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council
to homeless
persons

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# Introduction

The Council to Homeless Persons (CHP) welcomes the opportunity to respond to the Productivity Commission's *'Reform of Human Services'* Issues Paper.

CHP supports the principles of efficiency, effectiveness, user choice, and equity identified as central in the Productivity Commission's report and welcomes the opportunity to provide input through this submission into how such principles can be applied to the SHS to improve long-term outcomes for consumers.

CHP concurs with the Productivity Commission's conclusion in the final 'Identifying Sectors for Reform' report (the Report) that there is significant scope for improvement in government processes in identifying the level of community need. Homelessness services are a prime example of this, with the SHS facing hugely increased demand, but with no commensurate growth in resourcing for the sector. No process exists within government to match funding for homelessness services to the extent of homelessness, which has led to under resourcing of critical front line services.

CHP will also consider through this submission the application and impact of competition within SHS. We will outline concerns that competition is not an effective means of improving efficiency, effectiveness, user choice, or equity in a system designed for those experiencing a crisis such as homelessness.

While it is our intention to respond directly to the current 'Reforms to Human Services Issues Paper' through the rest of this submission, CHP feels the need to reiterate, as per our previous two submissions that the homelessness service system is ill suited for competition reform for a number of reasons, including:

- People seeking a service are most commonly in temporary crisis and usually have scant knowledge of services available – consequently they need a system that provides a clear pathway to help, not a mélange of options.

- Demand for services greatly exceeds availability, and consequently collaborative processes that efficiently and equitably allocate services are important – competition would undermine these processes.

- Competition would risk creating perverse incentives to assist people who least need support, and to deny support to those who most need it. This would have disastrous consequences for the most vulnerable service users, and for the broader health, human services and justice systems.

- Specialist homelessness services in Victoria are already effectively contestable within the community services sector. The need for for-profit providers to generate a profit means the entrance of these providers into the market would offer poor value to funders.

- Informed user choice is already incorporated within the service model, although broader reform is needed to increase the availability of the housing options people seek.

# The model of provision for family and community services

## Navigating the system of service delivery with regard to those with multiple and complex needs.

CHP supports the Productivity Commission's focus on user choice. A very significant challenge for the sector is that the supports that users seek are in such short supply that services are unable to meet the needs of all service users. Resources in particularly short supply include access to long-term affordable housing, legal support, and case management.

A resourcing process that was informed by the considerable evidence that housing is necessary to end homelessness, and that resourced this input would be the most effective way to put service users at the centre of SHS practice. In the absence of this, services are forced to ration services to achieve the best possible outcomes in a constrained funding environment.

CHP is pleased to note that the Productivity Commission has recognized in its final version of the Report that many service users will not be well-placed to make decisions via competitive markets. Indeed, it is our contention that for those in crisis, there is benefit in providing a single point of entry into the support system in order to avoid complex navigation of services, or the duplication implicit in visiting many services.

The success of the collaboration based Victorian 'Opening Doors Framework' demonstrates that competition is not always the most suitable means of ensuring that users are placed at the heart of service delivery. Under this framework, each area has a visible single 'entry point' for the homelessness service system. Staff at these entry points undertake initial assessment and planning (IAP), and provide an initial crisis response or referral to an appropriate service or program in the sector. All (non-IAP) homelessness services provide continuous information about vacancies and accept the referral and prioritisation of the entry point. A dedicated 'Regional Homelessness Networker' works with services to ensure ongoing cooperation, relationship building and resource sharing within their region. This process has delivered significant efficiency gains, and improved the client experience.

Prior to 'Opening Doors' service users needed to approach each agency in their area, and undergo an assessment with each to determine their eligibility and priority. Service users were forced to tell their story over and over again, and may not have been aware of the services that best meet their needs. They would also then be on multiple concurrent waiting lists.

The Council to Homeless Persons believes that the 'Opening Doors Framework' operates well, maximizing efficiency and equity of service, streamlining processes which were simultaneously inefficient for services and a deep cause of frustration to service users.

## Commissioning to enable service cooperation

Service cooperation is essential to ensuring that people experiencing homelessness are supported by the suite of specialist supports often required to gain or sustain housing. Homelessness occurs at the intersection of personal vulnerabilities and structural forces. Accordingly, those experiencing homelessness (even short-term), are likely to require multiple supports, whether low complexity supports like material aid and advocacy, or high complexity supports such as mental health treatment or family reunification. In practice, no single homelessness agency is able to provide all of the supports required by all of their clients, making cooperation between services essential.

The success of service cooperation is dependent upon strong service relationships between homelessness access points and the variety of services to which a consumer may be referred. Funding and commissioning arrangements can be used to institutionalize such relationships through a variety of mechanisms. One such mechanism is co-location. In CHP's consultations with the homelessness sector, services advised that under current arrangements, a lack of system integration leaves individual workers investing substantial time and energy in overcoming systemic barriers for consumers. Consumers similarly identified a complex service system that was difficult to navigate. Co-location provides for stronger relationships between services, and more easily navigable service pathways for consumers.

Service cooperation can also be fostered between SHS and other 'family and community services'. Of particular importance is cooperation between homelessness IAP services and mainstream services such as schools, health centres, and hospitals. CHP recommends the provision of outreach by IAP services to mainstream and universal services used by people experiencing or at risk of homelessness, such as schools, health centres and hospitals. Most people will interact with a range of services such as a General Practitioner, the hospital system, employment services, the local primary school or Centrelink. How closely knit and responsive these services are, determines the level of security provided by our social safety net against homelessness. All mainstream services can contribute to a prevention, diversion or housing stabilisation function. IAP outreach to such services can provide pathways to housing sustainment, such that homelessness can be avoided in most instances. Arrangements for co-location and IAP outreach can be funded and supported via commissioning arrangements.

In the Report the Productivity Commission recognizes that tender processes often do not provide adequate opportunities for providers to formalize collaboration through joint partnerships. The greatest contributor to this failure under the current system is the short time-frames for which grant rounds are open. As it currently stands only the most sophisticated of SHS have the capacity to formalize collaborative processes before application deadlines. While they aren't measurable assets, the Productivity Commission should not undervalue the goodwill and willingness to collaborate of the

SHS. Were sufficient time available during tendering, more collaboration would be evident in funding applications. Ultimately, longer application periods during the commissioning process would lead to greater collaboration, and result in clients receiving more of the supports that they require, thus improving outcomes.

The Productivity Commission should also recognise that increasingly formalized collaboration processes require institutional buy-in at the highest levels of those organisations. Formal collaborative processes need to be approved, overseen and monitored by senior managers with decision making authority to ensure that they are effective for consumers, and that the relationship between collaborating parties continues to reflect each party's understanding of their respective commitments. The time of senior staff is highly valuable, and commissioning arrangements should reflect this and support the growth of collaboration by allowing applicants to include compensation for time lost.

It must be noted that while service fragmentation represents a real barrier to positive outcomes for those experiencing homelessness, commissioning arrangements can provide for greater efficiency but are unlikely to offer true solutions. Service capacity (and associated wait lists) are significant barriers to service cooperation and are necessitated by under-resourcing. Fragmentation remains an issue even within large services funded to deliver multiple programs – a large organization may be able to start case management with a client, but must continue to wait for their own organisation's specialist programs to become available. Given the benefits of Victoria's 'Opening Doors Framework' (discussed above), the largest driver of service fragmentation in Victoria is resource limitations.

## Commissioning for equity in regional and remote areas

The Report recognizes that equity is a key consideration in ensuring that everybody has access to the services that they require. It also recognizes that there is significant unmet demand. While this section will focus on the particular needs of regional and remote areas, and commissioning arrangements to support such, it is worthwhile reiterating that geography and demography are only part of this story – unmet demand exists across all of Victoria and for all groups, and the key consideration in addressing this must be the provision of more housing.

Regional and remote areas face significant additional difficulties in meeting the needs of those who require services. Primary amongst these difficulties is distance. Those experiencing homelessness are often highly vulnerable, and as such, there is a significant portion of SHS consumers whose service needs can only be met by outreach visits to where they are. Current funding models for SHS are based on metropolitan assumptions, and fail to account for the significant time and travel costs associated with providing support services to regional and rural areas. In an environment where it is not uncommon to have to travel 90 or more minutes each way to see a client, half of a staff members' business day may be spent on a single service interaction. As in

metropolitan areas, clients with complex needs may need support in attending appointments for necessary complementary services (such as mental health treatment, court dates, etc), which can mean multiple visitations a week in the early stages of a service period. However, funding ratios for rural and regional areas do not account for the significant difference in time commitment per client, leaving rural and regional areas significantly understaffed.

Nor do existing arrangements recognize the entrenched and persistent disadvantage of rural areas. Existing funding models fail to deliver service equity for regional and rural areas not just by failing to recognise the resources required to support individual consumers, but also by underestimating the extent of homelessness in regional or remote areas. Regional Victorians achieve worse health, social and economic wellbeing across almost all indicators when compared to metropolitan Melbourne. Yet regional SHS receive insufficient funding to support the additional needs of their catchments. An understanding of the needs of regional and rural areas would start with a population analysis of the drivers of homelessness. Funding attached to needs in this way would likely see a greater allocation of resources to regional and rural areas, and contribute to service equity for these areas.

Beyond the additional resource requirements of consumers in rural and regional areas, and the high level of need in these catchments, the lack of supportive infrastructure, particularly housing, is of considerable concern in regional areas. SHS face significant difficulty in obtaining housing which facilitates a retention of clients' existing connections to their local communities – in short, having to place consumers in towns and cities where they don't know anyone, leading to isolation and poorer outcomes. Rates of vehicle ownership are lower amongst homeless populations, and poor public transport infrastructure in regional areas can lead to services between towns that are infrequent, circuitous, or non-existent, increasing clients' isolation from their communities, as well as from services. Further to this, rental discrimination is reputedly more common in small rental markets with fewer providers. When this is coupled with the complete lack of formal crisis accommodation options in most regional areas, SHS are heavily reliant on expensive forms of accommodation such as those available at pubs and hotels. Such forms of accommodation are prohibitively expensive for consumers to sustain on their own, making them unsuitable for purposes beyond a funded short-stay. This places further pressure on SHS in regional areas to find longer-term accommodation options immediately, within a limited housing market. In order to address these concerns and achieve service equity for those in rural and regional areas, commissioning arrangements must recognise that housing is required throughout Victoria, and that it must support retention of community by ensuring that assets are located according to need.

## Introducing greater user choice

### Contestability in service commissioning
It should be noted that contestability in government contracts is currently the norm within the Victorian SHS, for both IAP services and other SHS. While contestability is an

important part of the existing system, the idea of services competing for consumer contacts isn't meaningful in an environment where over 100,000 Australians are turned away from underfunded Specialist Homelessness Services each year (Australian Institute of Health and Welfare, 2016). By far the most common reason for consumers to be turned away from services in 2015-16 (almost five times greater than any other reason) was that there was no accommodation available from agencies. In a sector where demand far outstrips supply, increased competition can do little to incentivize greater consumer surplus (represented by better outcomes for service users). Indeed, the single greatest means available to improve outcomes for SHS users is to increase the supply of the services that they require – namely accommodation options.

### Competition in service commissioning based on outcomes

Competition for government contracts on the basis of achieving positive outcomes could create a perverse incentive to focus on assisting those who least need assistance. While for most people the experience of homelessness is brief, those people experiencing homelessness with multiple and complex needs may require significant additional supports to gain or sustain a tenancy. Critically, those with multiple and complex needs are less likely to sustain a tenancy, and therefore less likely to achieve a positive outcome in a competitive model that rewarded successful sustainment of tenancies. Competitive contracts based on outcomes would create a situation whereby organisations would be more likely to be awarded future contracts or renewals by turning away those most in need. CHP believes that it is the expectation of services, service users, government funders and the broader public that SHS should continue to support those people experiencing homelessness who have the greatest need for support. Competition based on outcomes would undermine the ability of services to meet this expectation.

The scenario whereby services may be incentivized to only assist those who least need assistance can be compared to the failed implementation of outcomes based funding across Jobs Services Australia. In reviewing this implementation, the Productivity Commission noted that 'incentive payments based on simple performance outcomes may lead to taking on those job seekers most likely to achieve payable outcomes' (2002 p.3.12). Those with multiple and complex needs must be afforded priority within homelessness services, even where they have a greater likelihood of achieving a poorer outcome.

*"While better outcome measurement has the potential to benefit governments, commissioners, service providers and the people they serve, it is a demanding and complex task that poses major challenges"*

- Johnson and Please, 2016

CHP gives detailed consideration to the implementation of an outcomes measurement tool, and associated mechanisms to improve outcomes for service users in the 2013 publication 'position paper on the Victorian homelessness action plan reform project: a framework for ending homelessness', provided as an appendix. While we support an

outcomes measurement framework for SHS, we would stress to the Commission the complexity of delivering one. The Report (p.158) recognizes that the Victorian Government has been implementing and testing an outcomes-based model, and that initial signs are positive. The Council to Homeless Persons believes that the approach of the Victorian Government has been appropriate, particularly with regard to working with the individual sectors to develop outcome measurement tools. A number of other state governments are at various stages in this process. It is our hope that the Productivity Commission's final recommendation would be consistent with the outcomes frameworks currently being developed in Victoria. It may be that at this time there is no need for Commonwealth intervention of any sort in regard to outcomes measurement tools, pending the implementation and assessment of state government tools.

# Increasing the benefits of contestability

## Applying an 'investment approach'

An 'investment approach' to human services may be suitable for a limited trial, should the approach be appropriate. Previous reports into 'investment approaches' to social services have been based on flawed assumptions. The assumption that social welfare eligibility should be avoided entirely has fatally undermined these reports by failing to recognize that many (if not most) of Australia's social security payments are designed to achieve non-market outcomes beyond merely providing people with additional money. Should such an assumption underpin future applications of 'investment approaches' to social services, it will not only lack credibility, but is likely to undermine the non-market outcomes achieved through Australia's social welfare system.

In particular, CHP rejects punitive applications of 'investment approaches', whereby cohorts identified for further investment are required to meet new mandatory requirements (such as undertaking study) to retain their current level of access to social services or social welfare. Research has clearly demonstrated that those experiencing homelessness achieve better outcomes when they can determine their own support requirements and life goals (Barrow et al, 2008). Accordingly, an 'investment approach' that provides for self-determination will achieve better results than one that does not. Needless to say, such punitive approaches are inconsistent with the principle of 'user choice' which, per the terms of reference, guides this inquiry.

Appropriately designed 'investment approaches' may however have the potential to improve outcomes for vulnerable service users. There is significant evidence that many identifiable cohorts amongst those experiencing homelessness are both currently underserviced compared to their needs, and at a greatly increased risk of experiencing homelessness in the future (and into the long-term). Appropriately designed 'investment approaches' developed in line with consumers' expressed needs, could improve outcomes for service users as well as deliver cost savings into the future, and are worth exploring.

One such example is those young people leaving care arrangements. Local and international studies have highlighted early care leaving and multiple moves while in care as influencing the likelihood that a young person will experience homelessness after leaving care (Johnson et al 2010, Fowler et al 2009). However, preventative factors for this group have also been identified. Such protective factors include positive experiences of care placements (Bromfield et al 2005 p44-45), or where this hasn't been achieved, significant investment in individualized supports. One successful example is the Lighthouse Youth Service program in the United States (Gronda and Foster 2009). The specific features of the program included: choice of accommodation in the private market and the ability to live there after the program's conclusion; initial responsibility for the full costs of the property covered by the program, alternative supervised housing options to provide 'time-out', a life skills curriculum and intensive case work. Utilising an 'investment approach' to homelessness services would likely support targeted and self-determination driven approaches such as this for young people leaving care, as well as other suitable cohorts.

## How co-design can contribute to improved decision making within government

In the Report the Productivity Commission gives recognition to the changing roles of government and services, and the associated increased specialization of both, such that increasingly, the two must work together to share expertise in designing commissioning arrangements. CHP notes with satisfaction that the focus in the Report was on co-design as a means of expertise sharing.

CHP believes that SHS have the expertise and knowledge to end homelessness, should they be appropriately resourced. The dedication of the homelessness sector to rigorous evaluation of programs, as well as a significant body of local and international academic work, has produced a large body of sophisticated work demonstrating proven ways to alleviate and/or end homelessness. This has led to a functional consensus on the types of programs that must be delivered to end homelessness. Unfortunately, these are not always the programs that are funded through government commissioning, resulting in many agencies being funded to deliver programs outside of this consensus. Including SHS earlier in the commissioning cycle (see figure 8.2 of the Report) has the capacity to ensure closer alignment between government funding objectives and a funding environment that would allow the specialist homelessness services to deliver better outcomes through proven programs.

Noticeably absent from the Report however is mention of the role of consumers in co-designing the commissioning arrangements. People with a lived experience of homelessness can make a unique contribution to the responsiveness and effectiveness of specialist homelessness services. The experiences of those who have been homeless help us to better understand the factors which lead to homelessness, and which prevent or support re-housing. Looking at the commissioning cycle as outlined in the Report, consumers can make valuable contributions at every stage of the cycle. Indeed, any 'community needs assessment and market analysis' developed without

consumer input would necessarily have insufficient contextual analysis to prove meaningful.  Consumer input provides the level of detail between having data that shows the current state of SHS use, and having analysis that tells why that may be. Consumer participation in service system design provides critical insight into how to design for successful outcomes for consumers. Indeed, any co-design process that fails to directly include the voices of those who have experienced homelessness fails to engage the most important stakeholders in the homelessness system, and as such, fails to provide meaningful consultation, let alone co-design.

Currently the Commonwealth Government has little access to the thoughts and views of SHS consumers, and should consider the development of a body or a program to support the delivery of consumer voices in homelessness.

## The benefits and costs of different types of providers

CHP disputes the idea that for-profit providers may provide greater value to funders in delivering outcomes for those who are experiencing homelessness. Currently, Victorian SHS are community sector organisations whose sole motivation is working to alleviate and/or end homelessness, and improve outcomes for those experiencing or at risk of homelessness. These organisations run with low over-head costs, and due to their not-for-profit nature and dedication to their local communities are able to leverage considerable volunteer work, and social capital that for-profit providers would most likely be unable to emulate. Further, these not-for-profit organisations reinvests any surplus back into the pursuit of their mission. All of this delivers excellent value to funders, and is beyond the capabilities of for-profit providers.

Further, there is considerable concern that in order to generate a profit, any for-profit providers in the SHS space would need to reduce either service quality or the availability of services. This would lead to poorer outcomes for those experiencing homelessness. Enabling contestability with the for-profit sector is a poor value proposition for funders, will see fewer resources dedicated to ending or alleviating homelessness, and will lead to poorer outcomes for those experiencing homelessness.

## Determining when funding should be 'rolled over'

As noted in the Report (p.148), the norm of contestability in SHS contracts is somewhat compromised by the tendency for governments to renew existing funding to funded agencies. Continued short term-funding renewals impact upon the ability of homelessness organisations to plan and invest for the future, hinder the ability of organisations to reliably deliver programs that require longer service engagements, and prevent a renegotiation of funding priorities with funders, negatively impacting organisations' ability to deliver interventions where they will be most effective.

SHS call for an opportunity to negotiate new (and contestable) funding rounds well in advance of the expiry of existing funds. The homelessness sector have been vocal advocates against the current practice of short-term renewal for funded services for a number of reasons. One such reason is that late-notice short-term funding renewals

severely impinge upon the ability of services to develop meaningful long-term plans. Without knowledge of future funding streams, or even whether they will be delivering the same services in the next year services cannot plan for the future, reposition their organisations within the sector, or make large financial commitments. This restricts innovation. It further leads to difficulties in attracting and retaining the best employees, who may be drawn to the employment security of contracts of greater duration than 12 months, or who may seek new employment opportunities due to the fact that their existing contract is due for expiry and funding renewal has yet to be announced. This not only causes stress for the workers, but sees highly skilled expert workers leave their current employers, and indeed the sector.

Another reason that the homelessness sector continues to call for an end to late-notice short-term funding renewals is that it prevents SHS from delivering many important programs, particularly towards the end of each contract. Many programs delivered by SHS require long-term contact, or significant investment in relationship building – both of which are common needs amongst those experiencing homelessness. Initiating these services with vulnerable clients is irresponsible where imminent funding expiry would mean that the program could not be delivered to completion. Consequently, when funding expiry is imminent, services begin to wrap up their long-term programs, and cease taking on new clients. In an environment where funding expiry is imminent approximately yearly, this may mean that consumers are not getting access to the programs that they require. Oftentimes however, services assume that funding will ultimately be renewed. This ensures that consumers retain access to the programs that they require, but also means that services are assuming risk that may not be manageable in the event of non-renewal. With many services adopting this practice, the homelessness sector may be severely exposed should funding renewal not occur. Alternatively, consumers could have their long-term supports, which have been built on trust, summarily withdrawn. This practice can be discouraged through long term forward planning of contracts.


Perhaps most importantly, continuous short-term funding renewals constrain the capacity of SHS to innovate, ensuring that the programs that they deliver are those same projects that they won contracts for many years ago. This has significant ramifications for system re-design. As mentioned in page 10 of this submission, the homelessness sector has acquired significant knowledge about what works in alleviating or ending homelessness. Continuous short-term funding renewals ensure that no significant system re-design can take place, ensuring that the expertise of SHS cannot be utilized by government funders, and that service delivery that is tied to funding agreements fails to be responsive to changes in the homelessness environment. CHP calls for better forward planning of contracts for service delivery well in advance of the expiry of existing funds, and for regular opportunities to work with government agencies in ensuring that government funding rounds are designed to reflect the best knowledge on how we can alleviate and end homelessness for those who are experiencing it.

## Conclusion

CHP supports the Productivity Commission's conclusion that current service commissioning processes don't always lead to the best possible outcomes for consumers. By providing herein detailed responses to many of the questions raised in the 'Reforms to Human Services Issues Paper', we hope to provide guidance on how commissioning arrangements might better support positive outcomes for SHS consumers. This submission includes comment on both positive and negative elements of the current homelessness system, and associated commissioning arrangements. CHP supports re-design of commissioning arrangements that includes experts, SHS and consumers, order to improve outcomes for those experiencing homelessness.