



All Together

A new future for commissioning
human services in New South Wales



THE UNIVERSITY OF
SYDNEY

Sydney Policy Lab

Acknowledgement of Country

We acknowledge the tradition of custodianship and law of the Country on which the University of Sydney campuses stand. We pay our respects to those who have cared and continue to care for Country.

About the Sydney Policy Lab

The Sydney Policy Lab is a multidisciplinary research institute at the University of Sydney and a nonpartisan space where people from all walks of life can meet and develop plans collectively for the future.

We exist to forge collaborative relationships between researchers, civil society, industry, politicians and policymakers that are capable of creating new knowledge and driving change that would shape an Australia which is more equal, where power is in the hands of everyday people and where more people feel a secure sense of belonging in their own society.

The Lab develops original and far-reaching research projects which unite the grounded wisdom that comes from everyday experience and the perspectives gained from rigorous scholarship. We work in partnership with institutions who seek to put new ideas into practice.

Our unique way of working strengthens the ability of our researchers and partners to collaboratively generate new ideas, transform the ways they work and effect change.

Acknowledgements

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This report represents the views of the authors as informed by the research process.

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A note about the Community Sector in New South Wales

The people and communities of New South Wales (NSW) are similar in many ways to others around the world. Everyone wants to live in safe, strong and resilient communities, living full lives with friends, families and loved ones. Sadly though, not everyone has shared in the decades of prosperity. Inequality is growing. There are still too many people in NSW who are being left behind, who are doing it tough or who live in fear of danger.

The community sector has played an essential role in NSW for over a century, providing crucial services that build community strength and cohesion. They are the housing, youth and domestic violence services that provide relief and support in times of crisis and accommodation in times of need. They also include services supporting families and children to create and maintain safe and nurturing environments. And local community centres where people come together to share, learn and connect with each other.

The independent community-based organisations at the heart of these services, often propelled by passionate volunteers, are most closely connected with communities, be they urban, rural or remote. They can also be a guiding light to governments when it comes to identifying what people need and designing innovative responses.

Community sector peak bodies in NSW support these independent organisations. Peaks convene forums for information sharing and learning, develop individual and organisational skills and capacity, and advocate for sector funding or policy changes that will take pressure off the system.

A leader of one of the peak organisations explains:

A key role of community sector peaks in NSW is working to ensure that government funded organisations are equipped to respond to changes in government policy direction. Sometimes, this requires working independently with specific stakeholders. Other times, the peaks work closely together respond to systemic issues.

The change by the NSW Government from its historical contracting to a commissioning model is one such moment where 10 community sector peaks saw the opportunity to bring together their collective wisdom and experience to drive a different discussion.

Regardless of service delivery, client group, or geography, the peaks recognised early that discussions with elected government and departments about transitioning to commissioning would have powerful influence if had with one voice.

We invited Sydney Policy Lab to help our voice gain clarity.

Participating NSW peak organisations:

The Centre for Volunteering, Churches Housing, Domestic Violence NSW, Fams, Homelessness NSW, Local Community Services Association (LCSA), NSW Council of Social Services (NCOSS), Shelter NSW, Y Foundations and Youth Action.

Foreword

The provision of key services to communities, and especially to communities experiencing disadvantage, is one of the fundamental tasks of any government.

But getting it right is extraordinarily difficult.

It is difficult right now, of course, because of COVID-19 and the terrible disruption that follows in its wake.

But it was already difficult before that.

For far too long, many service recipients have reported being dissatisfied with the experience they receive, whether it is because they feel they are looked down upon by those who occupy decision-making positions or because the complexity of their situation and their interlocking needs is not properly understood.

Service providers and their representatives also report feeling undervalued. Sometimes they complain of being pitted against each other as competitors for ever more restrictive public funding. At other times, they insist that their wisdom and expertise is not treated seriously enough by those who are more distant from the frontline.

Expectations of government and the public service are sometimes complex too. They know that citizens more broadly demand high quality, but also value-for-money services and they are rightly anxious that any error or failure to call out inadequate service provision will likely reflect badly on them.

It is in this context that a new idea has emerged that promises to draw all of these different groups together, sharing power and responsibility and developing a more collaborative approach for the future.

It is an idea that places human beings' capacity for relationship building at the heart of its analysis. It emphasises that connection, dialogue and shared goals often stand a greater chance of transforming lives than competition, hands-on management and conflict.

In practical terms, that big idea goes by the prosaic name of "commissioning."

This report investigates what commissioning can be, what it currently is and how we might seek radically to improve it for the future.

The argument that it sets out is that successful commissioning depends on a courageous and creative spirit—a willingness to experiment—and on the depth of the connections between all the different partners in the service delivery ecosystem. Only where trust is built and real relationships are crafted can this new approach hope to succeed where previous ones have failed.

All of this will require us to be driven by people rather than focused on process, and to take decisions which require professional judgement and empathy, while creating a genuinely community-led response to the challenges we face.

That is not an easy path.

This approach will raise profound challenges for those of us who assess risk and demonstrate accountability. It will require us to recalibrate our thinking for a complex 21st-century world. But the opportunities are enormous nonetheless, and I hope very much that this report encourages more people to try.

Professor Marc Stears
Director, Sydney Policy Lab



Summary

60 second summary

Since the late 1990s, the term commissioning as a concept and practice has steadily gained ground in characterising the procurement, funding, design, delivery and evaluation of human services for individuals and communities.

In its ideal form, commissioning promises to deliver service redesign through a collaborative approach across government, service providers and communities that puts people at the heart of their care as active participants.

It has been framed as a panacea to address the complicated task of delivering services to meet citizen needs in today's increasingly complex world. However, translating it into policy and embedding it into practice has proven to be a complicated task.

The process to date in New South Wales (NSW) has been challenging for the NSW Government and community sector peak organisations that represent community service providers across the state. Despite a shift in rhetoric, commissioning human services in NSW has largely mirrored New Public Management (NPM) style contracting and procurement, characterised by competitive and transactional ways of working.

This report seeks to reshape the understanding of commissioning, away from a search for policy blueprints to be transplanted from other places or experiments, towards a realisation that good commissioning is *a way of working* that sees government agencies, service providers and other stakeholders working together and requires a commitment to community involvement, flexibility, learning and relationships.

To move towards good commissioning, the research coins the tool of a commissioning jigsaw—six core questions that commissioners must engage with to shape any experiment. It also distils four fundamental principles which, when taken together, form a lens through which the government and community sector ought to approach the design of commissioning initiatives in NSW.

Executive summary

What can good commissioning look like in NSW? And what can government agencies, service providers and peak bodies do to bring this to life? These are the key questions this report seeks to answer.

As citizens lead increasingly demanding lives and their needs become increasingly complex, ensuring people receive the support they need has become an equally complicated task.

Since the late 1990s, the term *commissioning* as a concept and practice has steadily gained ground to characterise the procurement, funding, design, delivery and evaluation of human services for individuals and communities. Commissioning has been done in different ways in different jurisdictions, and so definitions of commissioning vary.

When it comes to the NSW Government engaging family and community sector organisations to deliver services relating to housing security, child wellbeing, domestic violence and community development, commissioning has emerged with the promise of a new way of working. A new approach that encourages government agencies, service providers and other stakeholders to collaboratively design and deliver services whilst putting people and communities at the heart of their care as active participants.

In its ideal form, commissioning shifts systems away from a focus on narrow problem solving towards fostering wellbeing, from managing need towards developing agency and capability, from transactions towards relationships, and from containing risk towards creating possibility.

While there is much excitement for this more integrated and inclusive approach, translating it into policy and embedding it into practice is a challenging task and, as this report explains, necessarily so.

As multiple government agencies grapple with the cultural and operational shifts required, initial shifts in language have not yet translated into perceivable changes in procurement practices. This has exacerbated historically strained relationships between government and the NSW community sector, as well as within the sector.

Nevertheless, the Sydney Policy Lab's research has found that the current state of play is characterised by both challenges and hope. There is considerable agreement on the underpinnings of what is understood to be *good commissioning*, and crucially, people in the sector as well as government agencies are demonstrating significant goodwill and leadership in efforts to work together to support safe and strong communities across NSW.

This report seeks to support this important process. It is the result of an ambitious collaboration in 2019 between the Sydney Policy Lab and ten peak organisations in the NSW family and community care sector. By bringing together leading academic knowledge, international best-practice expertise and deep local experience it combines the voices and evidence of academics and practitioners in NSW and Australia more broadly, as well as New Zealand and the UK.

The report explores three core questions on commissioning:

1. Commissioning: What is it and what is it not?
2. What has been the experience in NSW?
3. How can commissioning be done well and what might a way forward look like in NSW?

Commissioning: What is it and what is it not?

While there is no one fixed definition, commissioning is widely and increasingly understood as a strategic, collaborative and *way of working* that centers relationships, is highly context-specific and encompasses all stages of the policy cycle.

In this context it is particularly important to distinguish between the potential of commissioning when practiced in a collaborative environment across government, service providers and communities, and New Public Management (NPM) style contracting, which is transactional and tends to operate in an oppositional and competitive environment. This research found that while the two approaches are based on wholly different value systems, contracting has in the past been implemented under the guise and rhetoric of commissioning.

This report seeks to dispel the myth that a single transplantable commissioning policy blueprint exists, and instead coins the concept of a commissioning jigsaw containing six core questions which funders, service providers and communities ought to collaboratively engage with in order to shape relational commissioning experiments in their jurisdiction that meet the needs of their communities and context.

What has been the experience in NSW?

NPM-style practices such as public service outsourcing, competitive tendering, contracting and other procurement along market-led and efficiency-seeking principles remain commonplace in NSW. This research found that these precedents have shaped experiences with commissioning to date, eroding relationships between the NSW Government and the family and community services sector and creating barriers to effective long-term collaboration.

How can commissioning be done well?

This report distils four fundamental principles that underpin good commissioning, centering on the need to build relationships and trust; elevating the role of communities in planning and delivery; embedding learning and flexibility to allow for experimentation, reflection and evolution; and rethinking funding models to invest in people and communities.

Taken together, these four principles of good commissioning form a lens through which the government and community sector ought to approach collaboration on the design of commissioning experiments in NSW—in particular the core questions outlined in the commissioning jigsaw that are the foundation of any experiment. The paper also offers concrete examples of the types of activity that either enhance or hinder progress.

What might a way forward look like in NSW?

The report concludes with a closer examination of how this approach might inform experiments in NSW, presenting a set of recommendations intended to help the NSW Government and community and family peaks move forward.

No magic bullet exists for getting commissioning right and any framework is only as strong as its participants' commitment to learn, adapt and evolve. In this spirit, the report emphasises the need to build genuine partnerships that include establishing an independent commissioning agency, or agencies, to support and develop commissioning experiments across the state.



Introduction

Introduction

How do we ensure that people have access to the foundations of a fair and prosperous society – personal security, housing, health, education and transport?

How can people going through tough times get the support they need to get back on their feet?

How can governments deliver services in ways that meets the legitimate desire of citizens to control their own lives and make their own decisions?

These questions have always been difficult and answering them now is as hard as it has ever been. Citizens lead increasingly complex and demanding lives. They have little time or patience for navigating often rigid and complicated systems that struggle to respond to all the different and often interconnected types of problems or disadvantage they face.

A single mother with a disability might need support finding accommodation to escape a violent relationship and provide a safe and stable home for her young child. In a traditional service delivery landscape, this mother might need help from multiple people and community service providers, many of whom may not interact effectively with each other.

In the last five years, a new approach called “commissioning” has been suggested as the solution to challenges like these.

In its ideal form, commissioning promises to deliver service redesign through a collaborative approach that puts people and communities at the heart of their care as active participants.

It is an approach that intends to shift systems away from a focus on narrow problem solving towards fostering wellbeing, from managing need towards developing agency and capability, from transactions towards relationships, and from containing risk towards creating possibility.¹

In the words of award-winning and influential social entrepreneur Hilary Cottam:

Modern welfare must create capability rather than manage dependence; it must be open, because all of us need help at some stage and when we are thriving many of us have help to offer; it must create possibility rather than seek only to manage risk; and it must include everyone, thereby fostering the connections and relationships that make good lives possible.²

Much practised in the UK and New Zealand, commissioning has more recently made its debut in Australia.

Working out how to bring commissioning to life in NSW has become a conundrum for a number of government agencies. More than 15 reports on commissioning and outcomes-based funding have been published by different agencies, signalling a desire to work in a different way.

However so far, the initial shift in language has not yet translated in significant change on the ground. As such, some peak organisations and service providers report having grown increasingly exasperated with ongoing funding practices which they believe prompt short-term transactional interventions and foster cultures of competition, alongside cycles of review, and jargon-heavy reform programs.

All of this, at its worst, has resulted in mistrust and fragmentation in a sector that is meant to look after people, forge resilient relationships and deliver care. Ultimately, it is the people and communities that commissioning is intended to serve who lose out.

Fortunately, there is a common desire across government and peak bodies to drive towards successful change.

The leadership of NSW peak bodies—organisations which represent, resource and advocate for hundreds of independent, community-based service providers across NSW—have committed to a shared ambition to collaborate on areas of common interest and collective concern. They intend to lead big conversations about the future of the sector, the evolution of the role and performance of peak bodies, and the relationship between new policy frameworks—all drawing from their experience and relationships on the ground and a resolve to involve people and communities more directly and effectively in their work.

This report is one result of that intention.

We begin from the assumption that good commissioning is no easy task. In the pages that follow we shall demonstrate that each instance of commissioning is unique. Getting it right requires a whole-of-system approach to service design. It needs governments, peaks and community groups to forge real relationships and practical collaborations rather than simply adhere to a pre-designed policy blueprint. It demands a culture of experimentation, iteration and flexibility to find the sweet spots of success that can go on to inspire future experiments.

While this may seem daunting it offers unique opportunities. This is a big opportunity that comes at a crucial moment that should not be wasted.

So, where to next?

How do we get from where we currently are to good commissioning?

That is what this report will explore.



A note about the research

This report is the result of an ambitious collaboration between the Sydney Policy Lab and ten peak organisations in the NSW family and community sector. The Lab was commissioned by these organisations in 2019 to examine commissioning as a concept and a practice internationally, across Australia and in NSW, and to propose recommendations for the peaks and other interested stakeholders.

The resulting research brought together analysis of state-of-the-art academic knowledge, international best-practice expertise and deep local experience. It drew on evidence from desk research encompassing key academic and grey literature³ and from qualitative interview research on case studies, including interviews with international practitioners in New Zealand and the UK and local experience in NSW and Australia more broadly.

Initial insights were tested and enhanced through a series of participatory workshops and one-to-one interviews with over 30 people across the NSW community sector and the NSW Government.

The research was conducted by a multidisciplinary team led by Professor Susan Goodwin at the University of Sydney and Professor Marc Stears, Director of the Sydney Policy Lab, and comprised of Mark Riboldi, Dr Elaine Fishwick and Lisa Fennis, from the Sydney Policy Lab. All interviews and analyses were conducted with the approval of the Ethics Committee at the University of Sydney according to the highest academic standards.

This detailed research was then synthesised into this report which aims to provide insight to four core questions around commissioning, each of which is now discussed in a separate chapter below:

- 1. Commissioning: What is it and what is it not?**
- 2. What has been the experience in NSW?**
- 3. How can commissioning be done well?**
- 4. What might a way forward look like in NSW?**



Commissioning: What is it? What is it not?

Commissioning is a way of working that is just starting to emerge in NSW following experiences overseas. Every commissioning experiment is unique to the jurisdiction in which it is practised. It is shaped by local and contextual factors as well as choices commissioners make around the role of the community, service providers and government.

These choices determine whether commissioning merely changes the name of current contracting practices and looks like “old wine in new bottles”, or if it enables a bolder shift towards achieving broad social outcomes.

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Strategic commissioning involves clearly identifying and prioritising service outcomes and clarifying the resources necessary to achieve those results. It may include the development and redesign of the systems and structures through which these services will be delivered. It requires a mature engagement with delivery agents, particularly in commissioning the function or service upfront.

O’Flynn & Sturgess, 2019⁴

Commissioning in theory

While definitions of commissioning in practice tend to vary, it is increasingly understood as a strategic endeavour that involves working relationally across government, service providers and communities and that encompasses all stages of the policy cycle.

For me, commissioning is about thinking through what outcomes we’re seeking to achieve as a group of people—government, non-government, communities themselves—then how do we work together as a system to achieve those outcomes?

NSW Government interviewee

Since the late 1990s, the term commissioning as a concept and practice has steadily gained ground in the area of designing and delivering human services for individuals and communities, first in the United Kingdom, then in New Zealand and more recently in Australia. As a term, commissioning is used to describe different practices in different contexts.

In the United Kingdom (UK), commissioning has for many years been synonymous with public sector procurement and purchasing of non-government services. Responding to a number of perceived problems with the more transactional aspects of procurement process, organisations such as the New Local Government Network (NLGN) have begun to talk about ‘community commissioning’ in order to reorient services around relationships which start with citizens and their needs.⁵

In NSW, commissioning of community-based organisations is being framed as a different approach to purchasing services that the NSW Government has funded for many years, if not decades.

This report conceives of commissioning as a practice, a new *way of working* for human service design and delivery, as opposed to a catchall for all public sector procurement.

Australian experts describe commissioning as being “poorly or ambiguously defined” and “not a science; there is no one model or way of doing this.”⁶ Nonetheless, there is general agreement around the ideals of commissioning, particularly in its holistic or strategic approach.⁷

The following definition from the NSW Department of Family and Community Services (FACS)⁸ in 2017 is consistent with broad definitions from the community sector, academics and other state and federal government agencies, commissioning is:

a collaborative process to assess individual and community needs and assets, agree on outcomes, and design and evaluate the most efficient response to achieve outcomes over the short and long term.⁹

Similarly, a recent Australia New Zealand School of Government (ANZSOG) report for the Australian Public Service broadly defined commissioning as:

concerned with how government goes about assessing needs, planning, designing and prioritising services (and other activities), authorising and funding, and evaluation.¹⁰

Multiple evaluations of experiments in commissioning have emphasised that a collaborative approach that centres relationships is crucial to successful commissioning, assigning government agencies with a more dynamic role in today's complex and multi-actor service delivery landscape.

In this sense, commissioning as a strategic and relational practice is somewhat of an evolution from the way governments have organised themselves to deliver services and meet community need in the past.

Broadly, from the 1930s to 1970s the underlying governing principle in social democracies like Australia, New Zealand and the UK was that public services were best coordinated and delivered centrally through government bureaucracies. This is the approach known in the literature as "Traditional Public Administration".

This was followed by the era of "New Public Management" (NPM), commencing from the late 1970s and early 1980s, characterised by the belief that bureaucracies left to their own devices rarely serve the interests of the least advantaged effectively. In seeking to enhance service quality, and sometimes also to reduce costs, NPM brought practices from the business sector into government. These included outsourcing existing services, competitive tendering, market creation and strict contract management.

Crucially however, NPM recognised that public service provision could never be the same as a commercial market and should therefore not be treated as such. Even in the heyday of NPM government agencies retained primary responsibility and accountability over care for its citizens, regardless of who delivered human services or the precise mechanisms they deployed.¹¹

The resulting mixed environment—where governments provide some services directly, purchase other services from private or charitable providers and create markets to fund other services—is the starting point for any change today.

Dissatisfaction has grown with this approach in recent years, for many reasons.

Gary Sturgess,¹² former Director General of the NSW Cabinet Office and currently the NSW Premier's ANZSOG Chair of Public Service Delivery, highlights that NPM approaches have been unable to satisfactorily address issues around the integration and coordination of services, performance management and quality control, and strategic engagement with service providers.

Others, including the British social entrepreneur, Hilary Cottam, have also observed the failure of NPM models to tackle entrenched disadvantage systemically. These critiques tend to emphasise the prevalence and shortcomings of often short-term and transactional nature of the relationships between government agencies, service providers and community groups.

Cottam traces this back to an underlying assumption in NPM that presumes partners cannot work together collaboratively or creatively but need instead to be treated as competitors with narrow areas of interest and expertise. She argues these beliefs prevent deeper and more sustainable responses to social problems from emerging.¹³

It is in light of criticisms such as these that commissioning has emerged as an alternative to NPM approaches. Commissioning is intended to allow partners to work strategically and

collaboratively across the broad spectrum of needs analysis, service design, delivery and evaluation to ensure that systemic issues as well as instances of one-off disadvantage are addressed, while ensuring that deeper and more sustainable relationships are created between the funders of services, service providers and the recipients of services.

Table 1 sets out the differences in principles and practice between the NPM approach and what is expected of commissioning as it is emerging in the literature internationally. It is an adaptation of a table in an Association of Children’s Welfare Agencies (ACWA) discussion paper on commissioning in NSW and was utilised in a discussion paper by the Community Services Directorate.¹⁴

As the table on the following page demonstrates, the core differences between NPM Contracting and Commissioning exist at both the level of concrete practice and underlying assumptions.

NPM approaches tend to assume that everyone acts in their own interest, necessitating a vertical culture where government retains primary control over service design, procurement, performance setting, monitoring and contract management. NPM contracting is therefore in many ways a bureaucratised top-down exercise.

Commissioning, in comparison, starts with the assumption that all participants in the system—funders, service providers and service beneficiaries—have the potential to align around a common interest. This creates space for a horizontal culture which focuses on collaboration and developing trust. As Cottam puts it, commissioning is a relational exercise lending itself to genuine co-production.

For jurisdictions wishing to engage in commissioning, the big challenge is clearly how to move most successfully from a transactional top-down contracting approach to a whole-of-system commissioning approach based on strong cross-sector relationships.

There has been remarkably little objection to this change in theory, yet practice often tells a different story. As is detailed below, there are a plethora of experiments in commissioning taking place globally. Notably, research on these various jurisdictions suggests that a shift in language to commissioning has not always translated to a shift in practice from the NPM orthodoxy.

For example, J. Gordon Murray found that more than half of public servants who lead procurement in the UK stated that they thought that procurement and commissioning were the same thing.¹⁵ Similarly, Janine O’Flynn and Gary Sturgess pointed to “considerable evidence that in Australia, the language of commissioning is being used as a substitute for procurement or outsourcing, rather than the more strategic integration of purpose and action.”¹⁶ Even closer to home, 90 percent of non-government organisation (NGO) practitioners in NSW interviewed by ACWA agreed that “it isn’t clear how commissioning is different from past contracting and funding models.”¹⁷

Not all experiments have seen such disappointment. This research identified a number of commissioning approaches that have been well-received locally and by expert analysis. Before we consider the possibilities of commissioning in NSW, therefore, this report presents some of these stories of commissioning in practice.

Table 1. The difference between NPM contracting and commissioning

	NPM Contracting	Commissioning
Underlying assumption	Each party pursues its own self-interest, to the exclusion of others; for the public good, government must thus create structures of incentive, control and discipline.	Different parties are able to come together to achieve common goals, and therefore governments must create trusting environments where collaboration can take place.
Ethos	Market / Efficiency / Transactional	Community / Effectiveness / Relational
Needs assessment and service design		
How are services defined?	The funder—typically a government agency—decides what services are needed and then goes to market.	The funder participates in collaborative processes with external providers and users to determine required services
Who provides the service?	Decided by competitive tendering or other competitive selection process.	Preferably decided by selected tender, interactive tendering, joint ventures, lead agency or consortia models, for example.
What do the contracts look like?	Contracts are transactional, detailed and over a short time frame, seeking to anticipate as many eventualities as possible to prevent gaming behaviour.	Contracts are relational, longer-term and set a broad framework to report against, relying on negotiation between trusted partners to resolve disputes.
What will ensure performance?	Financial and extrinsic rewards and sanctions are set out in contracts; use of litigation and cancellation of contract for non-performance.	Reliance on altruistic intrinsic motivation, collective accountability and periodic course correction through deep relationships and ongoing collaboration.
Monitoring and evaluation		
How is performance measured?	Activity is mandated by funder in contracts, often with an emphasis on easily quantified processes, inputs and output measures.	Joint process between funder and provider to agree on desired outcomes; development of relational strategies to achieve shared objectives.
How is performance monitored?	Contracts require frequent reports from provider to funder; random audits; external audit and investigation.	Generally self-regulation by providers through codes of conduct, professional accreditation and peer review; minimal use of coercive reporting requirements.
How is performance improved?	Activity measured against contracted targets from year to year, with improvements sought in cost per client transaction.	Ongoing networked coordination provides opportunities for learning, skills development and understanding of impact for individuals and organisations.
How are the interests of service users protected?	Random audits and checks by the funding agency or outside regulators; tracking of outcome measures; funding of customer complaint and advocacy mechanisms; use of market mechanisms such as individual funding packages and pay by performance schemes.	Client-centred mission of NFP providers; intrinsic motivations including ethical codes of client-facing workers, community consultation mechanisms embedded in governance structures; consultation with service users on outcome measures—wellbeing and client satisfaction.

Commissioning in practice

As discussed, commissioning has been practised in various contexts in various ways for many years. Rather than provide an extensive list of every instance of commissioning, this report examines four commissioning stories that characterise a specific level of interaction between governments, service providers and community members.

If commissioning is to be more than just a fad or passing fashion, then we need to think critically about this concept and the most appropriate way to operationalise it in our localities.

Helen Dickinson, 2015¹⁸

Government-led commissioning: The Wigan Deal

As part of the UK government's program of decentralisation and austerity, funding to Wigan Council in northwest England is being cut by £160 million over ten years from 2011, amounting to almost 40 percent of their funding.¹⁹ In response, Council has taken a radical approach through The Wigan Deal ("The Deal")—an informal agreement between the public sector, community groups and businesses to pursue a preventative approach to meeting community needs, where residents are actively involved in the future of services and community health in the area. So far, The Deal has involved:

- Council freezing community tax—a core source of service delivery revenue.
- Encouraging residents to get more involved in the local community—by recycling, volunteering, using local parks and buying local.
- Breaking down silos and pursuing integrated service delivery, including through weekly huddles and other regular points of cross-sector contact.
- Training all council staff in ethnographic and people-centred conversations.
- Investing £10 million in community organisations over five years while drastically reducing the amount of reporting required.

The Deal has saved Wigan Council £141.5m while improving social care, health and wellbeing outcomes. Residents have been found to be some of the happiest in northwest UK.

Despite this success, the area continues "to experience higher levels of deprivation and inequality" compared to the rest of the UK. Council's service innovations have not been able to counteract the far-reaching impacts of removing money from human services.

Joint First Nations commissioning: Whānau Ora

In response to a 2015 New Zealand (NZ) Productivity Report recommending increased opportunities for Maori governance and devolved commissioning and delivery of social services, the NZ Government established the Whānau Ora partnership to work with Maori, Pasifika (from the Pacific Islands), and Pakeha (settler) families.²⁰

The partnership set up three commissioning agencies which see themselves as equal partners with whānau—extended family groups—and have autonomy within a high-level outcomes framework based on Maori values, beliefs and principles.

The agencies decide how they want to operate and which services to fund, with the broad aim of putting whānau at the heart of decision-making.

A core stream of funding is for local people to set up and operate services and businesses that contribute to the health and wellbeing of the local community—including safety from violence projects, locally sourced produce cafés and work-based literacy programs.

Another stream of funding is for navigators employed by commissioning agencies to act as case managers and advocates, facilitating access to health, education, welfare and housing services for those who need them.²¹

A 2018 review of Whānau Ora found that that this way of working “results in positive change for whānau creates the conditions for the change to be sustainable.”²² The broad shift has been towards a more holistic view of health and care, from top-down funding of services for individuals to wrapping services around whānau.

Localised commissioning: Integrated Social Services in Europe

In 2013 the European Commission introduced the Social Investment Package, an integrated policy framework designed to develop social protection in member states, rather than service responses that react to discrete challenge as they occur. Funds were made available for member states to integrate care and support services with other public services including education, health and employment.²³

The main impetus for integration was to prioritise prevention in response to the increasing numbers of service users. Integration across sectors has included resources transfer, policy and legislation reform to enhance coordination or to promote full structural integration.²⁴

Key features of integrated services include: case management, investment in coordination and relationship building, multidisciplinary teams that include service users, shared management across agencies, streamlined communication and information channels, joint and pooled budgets, one-stop-shop services, and allowing for space and time to test new ways of working together.

An indicative program within the framework is Open Dialogue, convened and part-funded by Denmark’s National Board of Social Services. It provides services for people with severe mental health problems across five Danish municipalities.

The program has a dual approach of regularly bringing cross-sector professionals together to network and share information and a training program for service users that focuses on personal empowerment and individual decision-making.²⁵

Network-based commissioning: The Plymouth Complex Needs Alliance

Facing a funding crisis due to austerity and wanting to engage in “a more collaborative way of commissioning,” Plymouth City Council sat down with organisations and service users to rethink how services in the local area could answer the question, “How do we help vulnerable adults in Plymouth live the lives they want to live?”²⁶

It motivated eight organisations, including the Council, to form an Alliance around a variety of complex needs like homelessness, drug and alcohol misuse, mental health and offending. The procurement and negotiating period began in June 2018, and the Alliance began formally operating in April 2019 with an initial five-year contract and an option to extend to ten.

The organisations collectively decide who will do what. The principles of the Alliance include:

- A “no wrong door” approach, where someone can present at multiple points into the system and still receive the same high quality and consistent offer of care.
- A system of complex needs workers who deliver support wrapped around the person.
- A reduction in duplication and inefficiency.
- Systemic decisions being made collectively about resources using a “best for people using services” principle and the ability to respond flexibly to need.



Not a blueprint, but a six-piece jigsaw

The aforementioned commissioning stories demonstrate the variety of factors that must be considered when commissioning human services. Given its success, prospective commissioners may be tempted to look to Wigan Council and attempt to transplant Wigan's model onto their jurisdiction. This would be a mistake, as it ignores the contextual factors unique to Wigan, as well as the iterative process of the Wigan Deal over time.

As former Wigan CEO Donna Hall says:

After years of hard work, service redesign, culture change and great community ideas and activity, it is an approach that is delivering better outcomes with fewer resources.²⁷

The number of choices available for commissioners is one of the main reasons it is difficult to come to a singular definition of how to do commissioning. Nonetheless, based on the research it is possible to settle on six core questions with which commissioners always need to engage:

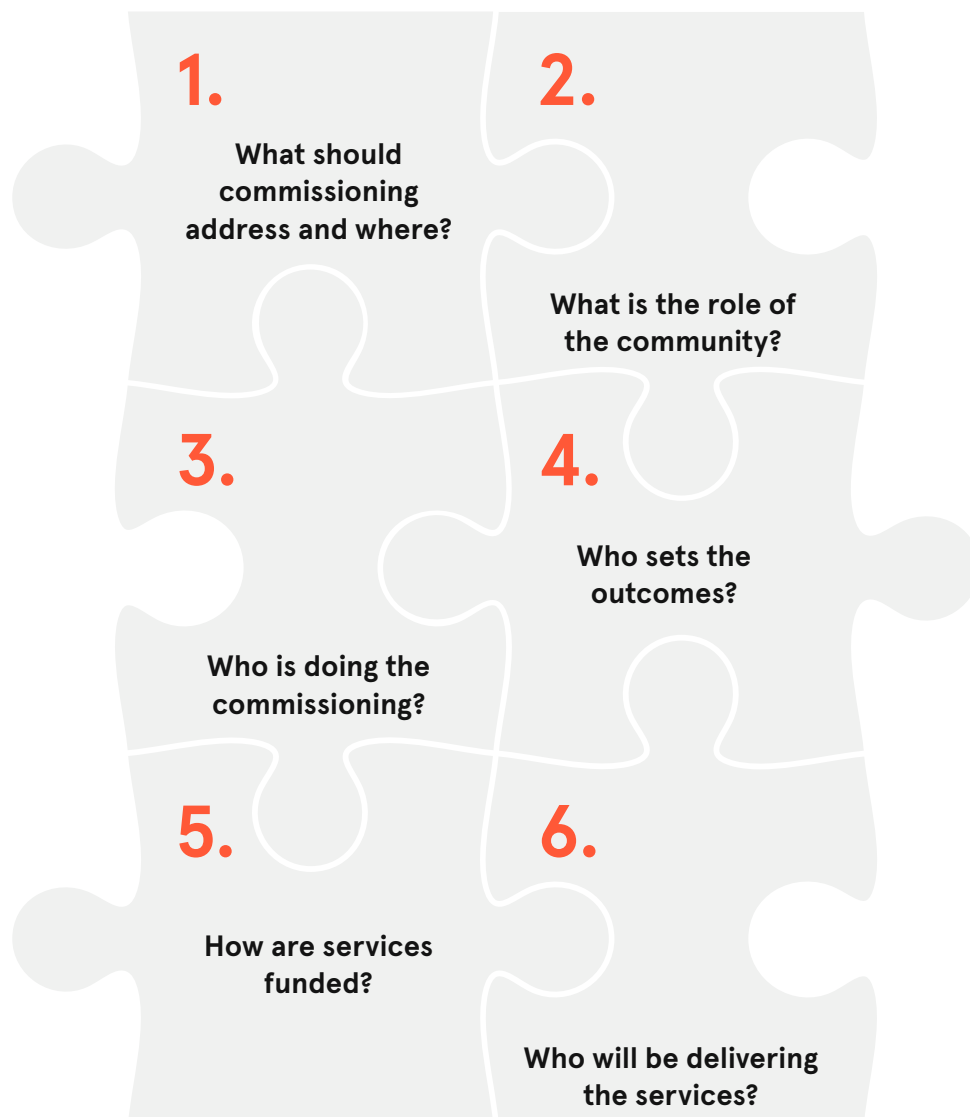


Figure 1. The Commissioning Jigsaw

Each question will be considered in more detail below, along with examples of international best practice.

1. What should commissioning address and where?

The starting point for conversations around commissioning will depend on the local circumstances and where the drive to commission comes from.

For example, an active and organised community that is concerned about the lack of opportunities for young people in a particular area, might encourage various levels of government to work together on the issue; or a government wanting to address the levels of sexual abuse and domestic violence might want to try a new approach to working with communities, experts and service providers.

The starting point for both these conversations is an identified policy problem that needs to be addressed for the overall wellbeing of the communities involved.

Seen this way, good commissioning is a strategic process, taking a wide and long-term view of how to tackle a particular problem. Taken to one extreme, commissioning could be a whole-of-system exercise; however, the logistics involved in planning and delivering services on this scale likely need to be developed over time.

A more strategic approach appears to be commissioning on a smaller scale, using lessons from the process to inform future experiments. Two factors of consideration here are the geographic area in which commissioning occurs and the particular issues or policy problems that the commissioning initiative is designed to address.

The Logan Together collective impact project in Queensland, for example, operates within the Logan City Council area with a focus on children.²⁸ The Maranguka Justice Reinvestment Initiative operates within the town of Bourke, focusing on the local Aboriginal community.²⁹ Commissioning in relation to health usually occurs within Local Health Districts and focuses on primary health care and prevention.

2. What is the role of the community?

For governments traditionally used to managing and controlling all aspects of the process—either through direct provision or performance management of non-government organisations—the question might more accurately be: *how much power are you willing to devolve and share?*

The same question applies to community service providers. Although many community-owned services began operating independently, over the years these organisations have attracted government funding. This creates pressure over time for community organisations to become more responsive to the demands of funders than the communities they represent, forcing them to ask: *whose needs is your organisation serving?*

The commissioning curve on the next page presents the different options for the community's involvement in the commissioning process.

Towards the community-led end of the curve, success involves people feeling like they have agency in the process. Communities make decisions about desired outcomes and also funding allocations.

Closer towards the government and or technical expert-led end, people are not driving change, but they feel represented and listened to. Success involves intermediary organisations—community service peaks or joint commissioning agencies, for example—being attuned to community perspectives and playing a mediation and translation role.

Commissioning Curve

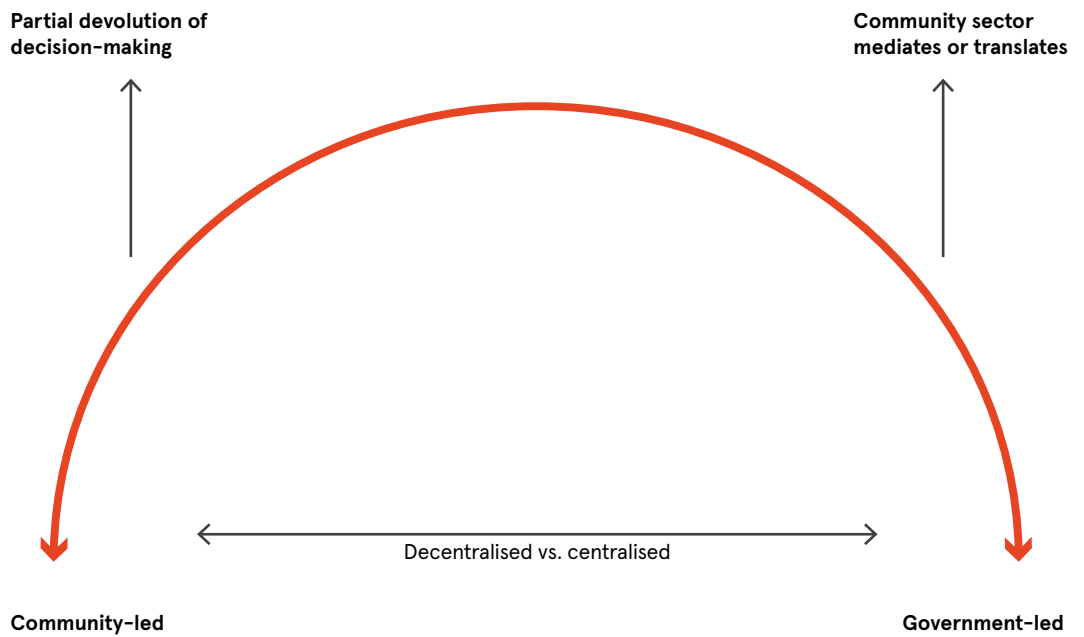


Figure 2: The commissioning curve.

3. Who does the commissioning?

In available practice, there are essentially three types of commissioner: governments, communities and intermediary organisations.

Government-led commissioning covers the majority of commissioning experiments that have been the subject of review and evaluation in the broader literature. Here, governments are simultaneously funder and purchaser. Successful government-led commissioning likely invests in relationships and ensures funding security, flexibility and capacity building for service providers.

Community or individual-led commissioning involves greater autonomy and agency for the people closest to the problems at hand, even when government remains the primary funder. This applies to determining how outcomes are set, how services are coordinated and how funds are allocated. For community-led commissioning to work, ongoing investment in skills, knowledge and capacity is required to build capability and avoid entrenching social inequities.³⁰

Intermediary options between total government control and complete devolution tend to involve governments or other funders entering into partnerships with communities and service providers, or establishing independent joint-commissioning authorities. Governance structures with accountability mechanisms can ensure communities have a voice while maintaining professional standards. Strong emphasis is placed on convening networks and building relationships across government, service providers and communities.

4. Who sets the outcomes?

Outcomes reflect the broad and long-term goals of a system, such as higher life expectancy, reduced prison population or increased housing security. As such genuine outcomes for individuals or communities are typically the result of multiple service interventions across an extended period of time. They are rarely, if ever, attributable to a single interaction between a person and a service provider.

Outcomes need to be broad enough to reflect this reality, but narrow and specific enough to be meaningful. Well-designed activity measures can mark progress towards broader system

goals and allow service providers to demonstrate how their work contributes to broader collective outcomes.

Traditionally governments make all the core decisions about what a system ought to achieve, oversee how it is implemented and monitor progress. However, when government and service providers collaboratively set and agree on target outcomes and activity measures all parties can benefit. It can ensure that government gains input from practitioners working directly with people and that service providers understand how they contribute to system-wide outcomes. Further legitimacy for service delivery can be added by ensuring communities believe the target outcomes are appropriate and services are designed flexibly to meet them.³¹

Overall, target outcomes should be determined collectively. As one expert interviewee put it, “where commissioning really doesn’t work is where outcomes are added on at the end of the process by commissioners.”

5. How is funding provided?

The way funders allocate money and other resources to human service providers has an impact on the relationship between those organisations and the way that services are delivered.

Due to the influence of NPM, funding mechanisms in countries like Australia have typically seen a drift towards competitive tendering, strict output measurement conditions, and incentive-based pay-for-performance models. Unfortunately, research consistently finds that these practices are regarded as undermining the trust, relationships and flexibility required to do commissioning well.³²

Joint or alliance-based commissioning presents a solution to this impasse by creating a more productive, collaborative and integrated environment. With more trust in the system, funding can be provided in untied blocks or grants, supplemented with due diligence around the professional standards of funded services.

When designing a system from scratch, a perfect process will require waiting until the broad outcomes have been set before deciding whether to make or buy required services. However, the reality is that any redesign process will be an evolution rather than a completely new start.

6. Who is delivering the services?

The service delivery landscape in countries like Australia is made up of a mixture of government agencies and non-government organisations—including large charities, private business, social enterprises and small, community-owned service providers. It is likely to continue this way.

The starting point for commissioning in any particular area should involve thorough assessment of the services that currently operate. One of the most important questions that follows is how these providers can work more collaboratively. In collective impact projects this is typically achieved through backbone teams and community hubs.

The final consideration is to identify any service gaps within the ecology of service provision and to examine whether these can be met by existing government or non-government providers, or whether new agencies need to be established.



Commissioning in New South Wales

As has been the case in other jurisdictions around the world, the particular nature of the shift to commissioning human services in New South Wales is unique to NSW.

Based on interviews with around 30 key participants across the NSW Government and community sector organisations, the chapter settles on a current state of play that presents challenges and hope. While the relationships between the two sectors have in the past been strained, sufficient goodwill exists to experiment with commissioning and try working together in new ways.

2

We've been funded to do the same kind of things for a long time. Commissioning is an opportunity to let go of what we've been doing and start from the point of what we are trying to achieve.

Community sector interviewee

Context

The transition to commissioning in NSW has followed a period of public service outsourcing, contracting and procurement along market-led and efficiency-seeking principles. Such NPM-style practices are still commonplace.

A number of factors have influenced the NSW Government's approach to funding and delivering human services. These include key reports in 1992 and 2008, commissioned in response to public concerns about child welfare, which recommended transferring out-of-home care for vulnerable children from the public to the not-for-profit sector.

The recommendations, and the responses of government, were influenced by a general trend towards market-led approaches to public policy. They included practices characteristic of New Public Management like a clean purchaser-provider split, individualised contracts, funding conditional on performance targets and competitive tendering.³³

NSW Government outsourcing accelerated following the 2011 election of the O'Farrell Coalition Government, accompanied by a focus on public sector cost-cutting, including through the application of an annual three percent efficiency dividend on all government agencies.

From 2012 to 2014, the "Going Home Staying Home" reforms were designed to address funding and delivery of specialist homelessness services. Contracts for specialist homelessness, youth and domestic violence services were awarded through a competitive tendering process.³⁴

Since 2016, the "Their Futures Matter" reforms have been a multi-agency attempt at systemic change "to enable all children, young people and families to reach their potential" by prioritising "investment to solutions that achieve measurable and meaningful outcomes that transcend agency silos".³⁵

The arrival of commissioning in NSW led to a flurry of government reports and proposals, with various NSW Government agencies producing at least 15 reports on commissioning and outcomes-based funding between 2014 and 2019.

The general starting point in these reports is that commissioning is a flexible way to rethink what is possible in terms of identifying community needs and service delivery,³⁶ with an emphasis on stakeholder engagement and systemic, outcomes-based funding replacing narrow and performance-based funding and oversight focused on activities.³⁷

At the same time, reports on contracting non-government organisations continue to emphasise opening up services to market competition, competitive procurement processes and proposals for increasing involvement of enterprise funding initiatives such as social impact bonds.³⁸

In recent years, various NSW Government agencies have experimented with commissioning, including NSW Health, Corrective Services NSW, and the NSW Department of Family and Community Services (FACS).

The NSW Government shifted to outcomes budgeting in the 2017–18 State Budget and in 2019 created the Stronger Communities Cluster, under the Department of Communities and Justice (DCJ)—which now incorporates FACS—presenting an opportunity to align and coordinate a commissioning approach across various agencies.

With, as one project interviewee noted, upwards of \$4.5 billion being spent in funding NGOs to deliver human services, there is clearly vested interest from government and non-government organisations to deliver effective services that build stronger communities.



The past in New South Wales

This section presents some of the key themes that emerged from the research.

In addition to three workshops with leaders from NSW family and community sector peak organisations, around 30 interviews were conducted with representatives from NSW peak bodies funded through the NSW FACS Sector Development Plan, other leading NSW community sector organisations, and representatives from the NSW Government Departments of Premier and Cabinet, Treasury, FACS and Communities & Justice.

The interviews were semi-structured and covered the interviewees' understanding and experiences of commissioning, the impact of NSW Government policies on their work practices, and the types of principles they feel underpin good service design and delivery.

These include reflections on competitive tendering, innovation, FACS-led processes, funding constraints, the power dynamics between the sector and government, as well as the potential future for commissioning in NSW.

Competitive tendering

Both government and non-government interviewees reflected that the practice of competitive tendering for awarding contracts had eroded trust between service providers, and between the sector and government.

For community sector interviewees this manifested particularly around the rollout of the Going Home Staying Home reforms. "The reforms had a profoundly negative impact on relationships and trust," one interviewee said. "The sector is traumatised, and they don't trust the government at all."

Another interviewee, reflecting on the impact on collaboration said, "Some organisations still refuse to be in the room with each other."

One sector interviewee noted that competitive tendering of human services has left NSW with "a mishmash," a "matrix of mess about who's doing what." Another noted the impact "on the way that we share information and the way we trust or don't trust other workers in the sector."

A number of interviewees observed that when they are in competition against someone else, they feel like they are fighting for survival and have the need to "protect their patch" and back away from others. This affects the ability of community sector workers and organisations to focus on their core priority of delivering high quality and effective services.

Innovation

Most interviewees believed that the NSW Government needed to change the way that it thought about innovation.

For some interviewees, the government approach to innovation was just to look for quick technical solutions to systemic problems. "You don't solve domestic violence with an app," one respondent said.

Another interviewee noted, "Sometimes I think by innovation government means efficiencies, finding new ways of doing things so that they cost less. If government was genuinely interested in innovation there would be some more flexibility," so services could actually innovate.

Another opinion about government pursuit of innovation was that there was a constant drive to be able to announce something new which “redirected funding away from core or crisis services. The system is interdependent and has to respond to both short- and long-term needs.”

Hierarchy

All community sector interviewees reflected that despite the positive language around commissioning and collaboration in reports, there are stark differences in power when it comes to practice. This has created a type of us and them environment.

“There’s no shared vision around client outcomes or how we measure outcomes,” one respondent said. Another said that government mandated outcomes frameworks “never give people the bridge to get to where they need to be to see their own work in it.”

Other interviewees reflected on hierarchies in policy development: “Government prepare policies, strategies, tenders, initiatives in secret behind closed doors and then roll them out,” to the non-government sector to implement.

One NSW Government interviewee saw a similar pattern inside government, where central agencies have tended to design strategies and policies internally and then “lob them over the wall” for another agency to implement. “It doesn’t work,” they reflected.

Funding constraints

Most community sector interviewees reflected on the challenges of operating in a resource-scarce environment with complicated funding mechanisms and variable funding sources.

One interviewee noted the problems caused by program-based funding and inconsistent commissioning processes. “We’ve got about 18 different government funding streams,” they said. “It’s a very inefficient, expensive and resource intensive way of running. The bulk of that funding is funding almost exactly the same thing but with slightly different emphasis.”

A number of NSW human service sector peaks noted that they would like to move away from getting “caught up in everyone else’s circus.” The overwhelming preference among those peak organisations was to take their lead more from the people and communities that service providers work with on a day to day basis, rather than spend time responding to government.

One interviewee highlighted “the really unthinkable financial pressure” that small community organisations put themselves under, including “really not sensible financial management because they’re desperate to run the services and not lose their place in the sector.”

Government-led processes

A number of interviewees expressed frustration at the way FACS and the NSW Government had in the past approached working with the community sector.

This included decisions being imposed on the sector which went against recommended best practice, a lack of genuine consultation and information sharing, strict and onerous funding contracts and reporting requirements, and a general lack of appreciation for the long-standing expertise in the sector.

One interviewee criticised the government’s “constant outsourcing to the actuarial firms” who are “being paid a lot of money to harvest expertise from our sector, repackage it and then provide it to government under commercial-in-confidence, which government then uses to make their funding decisions without passing that knowledge back to the sector.”

One practitioner with established international expertise in commissioning felt the government’s approach lacked clarity and relied overly on jargon. “Sometimes I don’t even know what’s being said,” they stated. “It all sounds very clever but none of it makes sense to me.”

The future of commissioning

Government and community sector interviewees talked optimistically about the potential for commissioning in NSW to break from past practices and move towards a new way of working.

One government interviewee noted that one potential area for change was in relation to collaboration. Commissioning, they said “is something that you need to do together. You have to work in partnership with providers, with the NGO sector, not doing it to them.” The interviewee noted the in the UK, while NGOs would criticise government, “they would also work a bit more closely together.”

Other government interviewees noted that the Government needed to think more about its role as steward. This included how to steward effectively and integrate relational approaches within government, not just in how government relates to external service providers.

Community sector interviewees expressed a desire for better recognition from government of the work they do. “A bit more demonstration of respect for the sector and what we do, and a lot less demonising of the people that we serve,” one interviewee said.

Many expressed the desire to focus more squarely on the needs of community and demonstrate that the community sector is “committed to working together collaboratively.”

Government and community sector interviewees identified that the NSW Human Services Outcomes Framework could be a good starting point for developing broad community outcomes everyone could work towards. As one interviewee stated, “It doesn’t have the level of detail that would suit every commissioning instance, but it can be used for the basis for where you want to drill down.”



The Future in New South Wales

Discussions about the recent past presented a simple yet important story about the experience of commissioning human services in NSW. Despite the intent and language in key documents, most interviewees felt that the reality of commissioning of community services by FACS in NSW has to date not been markedly different from previous contracting practices.

At the same time, due to pre-existing hierarchies and barriers to open information sharing, the relationships between the government and community sectors have become strained and oppositional. There is a lack of trust and goodwill, which undermines potential for collaboration and partnership.

Nonetheless, there are huge opportunities and a willingness to collaborate. Members of both sectors share a broad vision for how strategic commissioning could work in NSW, along with the desire to move beyond the status quo and work together collaboratively for the benefit of people and communities across NSW.

This leads to three key findings:

1. NSW commissioning in practice has not varied significantly from NPM contracting

As in a number of other jurisdictions, commissioning in NSW has been perceived as a continuation of old ways of working rather than a shift to something new.

According to the community and human service sector workers interviewed for this report, despite the shift in rhetoric in government to “commissioning for outcomes,” actual practice has not changed in any meaningful way, particularly in terms of outputs and Key Performance Indicators narrowly defining service provision—commissioning in NSW is old wine in new bottles.

This view is consistent with an ACWA/Centre for Community Welfare Training report which collected views of community sector leaders working in out-of-home-care. The overwhelming majority of respondents stated that “it isn’t clear how commissioning is different from past contracting and funding models.”³⁹

The finding is also supported by the senior NSW public sector representatives interviewed for this report. They identified a number of ways in which the ideals of commissioning had not been put into practice. This included the community sector and government agencies operating in a resource-constrained environment, the hierarchical approach of government impeding strong relationships, and at times a poor flow of information between government and the community sector.

This suggests that the NSW Government’s approach to commissioning, and thus how it has developed in practice, has been more akin to NPM contracting than commissioning, as outlined in Chapter One of this report.

2. The NSW Government and community sector have a strained relationship

The relationship between government agencies and community-service providers can be characterised as oppositional and strained by a variety of historic factors which collectively impede collaboration.

Both government and community sector interviewees highlighted a lack of trust between

the community sector and government that impedes the ability to work together. Contributing factors identified by the community sector include recent practices of competitive tendering, information hoarding, funding constraints and a general command and control approach. As one community sector interviewee said, “some relationships have been really severely damaged. We’re all a little bit scared of losing everything.”

One government interviewee observed the negative impact of poor communication from government about changes in policy. Another identified that responsibility for relationships runs both ways: “They’ve been asleep at the wheel, a lot of the peaks.”

Another contributing factor to this relationship is the historical context of the community sector. Community organisations have traditionally formed voluntarily to provide services in places and to people when the broader system is regarded as failing.

These “origin stories”, as one interviewee put it, can place community organisations and their employees in an oppositional stance to government in both attitudes and practice.

3. There is nonetheless long-term alignment between the NSW Government and community sector

The interviews revealed broad agreement between government and community sector representatives in two areas: the purpose of commissioning as a strategic and relational exercise—outlined in Chapter One—as well as on the broad principles for good commissioning that will be examined in depth in Chapter Three.

This alignment, along with the willingness to work together, presents a real opportunity for successful commissioning in NSW.

A number of non-government respondents expressed the need to “backtrack and return to basics like joint planning and implementation. One community sector interviewee noted that the key component missing is “partnerships and relationships.” A government sector interviewee agreed, noting that “we have this traditional dynamic between purchaser and provider, which is a transactional relationship. We know we don’t want that anymore. We know we want to be partners in service delivery, but we haven’t articulated how that works yet.”

Another government respondent flagged a preference for “commissioning for contribution, rather than attribution,” aligning with the views of the community sector that the system should reflect that meaningful outcomes for individuals and communities can be the result of multiple service interventions.

Community sector interviewees all expressed a willingness to work more collaboratively with each other in order to present a more unified voice to government. This aligns with the view of government sector interviewees that a more cohesive community sector voice would make forming partnerships and relationships more viable.

Both government and community sector interviewees pointed towards the Commissioning Co-governance Group, established in 2019, as an important step. “It’s a great starting point,” one government interviewee said, “because we’re around the table.”

A community sector interviewee noted that the group allowed the sector to reach clarity about the government’s approach to commissioning, while providing opportunity for respectful feedback, ideas and potential alternative approaches.

This alignment and goodwill present the opportunity for the government and community sector to collectively move from an oppositional and transactional competitive environment towards a collaborative environment that fosters good relationships to address community need.



Good commissioning: How do we do it?

This research distils four fundamental principles that underpin good commissioning. Taken together, these four principles of good commissioning form a lens through which the government and community sector ought to approach collaboration on the design of commissioning experiments in NSW.

This chapter also offers concrete examples of the types of activity that can either enhance or hinder progress towards the realisation of these principles.

For us to continue to function, everything had to change. A new policy or programme would not be enough. It needed a radical rethink about how we could put people and connections at the heart of public services.

Donna Hall, former CEO of Wigan Council⁴⁰

Good commissioning focuses on collaboration and relationships and it prioritises strategic conversations about people's needs and preferences. It involves targeted experiments in community engagement and service delivery, as well as sophisticated data-analysis and information sharing.

This chapter presents four key principles which the research has found to underpin successful commissioning initiatives.

- 1. Putting relationships first;**
- 2. Letting communities lead;**
- 3. Embedding learning;**
- 4. Investing in people.**

When taken together, they form a lens through which the government and community sector ought to approach this transition towards commissioning in NSW – in particular the core questioned outlined in the commissioning jigsaw that are the foundation of any experiment.

Shifting to good commissioning will require government agencies and community sector organisations to undertake new roles and work together in new ways.

Principle 1: Putting relationships first

Care is not a product that can be bought or sold, care is a human relationship.

Project interviewee

The core challenge for NSW Government agencies and the community sector in the shift to commissioning is changing from transactional governance and models of operating to ones that are relational. This requires shifting the focus to building relationships based on trust and reciprocity.

The Australian Public Service (APS) was posed the same challenge in a key 2019 report by ANZSOG, which recommended that:

The APS leadership, individually and collectively should drive a shift in mindset across the public service, taking it from transactional to relational, procurement to contracting, and from transfers, grants and outsourcing to commissioning.⁴¹

This report notes that trust can be strengthened through the devolution of decision-making to service providers and communities, while implementing a strong “integrity framework” that ensures accountability and legitimacy for the system. It suggests that working in this way can help commissioning be “agile, innovative and efficient”.⁴²

For governments and commissioners more used to engaging with non-government organisations through transactional NPM contracting rather than more collaborative commissioning approaches— see Table 1 for a comparison—developing these relationships and devolving power may be challenging.

This is because NPM contract management is a transactional exercise that starts from the assumption that everyone is acting in their own self-interest. This creates an oppositional and competitive environment that encourages information hoarding.

In contrast, a relational approach to commissioning and contract management starts with the assumption that actors have a shared interest in the wellbeing of communities. This creates potential for a collaborative competitive environment that uses agreed service delivery targets as part of a process of learning and adaptation.

When difficulties or crises emerge, strong relationships encourage persistence and resilience through a sense of cohesion, collective endeavour and work fulfilment. It also opens opportunities for creativity and the sharing of skills and information.

The role of commissioners here, as laid out by Toby Lowe and Dawn Plimmer in their 2019 report “Exploring the new world: Practical insights for funding, commissioning and managing in complexity” is to nurture local healthy ecosystems and build relationships of trust between themselves and the organisations they commission, and between those organisations and the users of services.⁴³

In her 2015 review of commissioning in the UK, Dickinson notes that community service providers are naturally well-positioned to have trusting relationships with “marginalised and minority groups.”⁴⁴

This suggests that within a NSW commissioning framework a role may exist for peak organisations to act as conduits between government and communities, leveraging their relationships and connections with communities in a coordinated way and facilitating genuine conversations with people around the support they need to live to live healthy lives.

Working relationally with government will require a shift in working for many community organisations, especially for those with origin stories that involve filling gaps created by the system and tend to see government as an opponent.⁴⁵

The upcoming Sector Development Review and recently formed Commissioning Co-Governance Group are clear opportunities for the NSW Government and community sector peak organisations to reset their strategic relationship, or as one interviewee put it “put our weapons down.”

In her 2018 paper, Jennifer Mason identified a number of initiatives that could improve relationships and trust between government and the human services sector in NSW. These included: less of a “command and control” environment, mutual acceptance of the need for change and a stable funding environment.⁴⁶

The way forward to building these trusting relationships—working towards a service delivery landscape that learns and evolves with people at the centre—will take time. It is a process in itself: a journey towards community-led outcomes that will require new partnerships and collective agreements.



Table 2. Activities that build and undermine trusting relationships

Activities that build trusting relationships	Activities that undermine trusting relationships
<p>✓ Empowerment:</p> <p>Devolution of control and responsibility from government to service providers and communities exhibits trust. This can occur through various collaborative and co-design processes, such as facilitating community-led planning and practising relational contract management.</p>	<p>✗ Top-down policy development:</p> <p>As one government interviewee put it, traditional practice is for experts—within government, universities, think tanks or service providers—to centrally design policies and then “throw it over the wall and expect people to implement it. It doesn’t work,” and it fosters resentment.</p>
<p>✓ Relational contract management:</p> <p>Contract management doesn’t need to be a tick-box exercise. Ensuring that organisations develop new capabilities, collaborate effectively and stay focused on collective objectives is beneficial to the system as a whole. Working in a support capacity, relational contract managers can identify early warning signs of potential crises and address them proactively.</p>	<p>✗ Transactional contract management:</p> <p>Detailed contracts requiring strict activity reporting can foster mistrust between governments and service providers, as can funding contingent on meeting particular targets. As one interviewee put it, “it would be nice to have some agreed outcomes to meet, but not be so explicit or micromanaging around the service models and the way outputs are put together.”</p>
<p>✓ Creating partnerships:</p> <p>Strong relationships can be built by working on a more equal footing through collective projects that get beyond one party consulting with another. Project interviewees highlighted the potential for partnerships around training, outcome measurement frameworks, or commissioning agencies with multi-party governance.</p>	<p>✗ Competitive tendering:</p> <p>Sharing information and skills is made more difficult when organisations have to compete with each other. Many interviewees noted the erosion of trust between service providers due to competitive tendering. This can be countered through models like select and joint tendering over longer timeframes.</p>
<p>✓ Consistency:</p> <p>Strong relationships develop over time through regular contact points between government, the community sector, service providers and the community. Interviewees from the NSW community law sector attributed strong relationships to quarterly meetings for networking, information sharing and training.</p>	<p>✗ Shifting language and approaches:</p> <p>Multiple community-sector interviewees for this report expressed skepticism about the government’s sincerity around the shift to commissioning. Frequent changes in approach were seen to lead to reform fatigue, as was the adoption of new terminology without a perceived change in practice.</p>

Principle 2: Letting communities lead

In NSW, the initial move to commissioning has been almost entirely led by government. Yet continuing in this vein is unlikely to lead to the broad social outcomes the NSW Government is trying to achieve.

Ensuring that communities are in the driving seat is an essential component of successful commissioning, and the research revealed the NSW Government and community sector peak organisations want to involve people and communities more directly in the design and delivery of human services.

In their 2019 report for ANZSOG on the Australian Public Service, O’Flynn and Sturges note:

Commissioning should be anchored to community needs and aspirations, not decisions made by government for communities, and may well be a catalyst for more local solutions rather than central decisions; partnership rather than paternalism.⁴⁷

Involving communities in the design and delivery of services has been a growing trend internationally and in Australia. The spectrum of involvement ranges from user experience of transactional services, through to deep engagement in redesign of policy or services, sometimes referred to as design-led policy intervention, human centred design, place-based design and similar.

Experiments with participatory decision-making and deliberative democracy worldwide, including in Australia, have demonstrated a variety of results, including increased community cohesion, improved funding allocation and financial planning, and ensuring “a broader range of expertise which helped officials develop effective solutions and uncovered blind spots”.⁴⁸

Involving service users and local communities in the commissioning process helps ensure frameworks that are developed align with their needs. To develop a genuine and effective human services outcomes framework, commissioners will need to involve a broader range of organisations, including government agencies beyond the Department of Communities and Justice, small and large NGO service providers, the legal assistance sector and organisations representing groups of people such as Aboriginal and Torres Strait Islander people, people with disability and culturally and linguistically diverse communities.

Innovative forms of on- and off-line community engagement can allow service users to engage as individuals in the design, development and prototyping stages of services, and also collectively in determining local goals, outcomes and service pathways.

Dickinson’s 2015 reflections on UK experiences in commissioning for Australian jurisdictions highlighted the need to embed engagement in governance structures to overcome the public perception that “decisions have been made before consultation takes place.”⁴⁹

When people have a say over their lives and they feel that government and service providers are acting for the benefit of the community, they are more likely to work toward collective goals. Hilary Cottam, who inspired the community-centred approach of the Wigan Deal, talks about this shift in terms of focusing on creating possibility as opposed to solving problems.⁵⁰ It increases community capacity and the integrity of the human services system as a whole.

The Australian Centre for Social Innovation and Community Services Industry Alliance noted in a 2018 report that this is required in the design of services, as well as in the ongoing service evaluation and adaptation.⁵¹ Similarly, a 2019 New Local Government Network report

on community commissioning in the UK recommended legislative measures such as “public sector bodies to engage communities in their commissioning and procurement processes.”⁵²

Embedded in and run independently by communities, community service providers are a natural partner for government wanting to work more closely with service users. At the same time, interviewees emphasised that when community organisations engage in this process while receiving government funding in a market-based system, their activities may respond more strongly to government preference rather than what communities need.

As such the community sector may need to consider how they safeguard their independence, in terms of the programs they run and how they are funded. A comparator organisation to consider is Locality in the UK, which has a diversified funding base and represents a network of community organisations in a variety of ways akin to NSW peak bodies.⁵³

The challenge for the NSW Government and community sector is how to involve community in a way that avoids token consultation and puts communities in the driving seat.



Table 3. Activities that strengthen and impede community leadership

Activities that strengthen community leadership	Activities that impede community leadership
<p>✓ Ethnographic listening:</p> <p>Rather than trying to quickly diagnose problems and then refer people off to appropriate services, an ethnographic approach aims to really listen to and engage with people on a deep level, in order to create real change.</p>	<p>× Centralised decision-making:</p> <p>The closer that decisions are made to impacted people and communities the better. Decisions made at a distance and then imposed on service providers and communities lack the crucial buy-in required to make change work.⁵⁴</p>
<p>✓ Community-level planning:</p> <p>Governments, service providers and other allied organisations can facilitate community access to information about what’s happening in their local area, support the development of community outcomes, and then trial strategies to achieve them. This requires devolving decision-making and creating standardised open datasets.</p>	<p>× Scaled services:</p> <p>The closer a service is to a community, particularly around ownership and governance, the more people relate to it. The potential collapse of large-scale providers, for example, ABC Learning in Australia and Carillion in the UK, presents extra risk to governments from large NGO service providers.</p>
<p>✓ Participatory democracy:</p> <p>Direct decision-making by community members can boost local engagement, facilitate capacity building and create a sense of collective ownership. With the right accountability and deliberation mechanisms, the community can make powerful and informed decisions about outcomes and budget allocations.</p>	<p>× Assuming authority:</p> <p>Governments, peak organisations and services providers all need to guard against claiming the authority to speak on behalf of the communities they represent and work with. Governance structures within commissioning agencies and community organisations need to embed genuine participation and representation.</p>
<p>✓ Community service hubs:</p> <p>Centrally designed and funded services and programs are not enough to ensure people get the help they need, particularly in rural, regional and remote areas. Community run service hubs can provide opportunities for service collaboration, coordination and connect people to help when they need it.</p>	<p>× Lack of capacity and coordination:</p> <p>Because effective community engagement is complex, time consuming and resource intensive, service providers, community members and government employees need ongoing development in the skills needed to collaborate effectively. A lack of community level service coordination leads to waste and disillusionment.</p>

Principle 3: Embedding learning

Traditionally, governments and other funders have searched for silver bullet service models and delivery programs that will address policy problems. Experience and evidence however—including from NSW Government and community sector interviewees for this report—suggest that the services people and communities need inevitably change over time, and that an effective service delivery landscape must have the flexibility required to learn and evolve.

Various studies into the future of human services note the importance of governments taking on such evolving and iterative ways of working. This includes, as a UK report co-produced by the Northumbria University, the Community Fund and Tudor Trust explains “experimentation, reflection and redesign” and “putting learning at the heart of governance.”⁵⁵

As Lowe and Plimmer note in their 2019 report on community commissioning in the UK:

What worked for one person may not work for another. What worked in one place in one time may not work in other places. What worked at one time may stop working as the context changes.⁵⁶

The importance of embedding learning and flexibility in large part stems from the imperative to address community need as efficiently and effectively as possible. Rigid hierarchical systems can be too slow to respond, while competitive market environments can erode the relationships needed for effective communication and collaboration.

O’Flynn and Sturgess note that “this necessitates governments having a more flexible and adaptive approach both within government and in how government relates to non-government service providers.”⁵⁷

Systems will always need to adapt to emerging needs, and a mature system needs to strike a balance between holistic service provision at scale and local innovation that can respond effectively to emerging need, gather information and trial new practice that informs changes to the broader system.

As noted by Sturgess in a paper on the origins, influences and characteristics of public service commissioning, working effectively will therefore require “an increase in experimentation with new service models and the development of better approaches to delivery” through increased delegation and parallel innovation.⁵⁸

This creates an imperative for data transparency and multidirectional digital engagement throughout the system. The Barcelona Digital City initiative, for example, acknowledges data as a ‘prime asset’ that through collective ownership and open-source software can empower ‘efficiency, transparency and social innovation.’⁵⁹

Service providers also need to be able to genuinely listen to the communities that they are trying to help, so that they are able to respond to need and know whether their service interventions are working.

This has implications for funding, both in terms of the types of activities that funders expect service providers to perform and the conditions that are attached when funding is provided. Strict performance monitoring contracts were heavily criticised by community sector interviewees, as these do not provide service providers with the flexibility they require to innovate and respond to emerging community need.

The development and management of outcomes frameworks is another challenge for commissioners. Goals and target outcomes need to be broad enough to be meaningful within a complex system, yet tight enough so organisations can demonstrate impact. At the same time, these targets cannot be so tight that they impede effective service delivery.

The focus of the shift then becomes systematising ways of working that ensure the system is both accountable—rigorous enough that progress can be monitored and evaluated—while ensuring space for genuine innovation and course correction.

Perhaps the most significant challenge for the NSW Government and community sector when it comes to operationalising a flexible and evolving system is the shift from oppositional to cooperative ways of working.

The potential is certainly there. Interviewees across government and the community sector welcomed the idea of a shift in approach to one that's more vulnerable, and where people leave their agendas at the door to engage without preconceived ideas about what people and communities are experiencing and need.

Responsibilities for the NSW Government within a learning system might include the cooperative development of digital platforms for sharing and analysing data, while community sector peaks are well placed to enable collaboration and capacity building.

With connections across government and the sector, peaks can facilitate environments across the state where service providers connect and share. In similar spaces, people and communities could have genuine conversations about their priorities and goals, understand how to better access services, and learn how to self-advocate more effectively within the system.



Table 4. Activities that enhance and inhibit learning and flexibility

Activities that enhance learning and flexibility	Activities that inhibit learning and flexibility
<p>✓ Feedback loops:</p> <p>Systems that enable constant and consistent listening and learning—from service users, broader communities and practitioners—assist in understanding what is working, what is not and where to trial new evolutions in service delivery.</p>	<p>× Rigid performance contacts:</p> <p>Performance contracts that tie services into particular service models and link funding to outputs stifle the ability of service providers to innovate and respond to emerging need. As former Wigan Council CEO Donna Hall says, “we need to be tight on outcomes and loose on delivery.”</p>
<p>✓ Open and coterminous data sets:</p> <p>Rather than relying on corporate intellectual property across multiple platforms, open source data and software can enhance the ability of public agencies, local community groups and service providers to innovate and share. Consistent data standards make information gathering and analysis easier, particularly when aligned to outcomes frameworks.</p>	<p>× Information hoarding:</p> <p>Practices such as competitive tendering, command and control hierarchies and siloed departments restrict the flow of information in the system and impede learning. Communities and service providers need access to information to make informed decisions, as well as common data collection measures.</p>
<p>✓ Co-owned structures and processes:</p> <p>Collaboration across sectors and jurisdictions is key for creating a learning environment. Long-term partnerships can erode traditional barriers, foster relationships and create structures in which learning can take place.</p>	<p>× Operating on short cycles:</p> <p>The ability of service providers, government agencies and communities to work in an effective, evolving system requires commitment beyond regular political cycles. Medium- to long-term funding security gives service providers the space to innovate. As one interviewee said: “If you want great outcomes and great people to be doing the work, you have to give them security.”</p>
<p>✓ Developing standards over time:</p> <p>Rather than narrowly measuring and managing all the activities of service providers, commissioners can instead require all service providers to meet organisational standards through a relational accreditation scheme that focuses on organisational strengthening development.</p>	<p>× Only funding service delivery:</p> <p>Measuring the impact of fostering relationships, data analysis, network-building and skills development is less easily quantifiable but no less important to the success of commissioning. This is particularly important when trying to move away from and take pressure off the crisis end of the system.</p>

Principle 4: Investing in people

Interviewees from across the NSW Government and the community sector acknowledged the difficulties of planning and delivering effective human services in a funding constrained environment.

This is consistent with evidence from the literature, which particularly points to the need to respond by shifting away from transactional methods of funding and contract management. A 2018 study in the UK, for example, indicated there was no positive evidence to recommend an outcomes-based commissioning model that uses incentives and short-term performance measures.⁶⁰

Dickinson's 2015 evidence review of commissioning public services highlighted that key areas requiring investment include developing relational and technical skills in government and service providers, ensuring "high quality, timely and appropriate data" and engaging with and "understanding the individuals and communities that will access services."⁶¹

The New Local Government Network recommends that community-centred commissioning bodies need to have "the space, support and funding to experiment with new forms of community power and commissioning that at the same time ensure that funding is subject to community scrutiny."⁶²

Similarly, a report by Ten20, Social Ventures Australia and the Australian Centre for Social Innovation, focusing on funding community-led place-based practice, highlighted the need to fund backbone organisations that facilitate relationships and service collaboration in communities. Whether funding for community commissioning is private or public, pooled funds "enable more efficient flows of funding" and "reduce duplication and inefficiencies."⁶³

In sum, the evidence demonstrates that commissioners would be amiss to approach commissioning as a cost savings exercise. This will likely require different ways of working for the NSW Government as well as service providers and peak organisations. One project interviewee compared the current structuring of funding of the human service system in NSW to road cycling:

We spend most of our funding at the back end, helping cyclists that fall over or crash. Or looking at who is out in front. But the real action is in the peloton – teams of people working within a larger mass, all heading in the same direction, looking for the right time to launch a lead rider off in the right direction. It doesn't matter how good your lead rider is if your peloton riders aren't strong.

The move to a new way of working that focuses on building community strength and capacity will naturally have social and economic impacts on other parts of the system, as people may be diverted away from the crisis end of the system.

Equally important is that the new way of working will also require both government agencies and the community sector to reconsider their roles.

Systemically, the primary function for government agencies is to design, steward and facilitate effective networks and systems that meet the needs of people and communities.

In other words, if the government approach to human service delivery were a rowboat, under the model of centralised and bureaucratic public service delivery—the Welfare State—the government would both steer and row the boat. With the introduction of market-led and

corporate principles—New Public Management—the government kept responsibility of steering, but supervised someone else doing the rowing.

The current environment is yet again radically different, as government agencies must respond to a multi-faceted service delivery landscape and ever more demand from people and communities for autonomy and choice. In this context the government may largely steer the ship, but they do so having asked the passengers where they want to go. And they take into account who is doing the rowing and how.

In turn, peak bodies may need to consider coordinating joint bids and tenders, acting either as bid facilitator or lead contractor in integrated service delivery. Such a role could present a potential antidote for the negative aspects of competitive tendering. Instead, collective tendering could occur across various jurisdictions, such as the whole state or within a particular local health district or local council area.

In moving forward, while it is vital that government agencies and peak organisations each discuss these potential shifts internally, early collective discussions about how the whole system could fit together will help build relationships and avoid misunderstanding or duplication.

As O’Flynn and Sturgess recommend in their report for ANZSOG, the Australian Government needs to ensure the public service develops inhouse commissioning expertise and establish an “independent Centre for Public Service Commissioning, in conjunction with state governments and private and not-for-profit providers.”⁶⁴



Table 5. Activities that enhance and inhibit investing in communities

Activities that enhance investing in communities	Activities that inhibit investing in communities
<p>✓ Backbone organisations:</p> <p>It can be beneficial to have organisations whose role it is to support the operations of service delivery—networking and relationship building, information gathering and analysis, community engagement and communications. These hubs can be hosted in local community centres, local councils or in newly created organisations.</p>	<p>✗ A transactional funding environment:</p> <p>The investment required to make commissioning work is as much human as it is financial, requiring a change in the way government agencies relate to service providers and communities. This may require retraining for some staff, as well as bringing in people with different skill sets.</p>
<p>✓ Mixed funding models:</p> <p>Funding models, processes and agreements should support continuity in service delivery and allow for innovation. This will help develop strong relationships, capacity across the system, allow service providers to respond swiftly to emerging community need.</p>	<p>✗ Too much hierarchy:</p> <p>Successful commissioning requires attention to both horizontal and vertical concerns.⁶⁵ Too much focus on centralising processes and accountability mechanisms, for example, can impede the important tasks of developing trusting networks and ensuring service providers and communities have decision-making roles.</p>
<p>✓ Stability:</p> <p>Frequent changes in aspects of the system like service delivery models, funding mechanisms and reporting requirements can disrupt the activities of service providers and their ability to focus on direct service delivery. Instead, commit to five- to ten-year experiments before reviewing collectively.</p>	<p>✗ Too much focus on crisis services:</p> <p>Focusing on early support services can relieve pressure on the crisis end of the system. As one interviewee noted about homelessness, “ultimately we should have very few crisis services, and we should all be providing support to people to help them maintain their housing.”</p>
<p>✓ Skills development:</p> <p>Effective commissioning requires ongoing attention to skills development for government agencies, commissioners, service providers and communities. Regular contact and sufficient resourcing can assist in keeping people in roles longer as well as ensuring skills transfer over time.</p>	<p>✗ Overcomplicated funding mechanisms:</p> <p>The fewer funding applications that service providers need to make, the more time they spend meeting community need. Interviewees described applying for funding programs such as social impact bonds as “complicated”, “convoluted”, “unwieldy”, “rigid” and “inaccessible for some organisations”.</p>



Conclusion and recommendations

At the heart of commissioning is experimentation. A commissioning framework is only as strong as its participants' commitment to learn, adapt and evolve.

This report therefore recommends that the best way to move forward is by doing—the NSW Government and community sector peaks should commit to a series of experiments in commissioning, using the four key principles for good commissioning as a lens to guide decision-making.

There (are) opportunities for a constructive reset of the commissioning relationship between the NSW Government and the NGO sector, based on some agreed principles and proposals for shared work.

Dr Jennifer Mason, 2018⁶⁶

Beyond the status quo

What if... we came together and actually put all our differences aside. And said, for the greater good, we're going to put aside our egos and say, yeah, we want a plan, we want a voice, we want a vision that we can all agree on?

Project interviewee

Despite the alignment around the four broad principles outlined in chapter three and the willingness to try working collaboratively, commissioning experiments in NSW remain a challenging task for the government and community sector.

The NSW Government and community sector will need to grapple with their individual roles in the system and make changes to update traditional ways of working, engaging with key pieces of the commissioning jigsaw through the lens of the four key principles.

Changes will need to be made not only concerning the relationship between the government agencies and the community sector, but also how government agencies interrelate and how peak bodies work with each other and their members.

The conversation will need to broaden beyond the peak organisations funded through the NSW Sector Development Program. This has begun through the recently created Commissioning Co-Governance Group but will need to extend further in order to conduct genuine commissioning experiments.

A natural starting point will be areas where collaboration already occurs between community organisations, other non-government service providers and government agencies, potentially focused around responding to a complex issue such as homelessness or domestic and family violence.

An important aspect moving forward will be the interaction with Aboriginal and Torres Strait Islander communities and organisations. The right to self-determination for Australia's First Nations peoples connects closely with the principle of *ensuring communities lead*. Commissioning experiments in any part of NSW need to take into account and be led by the views and aspirations of the local Indigenous communities and Traditional Custodians.

It is worth noting that the Aboriginal Child and Family Commission, proposed by AbSec—the NSW Child, Family and Community Peak Aboriginal Corporation—in their paper “Delivering Better Outcomes for Aboriginal Children and Families in NSW” has a number of close similarities to the Whānau Ora commissioning experiment discussed earlier in the report.

The NSW Commissioning Jigsaw

This report recommends that NSW Government agencies and NSW family and community sector organisations embark on a genuine partnership. One that collaboratively designs a new approach to commissioning, that commits to overarching principles for good human service design and delivery, and conducts a series of commissioning experiments considered through the lens of the four principles for good commissioning.

This final section returns to the commissioning jigsaw introduced in Chapter One, offering some insights to guide the Government and community sector as they—through an evolving series of collective commissioning experiments—learn how to best support people’s needs and build resilient, safe and strong communities.

What should commissioning address and where?

Do not try and commission the entirety of human services across NSW within a single framework. A large scale logistical exercise like this would likely swiftly bureaucratise and become lost in the policy development hallways of government agencies and peak organisations. This would undermine the ability for the system to be flexible and enable community leadership.

Ideally, run commissioning experiments in smaller geographic areas—at a town, local council or Local Health District level—focusing on particular policy problems. Working in this way will provide opportunities to test varying approaches to governance, performance management and accountability, as well as open opportunities for partnering with different local government and non-government organisations.

What should be the community’s role?

NSW should experiment with multiple forms of community engagement, including the broad methods outlined in Chapter One, exploring how communities can have agency through decision-making, data-sovereignty, and how commissioning processes can ensure people feel represented and listened to. This should include avenues to participate and engage on- and off-line in the design and development of services.

Where there are communities ready to lead and wanting to embrace decision-making—Aboriginal communities exploring justice reinvestment or other collective impact approaches, for example—governance structures can be facilitated that embed community leadership. In other communities experiencing high levels of need, a more natural starting point may be to devise structures and mechanisms that elevate community voices and support capacity building and community advocacy, with the medium-term aim of supporting the emergence of local community leadership structures.

Who should do the commissioning?

NSW should move away from government-led commissioning. An independent commissioning agency—or agencies—should be created, with a governance structure combining government, community service providers, First Nations leadership and people with lived experience of disadvantage and discrimination. Any agencies created should enable and support the creation of commissioning alliances and community-led commissioning. Various models can be found as an appendix to a 2019 ANZSOG report on commissioning for the Australian Public Service.⁶⁷ Such independent agencies can also act as intermediaries between the NSW

Government and community sector in providing the quality assurance and performance management necessary for high quality service delivery.

Who should set the outcomes?

Broad outcomes for commissioning across NSW should be established collectively, ideally by an independent commissioning agency. The Whānau Ora outcomes framework is a good model that places well-being and community development at the forefront. In the interim, the current NSW Human Services Framework could serve as a starting point.

At a more local level, service providers and communities should be involved in determining and agreeing on the outcomes they want to focus on within the broader framework. Community sector peak bodies will have an important role in connecting local communities and service providers to the broader outcomes framework, while government can assist with data provision and enabling community participation and decision making.

How should funding be provided?

Governments and community sector peak bodies have an important role to play in sourcing and distributing funds in a way that removes undue burden from community service providers. Ideally, community service providers should not be required to make complex funding applications, report against multiple agreements with varying datasets, or competitively tender against each other.

Any tendering processes should ideally occur collectively. Consideration should be given to providing pooled funding for local commissioning experiments and commissioning alliances to distribute as decided collectively, including to establish community hubs that coordinate local service delivery and facilitate community governance.

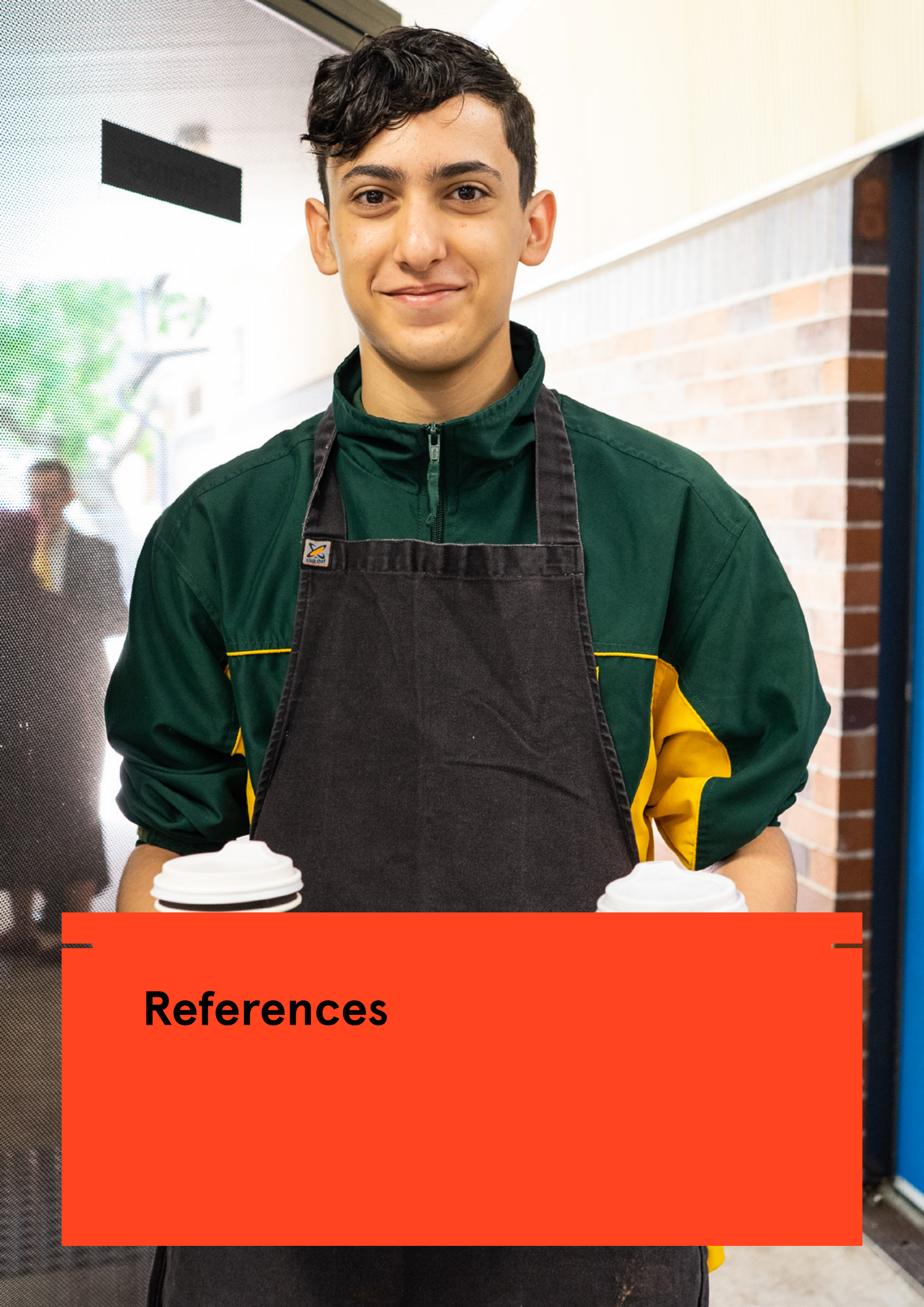
Ideally, funding contracts should be for a minimum of five years, with performance contracts that do not prescribe service types, outcomes or activities. Activities and service types should be measured in order to facilitate learning and establish contribution to the broader outcome frameworks.

Quality assurance and performance management of funding agreements should be relational and independent, prioritising building individual and organisational capacity and resilience over efficiencies and metrics.

How should services be delivered?

Preference should be given to community-based service providers and social enterprises where they currently exist, complemented by and working in collaboration with NSW public service agencies.

The NSW Government and community sector peak organisations should collectively facilitate state-wide learning and information sharing. This will assist service providers to reorient activities around community priorities and develop better, less competitive relationships with each other and the wider community.



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53. Locality keeps membership fees low to guarantee that community organisations can join, and then has three main funding strands: central government contracts for activities such as policy development, community consultation, sector development and training; funding from trusts and foundations for programs such as the Lifeboat program that supports organisations in danger of going under; and finally from consultancy work, primarily for community organisations, conducting work such as developing business plans and working out strategies for impact and measurement and community engagement. More information: <https://locality.org.uk/>
54. This is particularly true for First Nations Communities. The Aboriginal community-led Maranguka Justice Reinvestment Initiative in Bourke a good example of community-decision-making leading to positive outcomes. A 2018 KPMG Impact Assessment of the Maranguka Justice Reinvestment Initiative highlighted that positive social outcomes which reduced crime and increased community safety resulted in economic benefits to the area five times the operating costs of the community-led initiative.
55. Lowe, T and Plimmer, D. "Exploring the new world: Practical insights for funding, commissioning and managing in complexity," Collaborate for Social Change, Northumbria University, Community Fund and the Tudor Trust, (2018): p.7
56. Lowe and Plimmer, "Exploring the new world," p.15
57. O'Flynn and Sturgess, "2030 and beyond," p.8
58. Sturgess, "Public service commissioning," p.165
59. The Barcelona Digital City website is available in English here: <https://ajuntament.barcelona.cat/digital/en>
60. Lowe and Plimmer, "Exploring the new world," p.10
61. Dickinson, "Commissioning public services evidence review," p.8
62. Lent, Studdert and Walker, "Community Commissioning," pp.43-44
63. Ten20, "Social Ventures Australia and the Australian Centres for Social Innovation 2019", Funding community-led place based practice: insights and actions for funders and communities, with Logan Together, Go Goldfields, Connecting Community for Kids, The Hive, Sanderson Alliance and Maranguka Community Hub (May 2019): p.20
64. O'Flynn and Sturgess, "2030 and beyond," p.31
65. See Sturgess, "Public service commissioning," pp.159-61 for a comprehensive examination of the different vertical and horizontal concerns facing commissioners.
66. Mason, "Commissioning for outcomes in NSW," pp. 78-95, p.79
67. O'Flynn and Sturgess, "2030 and beyond," pp. 34-35



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