by the Brotherhood.

Partners and service delivery agencies receive funding proportionate to their site operations with a set amount payable per metropolitan and regional site. As noted above, the partners also receive Program Manager funding direct from ANZ.

¹² BSL–Department of Social Services, Funding Agreement

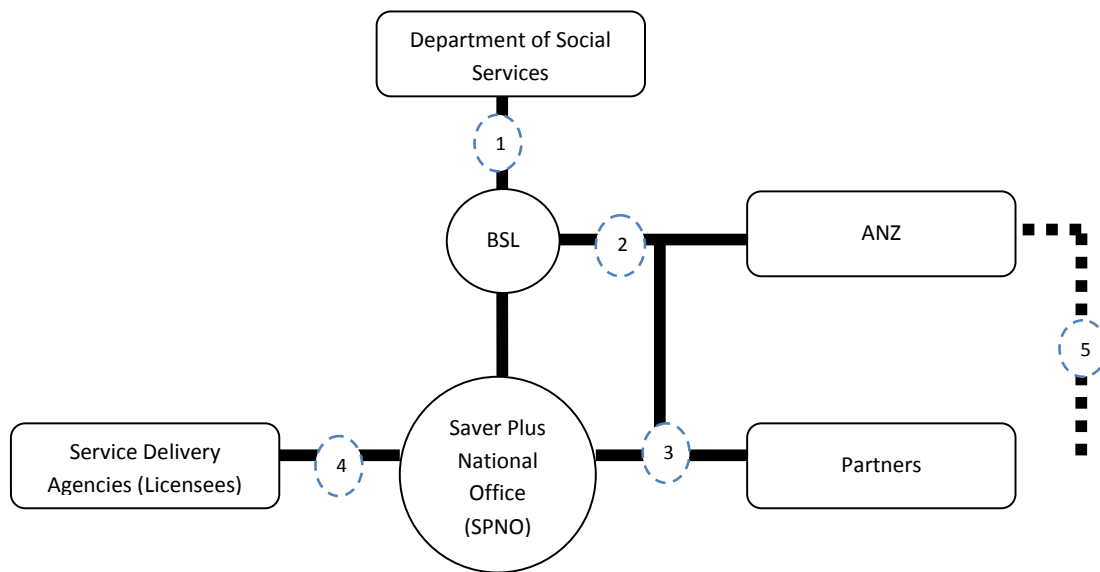
Accountability and governance

A series of contracts and agreements underpin the program, including:

- 1 Department of Social Services – Brotherhood of St Laurence funding agreement
- 2 ANZ – Brotherhood of St Laurence partnership and IP agreement for Saver Plus
- 3 ANZ/Brotherhood of St Laurence – Partner service delivery agreements and licences
- 4 ANZ/Brotherhood of St Laurence – Licensees (service delivery agency) agreements and licences
- 5 ANZ – Partners partnership agreements (for information exchange only)

The diagram below sets out the program’s agreements and licensing arrangements.

Figure: Saver Plus agreements and licensing arrangements



A number of governance mechanisms ensure accountability across the Saver Plus program. Overall program oversight is provided through the Saver Plus Steering Committee comprising the Brotherhood and ANZ (who rotate the chair) along with program partners—The Smith Family, The Benevolent Society and Berry Street. The Steering Committee meets quarterly. The Commonwealth Department of Social Services (formerly FaHCSIA) attends meetings upon invitation and these tend to be at the rate of about two per year.

ANZ and the Brotherhood also hold partnership meetings between two and four times per year. These meetings allow for a discussion about the progress and direction of *Saver Plus* and any related matters partners wish to raise.

Program manager meetings are conducted quarterly and provide an opportunity for the exchange of information about site performance and program improvements as well as being a useful forum for the identification of performance-related issues. ANZ, the Brotherhood of St Laurence and program partners are represented at these meetings, with agencies represented by the Saver Plus services program manager.

Delivery

In Phase 5, the Brotherhood of St Laurence was contracted in September 2011 to deliver Saver Plus at not less than 60 sites across Australia. The sites are operated by different partners and agencies: The Smith Family (25), The Benevolent Society (10), Berry Street (10), Brotherhood of St Laurence (4), Anglicare South Australia (3), Haven (3), Anglicare Western Australia (2), Ballarat Group Training (1), Bethany (1), Jewish Care (1) and Anglicare Northern Territory (1).

The program has scaled up over the years since its foundation and received both state and federal funding at different times. The selection of sites has been an evolutionary process, with a combination of Brotherhood/ANZ chosen sites based on available demographic data and government-selected sites. Additional service delivery agencies were brought on where it was not feasible for the partners to establish a site operation in new locations.

Saver Plus operations are aimed at meeting the program target of 19,000 participants over Phase 5 (four years). In order to meet this overall program target, each site is required to recruit 78 participants per year, although this is often adjusted by partners and agencies provided they make their overall required target (i.e. total target equals 78 x total number of sites). As target populations within sites vary considerably the performance of sites varies considerably as well.

Partners and agencies are able to determine the staffing structure that best works for them in the sites. In some cases this is a full-time worker, while at others the worker's time fraction is 0.8 EFT. Sites operated by the same partner occasionally work cooperatively to overcome high workloads and staff vacancies.

In looking to a potential Phase 6 the Brotherhood of St Laurence and ANZ are contemplating alternative delivery models for the program. These include a dedicated promotion and recruitment role, centralised client management services and more flexible delivery of the Money Minded component. Changes are currently being considered with the aim of trialling them in 2014 and incorporating the best of them for consideration in a potential Phase 6.

Results and reporting

A number of reporting mechanisms exist within the program. Formally, the Brotherhood of St Laurence provides the Department of Social Services (DSS) with six-monthly performance reports, copies of bi-monthly participants/targets reports for each site, a consolidated performance report, and audited annual financial acquittal reports. These obligations are laid out in the funding agreement between the Brotherhood and the department.

A further layer of reporting is required from partners and agencies to the Brotherhood in the form of financial acquittals. Permission of the Partnership is required to carry over any underspent funds. Service delivery agreements and licences exist for both partner organisations and service delivery agencies. These agreements are joint Brotherhood/ANZ agreements signed between the partner or delivery agency and Brotherhood/ANZ. They cover funding, deliverables and other operational and services issues. Resources (from both ANZ and the Commonwealth Government) are directed through the Saver Plus National Office (SPNO) which disburses the funding according to the terms in partner and service delivery agency agreements. However a small amount of funding relating to program managers is also paid directly by ANZ to the partner agencies.

Beyond the reporting obligations laid out in the agreement the SPNO generates monthly performance reports of recruitment across all sites. This report provides the best regular insight into

the health of the program. A more detailed analysis of the program's operation is assembled in the six-month performance report.

Relationships

The Senior Manager of Financial Inclusion at the Brotherhood of St Laurence manages the relationship with DSS and the program has a strong relationship with the department.

The relationship with ANZ is an excellent example of successful corporate and not-for-profit collaboration. ANZ and the Brotherhood of St Laurence as IP partners work collaboratively together with the department on matters of program direction and planning.

Saver Plus is an unusual model that successfully incorporates a range of not-for-profit agencies (both large and small), a lead contractor that is also a provider, corporate partnership with joint IP and subcontracting arrangements, and a government funding agreement. All parties work to signed agreements but also operate collaboratively within the model.

Evidence of success

Saver Plus was subject to a 2011 research study¹³ by RMIT. The study found that of those completing the program:

- 87% of participants were still saving the same amount or more up to 12 months later
- 78% of participants were better able to make ends meet
- the number of participants who save a set amount regularly increased by 40%
- 70% of participants increased their savings and assets
- over 84% felt they had more control over their finances
- over 87% were better able to plan for their future.

Continuous improvement

The funding agreement contains a number of key performance indicators that have helped drive improvements to the program's operations. Contract indicators concerning participant targets, financial education training completion (85%) and maximum participant withdrawals (15%) have been used by ANZ and the Brotherhood to analyse the program and devise recruitment and operational refinements. Further focus areas include eligible enquiry rates, conversion of eligible enquiries and missed monthly deposits. In recent months, departmental advice about the changing funding environment has also spurred efforts by Brotherhood/ANZ to consider how the program can be further modified to achieve a lower cost profile.

Challenges

The main challenge confronting Saver Plus is the transition into a post-GFC government funding environment in which funding at the previous level is unlikely to be repeated. The current program funding is set to conclude in mid-2015. DSS has already indicated that Phase 6, if it is to be funded,

¹³ R Russell, J Cattlin & MP Doan, *Evaluation of Saver Plus (Phase 4 (2009–2011))*, RMIT University, Melbourne, 2011.

will need to achieve significant program efficiencies. While discussions have been underway for some months no guarantee exists about the program's continuation beyond its current funding limit of mid-2015.

In order to secure Commonwealth Government funding other challenges need to be tackled. These include developing and trialling practice innovations that can demonstrate the required efficiency in a way that will meet the expectations of partners prior to discussions with DSS commencing in late-2014.

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