

Beyond Competitive Tendering - The Future of Community Sector Procurement in the ACT

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Recent ACT Government procurement processes have raised serious questions as to how well the 'blunt instrument' of an open tender can translate policy objectives into social outcomes. It is clear that we are moving to a new era of social policy that requires:

- an increasing focus on client-centred (rather than agency-driven) outcomes,
- greater targeting of socially excluded groups
- 'cross-cutting' work that ignores traditional social policy boundaries in order to better meet the often diverse needs of clients, and
- relationship-based practice, to build the trust and rapport often needed to engage effectively. This applies between service delivery agencies and clients, and between agencies.

Procurement is in need of some serious modernising to enable this new world to emerge.

Current Reforms

Community Services Directorate (CSD) has significant work underway on a new Purchasing Framework, which will include these elements:

- Prequalification of service providers.
- A maximum 10 year contract consisting of a fixed term with option periods and agreed performance monitoring milestones.
- Outcomes based framework.
- Common reporting framework.
- Standard terms and conditions.

What else needs to happen?

1. **Purchasing reform needs to be embedded in the broader policy cycle**, not just the usual focus on procurement, contracting and reporting. This requires the participative and transparent development of policy.

For government, this means engaging the sector earlier, rather than just consulting on almost complete policy papers or service frameworks. For the sector, it means being able to take positions which cover the broader interests of clients and the sector as a whole, rather than individual agency perspectives.

This is a **sector capacity building** issue, as it means the sector needs to develop the skills to input in a more sophisticated way to policy processes, and developing collaborative relationships with government partners, rather than the traditional relationship has been one of funder and provider. The joint policy development on Corrections Throughcare – approved by Cabinet in late 2011 – is an example of what can be done, with patience and goodwill.

2. The process must also be **opened up to service users** in a way that goes beyond tokenism, and empowers citizens to be involved in service planning, design, delivery and monitoring. In 2004, the Community Sector Funding Policy stated that "Consumers and

community organisations will be routinely involved in planning and review processes...” (p.4) The head of the ACT Public Service, Andrew Cappie-Wood, has more recently been referring to “the citizen journey” as an important part of service development and review. Some promising recent work through the Families Project - endorsed by the Strategic Board - suggests that ‘**co-design**’ is the way of the future.

The National Disability Insurance Scheme looks like taking this to a new level, with purchasing power being put directly in the hands of clients/consumers.

3. Despite the move towards population-based outcomes, there is little progress yet on how to **fund collaboration**. For example, a key theme of the Child, Youth & Family Service Delivery Framework is developing regional service networks. However there was only scant emphasis in the tender specifications on identifying and measuring networking skills and performance.

Using the financial levers it has, government should be more adept at rewarding effective collaborative practice, and sanctioning the lack of it. Given the increasing body of evidence that networked service delivery is critical to outcomes for people with diverse needs, this must be a high priority.

4. Policy documents often refer to **whole-of-government** approaches, but it appears that other Directorates with significant community sector funding – particular Health and Education – are yet to engage in CSD’s modest reforms. Many larger community agencies have a range of contracts across ACT Directorates, and indeed with C/w Departments, so there should be scope for the sector to push purchasing reform as a genuinely cross-government process. This would be in the spirit of the Hawke Report, and the Productivity Commission’s 2010 findings on the Not-for-profit sector.

5. There needs to be a **more transparent and sophisticated approach to when and how services are purchased**. There is a broader range of funding tools that could be used to achieve policy objectives, while maintaining probity. This could include options that are common outside the community services sector, such as greater use of panels of preferred providers. It is notable that, under the WA Government’s 2011 reforms open tenders are seen as a last resort [“Delivering Community Services in Partnership Policy”].

6. Finally, where tenders are the best option, this must also include a focus on how to **do tenders better**. Whether open or select, tenders are generally assessed against a set of criteria through submissions. Given that tender processes are largely about minimising risk to the funder, this is an oddly risky approach.

Using the comparison of personnel recruitment, it would be quite unusual to decide candidates for a job on the basis of written applications alone. There is generally always an interview process, and quite often a careful checking with referees. So if the services sought by a tender process cover the new social policy priorities listed at the beginning of this article, it would seem even more important to discuss the service offer in some detail with those seeking to provide them.

If this step is ignored, tender outcomes will risk being based simply on the skill of tender writers. It also puts, smaller, specialist agencies at a disadvantage, as their tender-writing skills may not match their ability to deliver effective services.

Opportunities

There are a range of existing forums and processes that could be used to develop improved purchasing policy and practice:

- Putting purchasing reform firmly on the agenda for the Joint Community Governance Reference Group, and the Community Sector Reform Advisory Group
- Considering an update to the *Community Sector Funding Policy 2004*, based on more modern approaches such as in WA.
- ensuring that the new ways of 'doing business' between government and sector are a strong implementation focus for the Social Compact.

There is of course a risk that reform effort will be dissipated unless it is coordinated. The sector has a critical role in working with government – and across our own sub-sectors - to make this happen.

If we genuinely put the interests of clients at the centre of the relationship between government and the community sector, it challenges all parties to redefine the way they engage in design and delivery of services.