

## **Collaborating for Financial Sustainability Evaluation Report**

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## Executive Summary

NSW Organisation Transition Fund is a grants program managed by National Disability Services with joint oversight from the Department of Ageing, Disability and Home Care. It was established to support organisations, or a group of organisations, with the purchase of practical tools and resources to enable their transition to the National Disability Insurance Scheme (NDIS). As successful joint recipients of said grants program this project was developed between 3 Early Childhood Intervention organisations in the Hunter – Firstchance Inc, Hunter Prelude and Early Links Inclusion Support. Strong existing relationships between these three organisations and a history of collaboration underpin the joint project.

As part of the transition to the NDIS, the collaborating partners examined their existing financial management arrangements and established a number of areas where significant work needed to be done to respond to and remain sustainable in the changed policy and funding environment.

## Project Criteria and Outcomes

- Develop an understanding of the genuine costs of delivery at an hourly rate, and how it will translate to an individual package
- Develop processes to communicate transparently with families and engage with them to identify the actual costs of the supports they request
- Develop capacity to respond to the variable funding packages that families receive through the Trans disciplinary Early Intervention Package.
- Communicate with NDIA and other stakeholders about the evidence base and value for money
- Develop systems to collect financial and operational data on supports provided by the organisation

- Develop and implement a mechanism to evaluate the provision of support under a more robust and accurate financial model
- Develop marketing strategies for services provided by each organisation.

Outcomes for the project were developed on this basis for all three organisations.

These were:

- Increasing costing and pricing sophistication to reflect quality, location, support ratio, quantity and complexity.
- Identifying key financial issues caused by implementation including cash flow pressure and mitigation strategies.
- Increasing business discipline and skill in each organization.
- Identifying key infrastructure requirements.
- Identifying key business knowledge/training needs.
- Developing innovative and well-designed support.

## Recommendations

1. Information and learning from the current project be made available to policy makers, peak sector bodies and other appropriate key stakeholders to assist in supporting the sector transition to the NDIS.
2. Consideration be given, as part of the NDIS roll out, to the specific needs of ECI and other arms of the disability sector and resources provided to assist in the development of appropriate financial management tools to support financial sustainability.
3. That the needs and context of rural and regional organisations, particularly small and locally based services be included in market development as part

of the NDIS to ensure adequate levels of support and a locally based market in regional areas.

4. Development of an open source knowledge base and resource be to support small organisations in developing unit costing and financial management infrastructure and processes. This is critical to ensure a range of local providers can remain in the market place and compete with larger organisations.
5. Strategy to be developed for information and learning from this project to be disseminated to small ECI organisations across the sector at a national level.
6. Learning from the structure and operation of this collaboration be shared with other ECI and disability services as a model for future sector partnership development.
7. Further research be undertaken with regard to both financial sustainability for small organisations within the NDIS policy context, and the role of collaboration (particularly in regional areas) in service quality and innovation during the NDIS roll out.
8. Further evaluation be undertaken of the operation, impacts, benefits and challenges with regard to the financial management tool developed as part of the project, across the 3 organisations over the next 3-5 years.
9. Information and learning from the current project be made available to policy makers, peak sector bodies and other appropriate key stakeholders to assist in supporting the sector transition to the NDIS.
10. Consideration be given, as part of the NDIS roll out, to the specific needs of ECI and other arms of the disability sector and resources provided to

assist in the development of appropriate financial management tools to support financial sustainability.

11. That the needs and context of rural and regional organisations, particularly small and locally based services be included in market development as part of the NDIS to ensure adequate levels of support and a locally based market in regional areas.
12. Development of an open source knowledge base and resource be to support small organisations in developing unit costing and financial management infrastructure and processes. This is critical to ensure a range of local providers can remain in the market place and compete with larger organisations.
13. Strategy to be developed for information and learning from this project to be disseminated to small ECI organisations across the sector at a national level.
14. Learning from the structure and operation of this collaboration be shared with other ECI and disability services as a model for future sector partnership development.
15. Further research be undertaken with regard to both financial sustainability for small organisations within the NDIS policy context, and the role of collaboration (particularly in regional areas) in service quality and innovation during the NDIS roll out.
16. Further evaluation be undertaken of the operation, impacts, benefits and challenges with regard to the financial management tool developed as part of the project, across the 3 organisations over the next 3-5 years.

## Background and Context

In July 2013, the National Disability Insurance Scheme (NDIS) began its roll out in 6 launch sites including the Hunter region of NSW. The NDIS fundamentally changes the way in which funding arrangements are planned and implemented in relation to people with a disability in Australia. Most significantly, a shift from block funding of services to individually funded plans where a range of services and supports can be purchased by those receiving funding packages from specific services, has meant that disability services must fundamentally change the way in which they provide and manage support.

Early Childhood Intervention (ECI) services in the Hunter have had to move rapidly to develop new parameters, management and service implementation models in response to the NDIS and their location in the trial site. While a family focus is critical for most people with a disability entering the NDIS funding process, children under 6 years with a disability are very reliant on family support and guidance in relation to determining eligibility for the NDIS. This includes engaging with a planner to design an appropriate funding package, seeking out suitable supports and managing these supports. In addition, children and their families engaged with ECI services are often experiencing significant transition periods including pre and post diagnosis, early childhood development stages and transition to school. ECI services engage with families during all of these transitions and assist families in navigating the, often confusing, service landscape to gain appropriate support for their child.

ECI services have moved to adopt a trans disciplinary model of service delivery in response to the NDIS. Significant work, as part of this transition, includes the development of efficient, accurate and transparent unit costing processes and financial planning structures. In order for ECI services to provide timely, high quality and cost

effective supports under the NDIS, and to be able to continue to do this is a financially sustainable way, new financial management tools, processes and knowledge must be developed and implemented within a limited timeframe and with significant cash flow challenges as block funding is withdrawn.

This context is compounded for ECI services under the NDIS Trans disciplinary Early Intervention Packages due to the variation in funding for these packages which may be as little as \$6000 and as much as \$16,000. The range of service/support combinations possible for each price point, development of a flexible and balanced package for the funding available, and the role of private therapists as well as service employees to deliver supports create a complex environment for ECI services, which requires accurate and specific information on service costs, availability and timing.

### **The Project**

National Disability Services (NDS) under the Organisation Transition Fund resourced this project. The project was developed and the funding application submitted as a collaboration between 3 ECI organisations in the Hunter – Firstchance Inc, Hunter Prelude and Early Links Inclusion Support. Strong existing relationships between these three organisations and a history of collaboration underpin the joint project.

As part of the transition to the NDIS, the collaborating partners examined their existing financial management arrangements and established a number of areas where significant work needed to be done to respond to and remain sustainable in the changed policy and funding environment. These parameters formed the basis for the project and were as follows:

- Inadequate capacity to record or track “acquired activity”, agreed service levels or other contractual conditions.
- Lack of knowledge of the genuine cost of delivery at an hourly, cluster, package



or enterprise level.

- No safeguards to control the support that is actually delivered.
- Inadequate “cost or price” support work or outcomes at individual, package, cluster or enterprise level.

Of particular concern to collaborating organisations was inadequate knowledge and skill base to accurately cost services and supports for those with individual funding packages from the NDIS. This was considered problematic in terms of the capacity of each organisation to provide flexible services to children and families while maintaining a high quality, skilled workforce available to respond to the needs of children and families. The financial sustainability of collaborating ECI organisations was unclear as a result.

In response to this, a project was developed to address the following criteria

- Develop an understanding of the genuine costs of delivery at an hourly rate, and how it will translate to an individual package
- Develop processes to communicate transparently with families and engage with them to identify the actual costs of the supports they request
- Develop a capacity to respond to the variable funding packages that families receive through the Trans disciplinary Early Intervention Package.
- Communicate with NDIA and other stakeholders about the evidence base and value for money
- Develop systems to collect financial and operational data on supports provided by the organisation
- Develop and implement a mechanism to evaluate the provision of support under a more robust and accurate financial model
- Develop marketing strategies for services provided by each organisation.

Outcomes for the project were developed on this basis for all three organisations. These were:

- Increasing costing and pricing sophistication to reflect quality, location, support ratio, quantity and complexity
- Identifying key financial issues caused by implementation including cash flow pressure and mitigation strategies.
- Increasing business discipline and skill in each organisation
- Identifying key infrastructure requirements.
- Identifying key business knowledge/training needs
- Developing innovative and well-designed support.

There is one further note with regard to the focus of the project. The experience of collaborating organisations with regard to participation in mainstream planning processes and workshops in the past had consistently raised concerns about the specific challenges and characteristics of the ECI sector being overlooked. An emphasis on adult service provision had not adequately covered the range of specific concerns faced uniquely by ECI providers. For this reason, funding was applied for and successfully gained to develop financial sustainability tools and processes specific to and designed for ECI services, particularly for small services.

### **Project Design**

Stage 1 of the project comprised of 2 workshops facilitated by accountancy firm, Seward Dawson Chartered Accountants. These workshops provided a strategic overview of costing, pricing and business strategy. They also included activities related to a generic unit costing tool.

Workshops were attended by key staff from each organisation as follows:

- General Manager/Director/Manager

- Operations Manager
- Finance officer/book keeper

Workshops were also attended by a local accountant from the firm, CINCH Financial Services, who was retained to provide ongoing support for the organisations, support with testing of the tailored unit costing tool and processes with participating organisations and liaison with Saward Dawson.

Stage 2 of the project focused on design and customization of the tool developed and initial implementation of this in each organisation.

Stage 3 of the project comprised further refinement and implementation of the tools in addition to integration with other service processes.

An independent evaluation of the project was undertaken by researchers from the University of Newcastle Social Work Program. This evaluation was subject to University of Newcastle Human Ethics Committee approval.

### **Evaluation Parameters and Methods**

The evaluation of the project was qualitative and utilised 2 data sources:

1. Interviews conducted with key staff members involved in the project – 2 sets of interviews were conducted. One during Stage 2 of the project and a second at the end of Stage 3. A total of 10, in depth interviews were conducted.

Due to availability and direct experience with the tool in practice, interviews were conducted with staff who attended the workshops rather than Board members.

2. Pre and post workshop surveys completed by staff who participated in the project. A total of 8 surveys were completed.

All data was thematically coded and analysed initially, then analysed against key outcomes of the project was undertaken.

A brief review of current research literature relevant to the project was also undertaken and is included below.

### **Current research literature**

Research literature with a direct link to the project evaluation falls into 2 broad categories. Firstly, there is a small but growing body research and academic literature focused on flexible and/or individualised funding arrangements in relation to disability support, and secondly, literature examining service collaboration, particularly in a competitive environment also offers important insights for this project and its outcomes.

### **Flexible and individualised funding and its impacts**

While there is clear agreement amongst researchers in a number of countries that flexible and individually tailored funding arrangements support better outcomes for individuals and families (Laragy 2009), a number of authors have highlighted the importance to ensuring high quality and accessible information, support in planning and a clear, transparent decision making process as a foundation for real and informed choices to be made by individuals and families (Crozier, Meunchberger, Colley and Ehlich 2013; Purcal, Fisher and Laragy 2014). In this context, the changes required amongst providers of support in terms of organisational structures and planning, infrastructure, financial and resource management and accountability have garnered little research attention to date, although it is in this area where the most significant shift for organisations is to be found. Fawcett and Plath (2012) signaled a warning about the dangers of locating individual choice and control solely within a neo-liberal paradigm including an over focus on business processes during the transition, and the importance of attending to issues of human rights within a social model of disability support. Mladenov (2015) similarly explored the tensions between access to flexible,

individually designed and person centred support, and the privatisation and commodification of broader human rights issues within the disability advocacy movement. The challenge for services adapting to the new context of individualised funding packages, which underpins the NDIS, is to balance consideration of access, equity and human rights within this social model, with the financial management and market/business oriented imperatives, which must be addressed to ensure service viability. This becomes more challenging in regional and rural contexts where service choice is lower due to the smaller market and costs such as transport are higher because of geographic isolation. (Dew et al 2013)

### **Collaboration, Competition and Innovation in Service Delivery**

The co-existence of competition and collaboration in the human services sector is not new, however, recent shifts from block funding to either a competitive tendering process for service provision to specific client group or geographic areas has brought this tension into sharp focus. In the case of the disability sector in Australia and overseas, the shift has been to a model of individualised funding packages where specific support can be tailored and purchased from one or more provider. The process of navigating the competitive landscape in order to design, develop, grow and maintain collaborative partnerships creates challenges and benefits for participating organisations, funders and those using services. Bunker et al (2014), in their study of child welfare agencies found that working within the complex environment in which both competition and collaboration intersect was experienced as a normal part of service provision in the new policy landscape, with agencies traversing these complexities continuously. They cite Bandenburger and Nabelbuff (1996), and use their term “co-opetition” (396) to describe this dual phenomena in the service context where organisations collaborate on some projects and compete on others while

maintaining ongoing relationships with each other. (Bunger et al 2014). Rejecting a binary model of competition versus collaboration, Bunger and colleagues (2014) argue that increased competition in both not for profit and for profit sectors is often seen alongside an increase in collaboration between services in spite of the risks. Mascia, Di Vincenzo and Cicchetti (2012) found a similar phenomenon in their research with hospitals in the Italian regional health system. In the context of policy reform to increase competition, results from their study found no impact on the level and type of collaboration undertaken between hospitals. Interestingly, they found that collaboration was quite local and that this was a factor in supporting collaboration within a broadly competitive policy environment. In contrast, Milbourne (2009) examined competitive policies in the third sector in the UK, pointing to evidence that centralised competitive processes were undermining local, community based and collaborative work addressing complex social issues. In this study, market failures at a broader level were being addressed by community based collaborative efforts, which were either minimally funded or operated outside the competitive process. Milbourne (2009) argues that in youth services, competition had resulted in a level of distrust where information, learning from unsuccessful approaches and new ideas were no longer shared and local area learning was not being used as a broader social good to improve services.

In relation to risk and the influence of trust and communication, Grudinschi, Sintonen and Hallikas (2014) examined collaborative partnerships in the procurement of health services and found that the higher the relationship risks, as perceived by partners, the greater the increase in trust and communication. They also found that an increase in perceived risk also had a positive impact on the collaboration overall. In short, the

higher the stakes, in terms of what all partners have to gain or lose, the more binding the partnership.

In examining the shifting policy landscape in the UK in the decades from Margaret Thatcher to New Labor, Entwistle and Martin (2005) argue that while strictly competitive processes such as compulsory competitive tendering focus policy attention on value for money, a later shift to collaboration through partnerships engaged with a more comprehensive re design of service delivery in which value for money was one consideration. In assessing the operation of social care markets over their first decade in the UK, Knapp, Hardy and Forder (2001) even then, identified challenges with both the development of appropriate measures, relationships, costing and management of these markets for the complex outcomes being purchased. Casting forward, they argued for a maturing of markets where adversarial competition may give way to more negotiated and collaborative business processes and relationships. For instance, they describe “mature purchasing relationships” (303) as combining trust, negotiation and competition. An issue related to the impacts of cost, efficiency and innovation shaping service providers, is that of the types of services offered. The question of measurement, cost and accountability for specific outcomes is likely to be a major shaper of any service offer in a competitive market. Interestingly, a recent study of competition in the provision of healthcare services in Finland (Kankaanpaa, Linnosmaa and Valtonen 2012) found that in more competitive markets a greater number of medical services and less preventative services were offered compared to other markets.

A number of articles outlined the importance of setting up clear parameters, focus areas and governance in developing any cross organisation collaboration, particularly in a competitive environment (Knight, Smith and Cropper 2001; Roth 2014; Swindell and

Hilvert 2014). Similar considerations were identified in relation to cross-sectorial partnerships (Forrer, Kee and Boyer 2014).

Overall, research literature on the operation of collaborations between organisations in the disability sector, or indeed, in the human services sector in Australia was limited.

### **Evaluation results**

Results from the evaluation are reported across key outcomes identified at the outset of the project focused on the development of the financial management tool. In addition, research findings also highlighted a number of considerations in relation to cross-organisation collaboration, including implications for future collaboration within the new funding context of the NDIS.

### **The Tool**

Firstly, findings from the evaluation in terms of project outcomes were:

#### **Increasing costing and pricing sophistication to reflect quality, location, support ratio, quantity and complexity**

For all three organisations, the development of the tool, which enabled unit costing for services provided, was seen as a major outcome of the project. While there was a critical urgency in developing such a tool for the collaborating organisation in the NDIS launch site, each organisation identified the development of the tool as timely. Each of the collaborating organisations reported starting the project with either minimal or no processes in place to cost services or set prices. Factors impacting on service costs such as travel and location, quality, staff ratio, time, cost of specialist services and support service complexity were reported as difficult to quantify. All services reported having little or no experience, resources or tools to undertake the task of costing services and setting prices for these.



While collaborating organisations reported that some work had begun within the disability sector on costing services in preparation for the NDIS, and that some training/support was available, the generic character of both resources and training was unhelpful in developing unit costing in the particular context of early childhood intervention (ECI) services and the trans disciplinary model of practice. All project participants reported that the process of working with Seward Dawson via liaison through their local accounting firm, in addition to initial training workshops, which were part of the project, significantly improved the outcomes for services in relation to unit costing. Two reasons for this were identified. Firstly, each of the collaborating organisations reported on the importance of having a tool tailored to the particular needs of ECI services because of the range of and integration between supports offered to children and families. For these services, the co designed and tailored tool enabled them to increase their understanding of what they were providing, how it could be costed, and from here, how to determine what could be offered in the context of the NDIS and how prices might be set to ensure affordability for families and sustainability for services. Secondly, in collaborating to develop a tailored financial management tool, participating organisations reported an increase in their level of understanding about financial sustainability in their own organisation and an increase in their understanding of how to cost complex and integrated support services. For all services the bespoke and practical characteristics of the tool, which they were able to adapt and develop in response to ECI needs, has made a significant impact on each organisation's capacity to begin costing services.

## **Identifying key financial issues caused by implementation including cash flow pressure and mitigation strategies.**

All evaluation participants identified cash flow in the new funding environment of the NDIS as a significant challenge at the outset of the project. While this remained an ongoing concern for organisations throughout the project, all three organisations reported an increased capacity to both identify cash flow challenges and to begin addressing these. Cash flow challenges identified by collaborating organisations, which had previously not been included in service planning due to block funding structures included;

- The critical role of regular data entry, monitoring and reporting of services provided in the field by workers to ensure costs are claimed as support is offered. The implications for delays in this process were particularly acute for the organisation in the NDIS launch site, where block funding had already been removed and individualised funding packages were in operation. Urgency, in terms of both having a tool available and operating effectively for costing and claiming supports provided, and in terms of staff awareness, education and management in relation to cashflow, was described as creating some tensions and stressors for all three organisations throughout the project.
- A lack of ‘start up’ capital for organisations during the transition to the NDIS was identified as a significant challenge. The change from block funding, where grants usually needed to be spent within a specified time period or returned, to a fee for service model where payments to cover staffing and other organisational costs are dependent on claims made to the purchaser (the National Disability Insurance Agency, NDIA) for service rendered, was described as a major cultural change. Participating organisations reported

finding themselves in the position of a start up company with no capital. Evaluation participants reported sector wide discussions on this issue which included strategies to use organisational funds from donations (where these existed, as start up capital) seeking loans or overdrafts, or looking for additional funds from outside the NDIS to assist with start up costs. In terms of the project, all three organisations reported that the development of the financial management tool had assisted them in identifying, in detail, what kind of costs they would need to be covered during the transition phase and as ongoing expenses.

- Time spent with families prior to securing a package and during the negotiation stage with the organisation regarding what could be provided at particular costs, was identified by all three organisations as a challenge in terms of cash flow, as this staff time cost takes place outside the provision of specified supports and services, but is an essential part of business planning and operation. Each organisation reported that participation in the project overall, and the development of the financial management tool as an outcome, had assisted them in thinking through how to incorporate this type of cost into their business planning, how this type of cost could be quantified and accounted for, and what measures of time and expertise might be used against costings and income for the organisation in this context. For all three organisations, this was reported as a direct result of the project and a new way of thinking about and planning for the sustainability of their service.

### **Increasing business discipline and skill in each organisation**

All of those participating in the evaluation reported an increase in their knowledge and skills in the area of business planning, operation and accountability as a result of the

project. For most participants, the project provided information and impetus to seek out and implement a range of business oriented practices and skills in preparation for or response to the NDIS. Interestingly, while the initial workshops were reported as a good introduction to business planning and operation, some organisations reported that the information provided was viewed as less accessible and useful than the ongoing work to adapt, refine and test the financial management tool during the second phase of the project. This collaborative and iterative process where organisations were able to look in detail at their own financial needs and co-design a tool to best meet those needs, was reported universally as the most useful part of the project in relation to building business skills and knowledge.

Specific areas of knowledge and skill development identified by organisations were understanding their level of service, methods for costing time, expertise and support packages, unit costing and pricing, financial models and planning, links between financial management and other organizational systems and processes eg HR, records management, strategic and operational planning.

Business knowledge and skills were reported as developing through cross organisational collaboration in addition to working on the tool. Learning focused on systems, processes and structures for organisational sustainability were discussed by all participants as key areas of cross organizational learning. It should be noted, however, that the experience of one organisation in the NDIS launch site was a significant source of learning for the other organisations due to the rapid change process and need for that organisation to respond quickly and comprehensively as block funding ceased.

### **Identifying key infrastructure requirements.**

There was clear evidence that the project played a useful strategic role in assisting collaborating organisations to identify and begin to act on infrastructure requirements

for both the short and longer term. The development of the tool was reported as assisting in, for the first time, producing organisation wide information on levels and types of support being provided, the number and range of workers involved in providing supports to children and families, time spent on specific instances of support, and the impact of all of these elements on service viability and sustainability. This base line data was described by each organisation as requisite for planning and service provision under the NDIS, but previously unavailable due to a lack of appropriate tools and measures. In terms of service infrastructure, support from a professional accountant was reported by all three organisations as a crucial investment, which they had not previously prioritised, in managing their transition to the NDIS. Attention to the staffing profile, training, support and staff numbers required by each organisation as well as workforce development were identified as outcomes from the project impacting on infrastructure. Impacts included planning for office space and premises, computer systems and support, travel and transport costs for staff providing in home support and records management systems.

One ongoing outcome from the project is the development of a joint records management systems across the three collaborating organisations. This joint approach to infrastructure planning, based on the collaborative approach to the current project in relation to unit costing and financial management tools demonstrates the ongoing legacy of the project in terms of infrastructure planning.

### **Identifying key business knowledge/training needs**

Evidence in the evaluation data for this outcome is focused in 2 areas. The first is on increasing the capacity of staff in each organisation to develop knowledge of and engage with the unit costing tool. Key staff, who participated directly in the project reported not only increasing their knowledge and skills in business planning and

operation, but also identified the need for further development of their skills in business management and planning, understanding accounting systems, marketing and business development. For other staff, who did not participate directly in the project, training in understanding and utilisation of unit costing in the context of their work with children and families was reported as a priority. Those directly involved in the project also reported that training would need to be carried alongside a significant change management process within each organisation. For all three organisations, the challenges in facilitating a cultural change amongst staff from block funded service provision to fee for service, unit costed support was described consistently as more challenging than either the knowledge acquisition or skill development required to operate systems in the new funding environment.

There was strong evidence that the project achieved this outcome in relation to the identification of broad areas of training required by staff, however, the early stage of the project implementation means that evidence for specific knowledge and training needs for staff is emerging and should be evaluated in 12 months-2 year's time.

The second area in which there was evidence for project success in relation to this outcome is focused on business knowledge and training needs for Board members in each organisation. As with the focus area on staff, evidence here is emerging rather than established. However, evaluation participants reported, in second stage interviews, an increased awareness of the need for Board members to develop a sophisticated level of knowledge and skill in relation to business planning and operation. Accountability requirements as well as management for financial sustainability in the competitive environment created by the NDIS, were reported a priority areas for training amongst Board members. Collaborating organisations also discussed the potential impact on recruitment of new Board members, which the project had highlighted. Pro-active

recruitment of members with business skills, knowledge and experience was viewed as one strategy to ensure suitable Board expertise and support under the NDIS. The project was described as increasing the awareness of participating staff, Board members and organisations, in relation to unit costing and business management processes required to operate within the funding context of the NDIS. Specific areas of training and support for Board members will depend on existing knowledge, experience and roles. It is expected that this will be an outcomes of the project during its next phase as the tools become more broadly implemented across the 3 organisations.

### **Developing innovative and well-designed support.**

A key outcome of the project was an increased capacity across each of the 3 organisations to effectively map the support offer they were making currently, and the one, which they would be able to make under the NDIS. The knowledge which has been made available through the collaborative development of the unit costing and financial management tool, was reported as making a significant difference in terms of knowing how much support was being offered currently, what this costs and what will be possible via individualized packages. Collaborating organisations reported that one critical outcome was that from undertaking a unit costing process, many families were currently over serviced in relation to their individualised funding package. The process of determining who, how long and what was being provided when, to families revealed that current service offers were unsustainable under the NDIS funding arrangements. Evaluation participants reported that having this knowledge, via the unit costing tool, enabled them to plan their support offer to families in a much clearer and more resource efficient way than was previously possible.

The organisation located in the launch site, and as a result with more experience in using the tool with families, reported that the tool also assisted in working transparently

with families in planning the range of supports, which could be realistically purchased with their package.

While there was clear evidence from the evaluation data that the project had facilitated more efficient, streamlined and accountable support, which could be conveyed transparently to families, there was no evidence that the project had produced innovation in the delivery of supports. This is not to say that an outcome from the project may be innovative service delivery into the future. Rather, that while there was evidence of efficiency and design improvement in support provision, evidence of innovation in this area was not apparent at this stage.

### **The Collaboration**

The other key feature of this project was its collaborative structure and processes. While this was not outlined as a key outcome from the project, the role of collaboration in the development, implementation and ongoing operation of the project is clearly in evidence through the evaluation data. For this reason the role, character and learning from the collaborative process is reported on here as a key outcome from the project. In a policy and funding context in which individualised and competitive processes are fundamental, evidence about the function and future of collaboration between organisations is of some interest. 6 themes were identified during the data analysis, which highlight the role of collaboration and the factors contributing to success and challenges experienced in the current project in this area.

### **Existing Relationships and Social Capital**

Participants from each of the collaborating organisations cited existing relationships, a history of working together and a high level of trust between organisations and senior staff as important foundations for collaborating in the current project. Knowledge of each other's service, approach to working and positive past experiences of working



together were consistently described as essential to the success of the current collaboration and equally, these reasons were reported as central to the initial decision to participate in the collaboration. The social capital generated in these existing relationships was described as creating a buffer of trust between staff and organisations which both protected and encouraged the sharing of ideas, processes and systems, even when the current funding environment was seen to work against these. While all participants reported the current collaboration as a generator of social capital and a consolidator of strong relationships between collaborating organisations, no one who participated in the evaluation was optimistic about future collaboration with new partners. Some reported that they would collaborate with new partners in future only after considerable relationship building had taken place over time and they were certain they could trust potential collaborators. Others reported that future collaboration with new organisations would be difficult at best and impossible at worst within the funding and policy parameters of the NDIS.

Interestingly, all participants reported that their experience of collaboration had been positive and that the project would have been more difficult without the partnership between organisations. When asked, however, how a similar collaboration would be implemented between their organisations in 5 years or when current staff had moved one, all participants were pessimistic about the possibility due to the move towards proprietary knowledge and systems seen as necessary for establishing a business advantage and away from sector wide knowledge sharing.

### **Organisational size, infrastructure development and pooling resources**

All participants attributed small organisational size as a key factor in encouraging collaboration amongst services. The outcomes of the current project including the detailed and integrated knowledge across services, which contributed to the financial

management tool were consistently reported as possible only through the collaboration between small organisations. While all organisations recognised the imperative to develop processes for accurate unit costing and financial accountability and tracking in preparation for the NDIS, participants universally reported that the scale, detail and flexibility of the tool developed through collaboration and co-design would not have been possible if individual small organisations worked in isolation.

All 3 organisations reported that pooling resources in terms of grant funding, engagement of 1 accounting firm to liaise with the developer of the unit costing tool to make suggestions for adaptation and development of the bespoke tool across the organisations, and sharing knowledge and experience in the development of the tool resulted in a significantly more robust, integrated and accurate response to the changing funding environment. For small organisations in the ECI sector, this kind of collaboration was recommended by project participants as an effective and efficient initiative in working towards financial sustainability in the NDIS funding environment. Contributions from each organisation were discussed as complimentary to the process as a whole. The collaborative approach was described as a practical and effective option for small organisations with few resources to develop accounting and business management tools essential to survive in the new funding context.

### **Values and Ethics**

Evidence from the evaluation data revealed a number of interview discussions centred on values and ethics in relation to creating, nurturing and maintaining partnerships and collaborations. Of note was the theme raised by participants from all 3 organisations about the importance of shared values and ethical frameworks in successful collaborations. A shared approach amongst the ECI services involved in the collaboration, in which fairness and transparency for families was described as central

and along with engagement with the ECI sector in maintaining a high quality of service, fundamentally informed both the collaboration and design parameters of the tool. All collaborating organisations expressed a level of discomfort with prioritising business oriented and competitive imperatives in the context of supporting young children who have a disability and their families. All collaborating organisations were pragmatic, however, about the parameters and structure of the NDIS and were choosing to work proactively in responding to the changing policy expectations. All were also clear that they were more than willing to share knowledge and information with those in the sector who shared the values described above, but unwilling to share or partner with organisations which they perceived as prioritising profit over family and person centred care. This was a tension expressed repeatedly and illustrates the complex and contradictory policy and service landscape in which this collaboration developed and continues to grow.

### **Mutual support through change**

One indirect outcome of the collaboration on this project was the creation of a small network of mutual support for 3 small organisations experiencing and adapting to one of the most significant funding and policy changes in Australian history. The importance of this support network, particularly for senior staff, should not be underestimated. For small organisations in a small sector within disability services (ECI services), the provision of support for staff in managing the kind of relentless and large scale cultural and operational change currently underway with the introduction of the NDIS has garnered little attention. Effective support for staff in managing this transition is, however, essential in maintaining a continuity of service and support on offer for children and families. This is particularly the case in regional and rural areas such as the Hunter where accessible local services are fewer in number, and where knowledge

of local communities and contexts is essential for effective support provision. There was strong evidence that the collaboration which is the subject of this evaluation created a cost effective, high quality and self sustaining support network for local organisations leading to more efficient service planning, response and operation in the rapidly changing environment of the NDIS.

### **Sector capacity building and knowledge sharing**

A final outcome of the collaboration is its role in sector capacity building and knowledge sharing. The reciprocal structure of the collaboration and intentional engagement with the ECI sector was outlined in the initial funding application and has informed the collaboration throughout its life to date. Project participants reported sharing knowledge and experiences with the ECI sector both formally through presentations and workshops and informally through discussions with other services in NSW and further afield. The collaboration provides a successful demonstration modeling the parameters, processes and structures for successful collaborative projects in the context of policy change and the NDIS roll out. In this project, there is consistent evidence that despite tensions between collaborative and competitive frameworks, collaborative partnerships offer an effective way for small organisations (particularly those in rural and regional areas) to respond practically and in a sophisticated manner to the changing policy and funding context. While there is a legitimate concern that competition, over time, will erode the capacity of organisations to collaborate, the current project models the idea that collaboration and a business orientation are possible when there are clear parameters and outcomes, mutual benefit, a high level of trust and transparent processes for all involved.

## **Discussion and Implications for ECI services**

### **Business knowledge and skills**

There was clear evidence across all data from the evaluation that the project met its planned outcomes in relation to improved business knowledge, skills and processes for all three collaborating organisations. Access to knowledge, processes and tools which each organisation could use to undertake an initial analysis of service level and quality, map and cost this against possible service offers under the NDIS was of critical importance to all 3 organisations in responding to the NDIS. The practical experience of the collaborating organisation in the NDIS launch site in ‘real time’ use of these processes and tools as they were being designed, added a level of detail and utility which assisted in the production of a practical and useful tool.

### **Complexity and integration**

Evidence from the evaluation highlights the complexity of the task required of ECI services in costing, measuring and pricing the supports they offer currently and those they will be able to offer under the NDIS. Integration of support during critical stages of child development, the role of and support for families in caring for a child with a disability and the process of navigating with families what an organisation is and is not able to offer within a package all contribute to a complex and layered support system to plan, cost and deliver. The process of 3 small organisations pooling resources, co-ordinating their support and collaborating to develop a tool able to respond to this complexity, was seen as the most effective way to address NDIS expectations and parameters. The combined experience, knowledge and skills of each organisation was effectively utilized along with accounting and financial management expertise to develop an approach and a tool which can usefully support ECI organisations in transitioning to the NDIS.

### **Co-design and tools for specific sectors and needs**

The co-design of the financial management tool by the 3 collaborating organisations and was central to the success of the project. Initial workshops provided some knowledge but project participants identified the process of working with each other and having the local accountant liaise with Seward Dawson to adapt and refine the tool as the most significant contributing factor to increase the knowledge and skills of project collaborators.

Dissatisfaction with generic tools and processes and their lack of fit with the needs of ECI services led to the development of the project. Even with a more sector specific tool, which was used initially in workshops, further work was required to adapt and refine an ECI specific tool to fit the needs of collaborating organisations. Learning here from the project highlight the need for bespoke tools and the importance of like services working together to co design these. Tools for determining accurate unit costing, which reflect the service context and offer provided must be developed by services who will be using them. A key success factor identified by all participants was the ability to work with a more generic tool and co design and adaptation of this, which was tested, refined, tested again and then implemented in real time.

### **The future of collaboration**

There was clear evidence of the success of this collaboration in relation to the development a practical financial management tool, planned further collaboration on financial and records management systems, and the development of an ongoing mutual support network amongst key senior staff in each organisation. The existence of strong, trusting relationships, past collaboration and a stock of social capital amongst the 3 collaborating organisations were clearly drawn on to develop and sustain this partnership. The environment where such relationships are able to develop between

organisations in the future is less certain. Concerns were expressed by project participants about how collaborations might develop with new organisations. For small organisations, (particularly in rural and regional areas) this kind of collaboration was seen and experienced as having a high impact in terms of service infrastructure development, integration and sustainability. It was clear that further work in the area of small organisation collaboration would be beneficial in terms of supporting local service markets in regional and rural areas to guarantee high quality and accountable local support for children with a disability and their families.

### **The ECI sector and the NDIS**

Finally, evidence from the evaluation pointed to the ongoing need to account for the specific sub markets within the NDIS including that in which ECI services operate. The outcomes of this project will continue to develop as the tool and the collaboration move to the next stage of use and refinement. Initial outcomes indicate that the development of an ECI focused financial management tool directly designed by users in collaboration with each other and those with accounting expertise has already improved the business readiness, management capacity and skills of project participants. Of critical importance is the way in which learning and outcomes from the current project can be shared, utilised and adapted by others in the not for profit ECI sector. The need for information, resources and learning from this and other similar projects, to be open source, that is, accessible at their core to all, rather than proprietary is essential for continued collaboration and sector wide knowledge development. This approach to knowledge has been adopted in this project and is consistent with business operation in areas such as computer software development. In order for project learning to be shared in this way, all information must remain open and collaboration in developing new tools and adaptations encouraged. The sustainability of small ECI organisations within the

NDIS 'market place' ensures competition and the delivery of well designed local support. This project provides a successful demonstration of effective support for small organisations through collaboration. It is hoped it will be replicated, not in content but in approach as the sector continues to adapt to the NDIS.

### **Recommendations**

1. Information and learning from the current project be made available to policy makers, peak sector bodies and other appropriate key stakeholders to assist in supporting the sector transition to the NDIS.
2. Consideration be given, as part of the NDIS roll out, to the specific needs of ECI and other arms of the disability sector and resources provided to assist in the development of appropriate financial management tools to support financial sustainability.
3. That the needs and context of rural and regional organisations, particularly small and locally based services be included in market development as part of the NDIS to ensure adequate levels of support and a locally based market in regional areas.
4. Development of an open source knowledge base and resource be to support small organisations in developing unit costing and financial management infrastructure and processes. This is critical to ensure a range of local providers can remain in the market place and compete with larger organisations.
5. Strategy to be developed for information and learning from this project to be disseminated to small ECI organisations across the sector at a national level.



6. Learning from the structure and operation of this collaboration be shared with other ECI and disability services as a model for future sector partnership development.
7. Further research be undertaken with regard to both financial sustainability for small organisations within the NDIS policy context, and the role of collaboration (particularly in regional areas) in service quality and innovation during the NDIS roll out.
8. Further evaluation be undertaken of the operation, impacts, benefits and challenges with regard to the financial management tool developed as part of the project, across the 3 organisations over the next 3-5 years.
9. Information and learning from the current project be made available to policy makers, peak sector bodies and other appropriate key stakeholders to assist in supporting the sector transition to the NDIS.
10. Consideration be given, as part of the NDIS roll out, to the specific needs of ECI and other arms of the disability sector and resources provided to assist in the development of appropriate financial management tools to support financial sustainability.
11. That the needs and context of rural and regional organisations, particularly small and locally based services be included in market development as part of the NDIS to ensure adequate levels of support and a locally based market in regional areas.
12. Development of an open source knowledge base and resource be to support small organisations in developing unit costing and financial management infrastructure and processes. This is critical to ensure a range of local

providers can remain in the market place and compete with larger organisations.

13. Strategy to be developed for information and learning from this project to be disseminated to small ECI organisations across the sector at a national level.
14. Learning from the structure and operation of this collaboration be shared with other ECI and disability services as a model for future sector partnership development.
15. Further research be undertaken with regard to both financial sustainability for small organisations within the NDIS policy context, and the role of collaboration (particularly in regional areas) in service quality and innovation during the NDIS roll out.
16. Further evaluation be undertaken of the operation, impacts, benefits and challenges with regard to the financial management tool developed as part of the project, across the 3 organisations over the next 3-5 years.

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