Collaboration between sectors to improve customer outcomes for citizens of NSW

Research report prepared for the NSW Public Service Commission

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1 Executive summary

Nous Group (Nous) was engaged by the NSW Public Service Commission (PSC) to conduct a research project to provide advice on successful models of collaboration within the public sector and between the public sector, private and not for profit (NFP) organisations. The project has focussed on collaboration models that can be applied across the NSW public sector to deliver improved customer outcomes. The project has reviewed research and evidence from the literature on collaboration and obtained input from practitioners in the public, private and not for profit sectors across NSW and Australia.

(a) There are many forms of collaboration available to the NSW government

This paper uses a broad definition of collaboration.

In particular, it focusses on collaboration between organisations within the public sector, and between public sector organisations and organisations in the not for profit and private sectors. More intensive forms of collaboration including coordination, cooperation, alliance and partnership (shown towards the right in the span diagram) are the main focus.
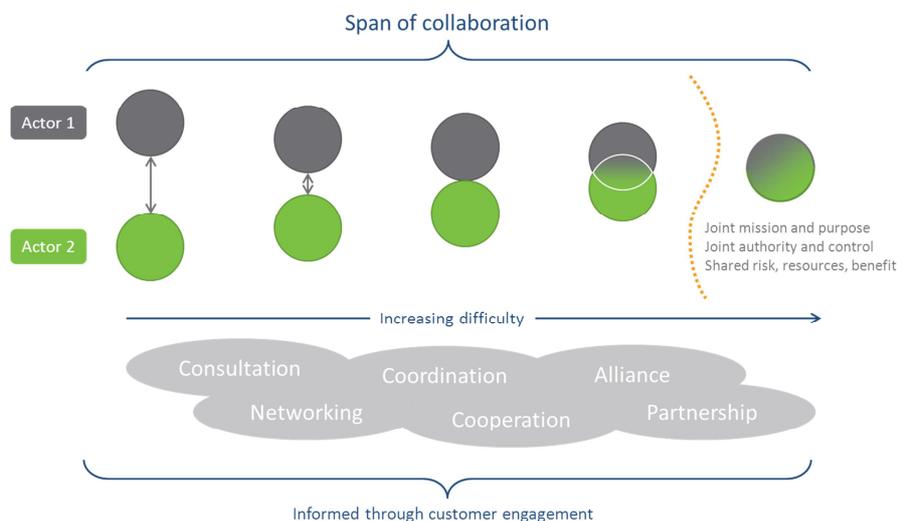
Whilst recognising the importance of citizen engagement and the emerging area of system design, this paper does not delve into these related but different topics.

(b) Collaboration can deliver substantially better outcomes for customers

Collaboration can enable public sector agencies to access complementary features of other organisations within and outside the public sector. These complementary features include knowledge and ideas, status, relationships, assets and funding. Through access to these features, collaboration can assist the public sector to develop and deliver more innovative, effective and efficient policies that result in new or improved customer services. Working together can strengthen relationships between parties so that other improvement opportunities can be realised. Collaboration can also build societal trust and engagement. Collaboration can also support a sharing of risk from the public sector to other individual organisations or the broader collaborative group. Finally, analysis preceding collaboration helps organisations consider their own strategic priorities and strengths and weaknesses.

(c) But collaborations do not always deliver and can be costly

Research and interviews with practitioners point to mixed results for collaborations. Many have failed to deliver their full promise. Collaborations can also have substantial costs:

∘ to deliver the substantive elements of the collaboration

∘ to create and maintain the relationships underpinning the collaboration, and

- 'strategic' costs where having an external provider deliver services leads to the loss of core competencies or adversely affects the public standing of the organisation.

It is therefore critical to assess the possible outcomes from collaboration and compare them with the expected costs. Collaboration is a tool that should only be used where it makes sense to do so.

(d) Collaboration has a set of key enablers, barriers and supporting capabilities

Regardless of the model used, successful collaboration requires:

- Mutual goals, purpose and benefit as a threshold requirement

Four further enablers are:

- Trust – organisational and personal
- Leadership – strong and effective leadership
- Individuals – who can work collaboratively with others
- Governance – appropriate and adaptable governance

There are four potential barriers that must be addressed:

- Power asymmetries and the presence of viable alternatives to collaborate
- Inadequate accountability and responsibility arrangements
- Insufficient investment of time, resources and energy
- Differences in operating language and culture

In addition, there are some barriers specific to the public sector including:

- Stringent accountability frameworks that may limit flexibility
- A political environment that can change rapidly and force public sector members of a collaboration to change direction and priorities
- Government's power - both as a rule setter and as a major funder
- The frequent moving of public servants into new roles
- A strong professional public sector culture.

There are **capabilities** that are required for effective collaboration. They tie closely to supporting the enablers and overcoming the barriers discussed above and include conceptual, interpersonal, influencing and technical capabilities.

In NSW, and in other jurisdictions, effective cross-sectoral partnerships can be destabilised by distinctive characteristics of government and its public servants: changing political imperatives, government power as both the rule setter and major funder, an inflexible public sector culture, poor application of accountability requirements, and frequent changes of personnel.

From the perspective of potential partners there are some common reservations:

- **Not for profit** sector – concern of being overburdened with excessive reporting and engagement requirements
- **Private sector** – its desire to operate in a stable environment with minimal red tape and bureaucracy
- **Academia** – the need for academic independence and the focus on publications versus meeting the need of the partnership.

Any collaboration involving the public sector needs to explicitly recognise and manage these challenges.

(e) It is important to match the right model of collaboration with the purpose of collaboration

While there is a wide range of different models of collaboration, they can be grouped into:

1. underpinning financial arrangement; and

2. coordination of collective interests.

Collaboration models with an underpinning financial arrangement. These collaborations will typically involve a commercial transaction where the public sector is making some financial contribution to the collaboration, often along with other contributions too, in order to better achieve its outcomes. Examples include contracting (for capacity, activities, outputs or outcomes), public private partnerships, alliance contracting, social impact bonds, public private joint ventures, public service mutuals and others.

Benefits include efficiency, insourcing of skills and capabilities; greater innovation; and better customer outcomes and quality of services – sometimes due to the linkages between the collaboration partner and the community for whom the service is being delivered.

Collaboration models primarily based on coordination of collective interests. The common principle of these models is coordination of collective interests and actions, which do not necessarily involve direct financial transactions between organisations. Examples include coordinating fora, taskforces, joint teams, frontier/joined up entities and outsourced coordinator/broker models. Collective impact models fall into this second group.

(f) Strong leadership is essential to successful collaboration

Collaboration across government and between sectors does have the potential to deliver substantially better outcomes for NSW citizens. Collaboration requires thoughtful consideration to determine when and why to collaborate as well as genuine support to bring about the conditions required for effective collaboration. This involves the active removal of potential barriers to collaboration, effort to bring about the enabling factors and the active development of capabilities within the organisations and individuals who are the parties to collaboration. However, to date collaboration tends to have been driven by individual leaders, rather than being led by the NSW government and sector leaders as a whole.

To achieve a step change in outcomes for NSW citizens through collaboration will require:

- *Strong leadership* from within each sector to set a goal of greater collaboration and explore opportunities to work together

- *Incentives to collaborate* such as accountability arrangements, performance recognition and measures targeting the organisational and individual levels

- *Resources and tools* to increase capabilities required to collaborate. In particular, refer to the collaboration blueprint linked with this report

- *Increased opportunities to collaborate* including the structures and processes to celebrate successful examples, build on all existing examples, and identify and facilitate new areas for collaboration.

2 This project is integral to efforts by the NSW public sector to improve customer outcomes

The PSC ensures the NSW public sector has the capability to deliver high quality public services to the people of NSW through the design and implementation of workforce management strategies and reform. The PSC seeks to support and work with the NSW public sector in achieving the goals set out in *NSW 2021: a plan to make NSW number one* through:

- driving the implementation of standards and policies

- delivering key enabling programs

- collecting, analysing and providing information covering all aspects of workforce management in the public sector environment.

The NSW Public Service Commission Advisory Board, through the PSC, commissioned three related projects which are intended to improve customer outcomes:

- Collaboration between sectors to improve customer services (the subject of this report)

- Measuring productivity within the public sector

- Customer service measures.

The collaboration project was conducted to provide advice about successful models of collaboration between different sectors to deliver improved customer outcomes for the citizens of NSW. It also sought an understanding of the factors needed to improve customer outcomes through better collaboration.

The report that follows forms an important input to the efforts to improve the ability of the NSW public sector to deliver positive customer outcomes. The term 'customer' includes current and potential customers of public services who may be individuals or organisations. It will likely have close linkages to the other projects also underway, and also relates closely to the efforts to understand and drive innovation in the public sector.

3 Project approach, methods used and guide to the report

This report is the result of an extensive review of relevant literature, interviews with key public, private, not for profit and academic stakeholders, focus groups with the sectors, as well as a roundtable with a range of experts in collaboration across these sectors.

The main activities and deliverables of this project are shown below.

Figure 1: Activities and deliverables
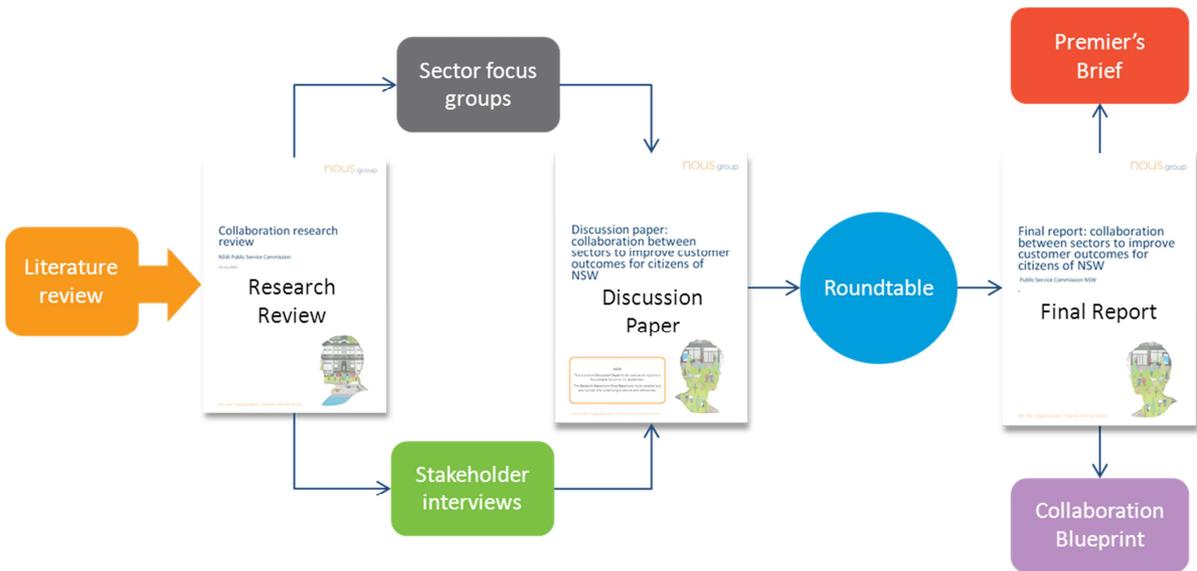
Reading this report

The report presents data in a number of ways. Quotations obtained through consultation appear as shown below.
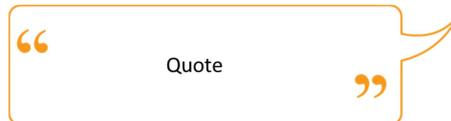
The body of the report also contains extracts from case studies included in the appendix. These case study extracts appear as shown below.
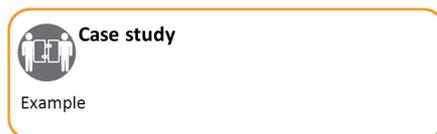
The report rests in part on a review of the significant body of collaboration research. Therefore, endnote references are included throughout the report. Some sections have been significantly informed by or drawn from more prominent research. In these cases, a single endnote reference has been included at the outset.

4 Collaboration is one way to improve productivity and customer service outcomes

Collaboration is of interest because it enables the public sector to better meet citizens' expectations of service within constrained budgets and to grapple with complex policy and service delivery challenges. This section introduces a broad definition of collaboration that is used in the paper. It highlights that citizen engagement and system design are related and important approaches, but that organisational colllaboration is the focus of this paper.

4.1 Governments must address budget pressures, rising expectations and persistant public policy challenges

> There is a burning case for chance. We need to think of fundamentally different approaches where we have made no progress in decades. We don't have any dollars to work with going forward. We should be motivated to take a new approach to these issues.
> Academic interviewee.

There are a number of complex and related factors which have increased the incentive to collaborate within the public sector and between the public and other sectors. The three main factors are:

1. Public sector financial pressures due to constrained budgets and rising citizen expectations of public services.
2. A view that collaboration with private and not for profit organisations will deliver systemic and transaction specific benefits including value for money, improved quality and customer service, enhanced accountability, a transfer of risk from the public sector to others, and increased innovation.[1] Aligned with this approach is a view of the role of government - that the public service should be focused on identifying and addressing customer need - selecting the best methods to address the need from a range of options.
3. The size and complexity of public sector structures has been accompanied by specialisation and fragmentation of knowledge across these structures, including devolved decision making. This means different experts need to collaborate to solve multi-faceted problems.

4.2 Collaboration is one of a number of approaches that can address these challenges

Collaboration encompasses many forms including cooperation and coordination (see Figure 2). Those thinking about or working in collaboration are required to assess what form of collaboration will best meet their purpose. The focus of this report is collaboration within the public sector and between organisations in the public, private and not for profit sectors. The various forms of collaboration have common characteristics that become more or less important depending on which form of collaboration is being undertaken. These points are explained below. [2]

This report takes a broad approach to the definition of 'collaboration'
The term 'collaboration' is used frequently but clarity over what it actually means is less straightforward. There are two main interpretations – a broad common usage and a narrower definition.

The ***broader meaning*** of collaboration comes from its common everyday usage, and can be understood as:

> More than one party within the public sector or within and beyond the public sector working together in the areas of policy development, service design or service delivery.

Collaboration in its ***narrower*** definition can be understood as:

> A particular form of working together characterised by mutually developed common purpose, joint authority and control, along with shared resources, risks and benefits.

These differing definitions are best understood when represented as a span of collaboration as shown in Figure 2 below. The broad definition of collaboration encompasses the whole span, whereas the narrower definition of collaboration is at the extreme right end of the span. The diagram represents that collaborating organisations can be more or less 'close;' at the left hand end the organisations are quite distinct, perhaps just consulting each other and sharing information. At the right end the organisations, at least in one area of their operations, have effectively 'merged.' They have a common mission, joint authority and control and share risk, resources and benefits.

This paper uses the broad definition of collaboration which covers the span of available options for working together.

Figure 2: Span of collaboration
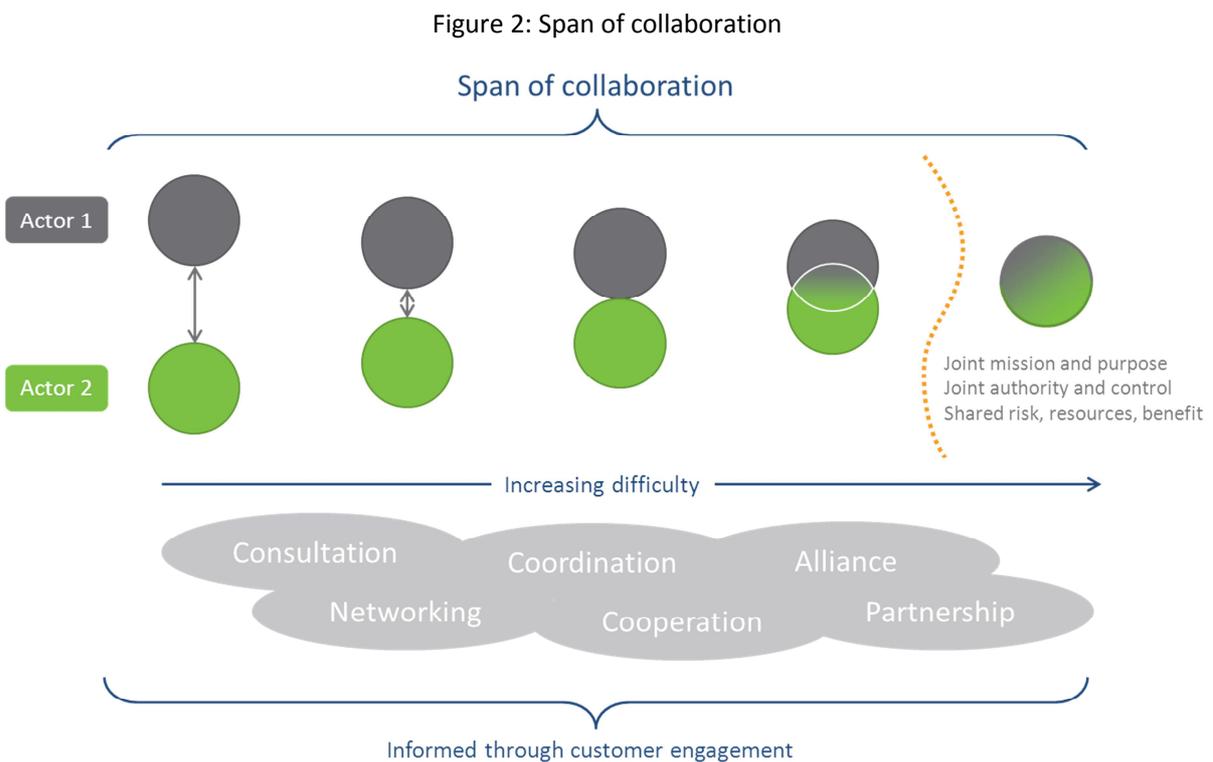
Any form of collaboration requires that a number of enablers and barriers be understood and adequately addressed (see Section 7). The mixed success achieved through collaborations is evidence that the conditions required for successful collaboration are difficult to achieve. Collaboration on the far right hand end of the span is the most intensive and therefore most difficult form. It offers fewer examples of successful application and is reported as being particularly challenging for the public sector (see Section 9.2). Potential collaborators should consider the full breadth of options available. Collaboration toward the right hand end of the span is likely to have greater cost and be more resource-intensive.

The guidance in this report is most relevant to more intensive collaboration, that is, forms towards the centre-right of the span.

> " We don't sit down and say 'this is a tool, what benefits can this bring, what would it cost?
>
> Public sector interviewee "

The characteristics that distinguish collaboration range in intensity

A review of collaboration literature highlights that there are a common set of characteristics of collaboration.[3] These characteristics are generally agreed and can apply across the broad span discussed above with varying degrees of intensity. The characteristics that determine collaboration are:

- Commonality of mission/purpose
- Compatible authority and control mechanisms
- Formality of relationship
- Trust between collaborators
- Investment in the collaboration
- Risk, benefit and resource sharing
- Communication and information sharing.

Consideration of the extent to which these features are necessary or can be realised in a practical sense indicates which form of collaboration is most fit for their purposes. Consideration of these features also helps in understanding the implications before entering into collaboration. The extreme right hand side of the span requires and is largely defined by having all of these features present to the fullest extent.

4.3 Citizen engagement and system stewardship are related to collaboration, but are not the focus of this paper

Collaboration is just one of a set of related approaches which can provide the productivity and customer service improvements desired by government. Collaboration within the public sector and between organisations in the public, private and not for profit sectors are the focus of this report. It is however, useful to briefly outline two related aspects and how they intersect with the type of collaboration that is at the centre of this report; citizen engagement and system stewardship.

4.3.1 Citizen-centricity and engagement are critical for good policy and services

Citizen or customer engagement is vital for good public policy, service design and delivery. It enables policy makers to better understand the reality 'on the ground,' the needs of different customers and stakeholders and the impact of previous and proposed programs. Customers can be valuably engaged in service design to ensure that the services to be delivered will add value and will be delivered in a manner that makes sense. Customers can also be involved in service delivery, providing feedback to enable services to be constantly improved.

This report is focussed on collaboration between organisations. It does not analyse or comment further on customer engagement.

> ...policy is less likely to succeed if you don't engage with the community...
> ...involvement in the process makes programs more likely to succeed.
>
> Academic interviewee
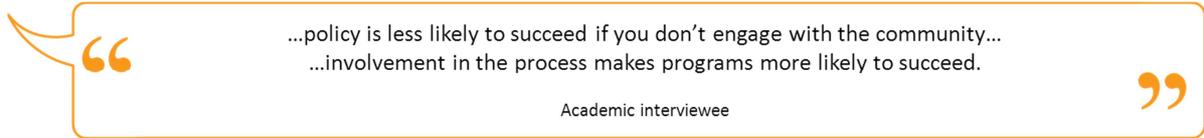
4.3.2 System design / system stewardship is an important emerging approach

There are also a range of models where the public sector designs a system, with one possible system level objective being to maximise the involvement of private and not for profit sector service delivery and to maximise collaboration between participants in the system. An example is the design of payments for service delivery to not for profit organisations where the overall system design and payments approach improve collaboration and sharing of resources between different not for profit or private sector organisations who are all part of the system.

We have not included system design and system stewardship models in this report on collaboration because although system designs promote increased collaboration between organisations within the system, the actual system design activity is not of itself collaborative. Of course – collaboration models such as those discussed below can be used to engage with various parties to develop the system design.

5 Collaboration can deliver a range of benefits

Collaboration enables organisations to access complementary features of other organisations within or outside their sector to respond to the factors listed in Section 4.1 and where each sector may offer different combinations of these benefits to other sectors. Opportunities to use collaboration to improve customer service outcomes may be identified or initiated by the public sector, not for profit or private sector organisations, therefore the parties to collaboration should be ready to respond to proposals from other sectors. These features include:

- **Knowledge and ideas** – to access specific knowledge or approaches, as well as to broaden input regarding a problem and therefore increase the quantity and quality of possible solutions put forward.

- **Skills or competencies** – these may be technical or experience-based.

- **Status** – customers from particular social or community groups may be more willing to engage with private or not for profit organisations than with government agencies. This can include the private and not for profit organisation having a trusted brand with the broader community or particular parts within a community.

- **Relationships** – other private or not for profit organisations may have more established relationships with customers a public sector agency is seeking to engage, e.g. Aboriginal and Torres Strait Islander-led organisations located in Aboriginal or Torres Strait Islander communities.

- **Assets** – private or not for profit organisations may have assets or access to assets that a public sector agency does not. This includes access to physical assets (for example, physical presence in particular locations) and intangible assets such as intellectual property on how best to undertake particular service delivery or particular information sets and expertise.

> **COAG Trial Sites – accessing complementary relationships**
>
> By sharing responsibility with Indigenous community organisations to deliver services, Government was able to benefit from the relationships those organisations had with Indigenous people in their communities. This enabled Government to provide services to citizens who might not otherwise engage with those services.

- **Funding** – for example to fund a large infrastructure project.

By accessing these complementary features, collaboration may deliver a range of benefits. These can be direct and indirect. Collaboration may deliver direct benefits to the public sector by:

- increasing **innovation** – by drawing on a broader pool of ideas and approaches.

- Increasing the **effectiveness** of services – deliver better outcomes aligned with the policy or program objective.

- increasing the **cost effectiveness** of services – deliver the desired outcomes at lower overall cost.

- increasing the **efficiency** of service delivery – deliver the services cheaper than if delivered by public sector.

> **90 Homes for 90 Lives – increasing the effectiveness of services**
>
> This collaborative venture was able to coordinate the efforts of a range of stakeholders to solve, rather than purely manage, the entrenched problem of homelessness in Woolloomooloo. Ultimately, by collaborating to address all factors that contribute to homelessness rather than each factor in isolation, the venture was able to secure 70 private rental tenancies for Woolloomooloo rough sleepers.

- reducing **risk** – both political risk from the project failing and direct risks to both public sector employees and to those impacted by the service.

Indirect benefits are those achieved through the *experience* of collaboration. These benefits are often under-recognised. Collaborative relationships generally operate outside the boundaries of hierarchal relationships, which fosters a greater sense of voluntary cooperation.[4] This results in:

- personal and organisational **relationships** – working together, if done successfully, lays a foundation for future collaborations,

- increased **societal trust** – by working with others, public sector agencies are able to demonstrate an openness to learn from and work collaboratively with others, and

- increased **societal engagement** – by working with others, public sector agencies encourage active involvement of citizens and organisations in working on issues of public policy. They may also build acceptance of or support for the policy or program that is the focus of the collaboration.

In addition, collaboration may also indirectly benefit a public sector agency by:

- developing the organisation's **strategic focus** – the process of deciding whether to engage an external provider could lead an organisation to more sharply define its purposes, identify opportunities for process improvement, and foster a shared understanding of its external context.[5]

Figure 3: The value collaboration may deliver

Access to complementary:	In order to:
• Knowledge and ideas • Skills/competencies • Status • Relationships • Assets • Funding	• Increase innovation • Increase effectiveness of services • Increase cost effectiveness of services • Increase efficiency of service delivery • Reduce risk • Develop personal and organisational relationships • Increase societal trust • Increase societal engagement • Develop an organisation's strategic focus

6 The results of collaboration vary and are often contestable

Collaboration has mixed and sometimes contested results, and can be a challenging undertaking due to the importance of addressing a number of enablers and barriers (see Section 7).The nature of both collaboration and the public sector means that there are a number of additional costs and benefits that should be factored into decision-making. Entering and conducting a collaborative arrangement therefore requires careful consideration of likely costs and benefits. However it is worth remembering that the nature of collaboration also means a degree of uncertainty, ambiguity and risk – this is inherent to a process where innovation is desired.

> We're talking about tools. Collaboration as a tool can be bad or good.
>
> Roundtable participant.

6.1.1 The effectiveness and results of collaboration are mixed

There is clear theoretical understanding of the benefits collaboration can deliver, as demonstrated in Section 4. However findings on the effectiveness and efficiency of collaborative ventures are less clear. Most collaboration studies appear to evaluate process outcomes rather than policy or management outcomes.[6] However consultation undertaken for this project identified numerous examples of successful collaboration which demonstrate positive customer outcomes. Some of these are presented as case studies in this report (see Appendix A).

While many studies into collaboration evaluate process outcomes, there are other studies which point to the mixed and contested results of efforts across the span of collaboration. One review of Public Private Partnerships noted that their economic and financial benefits, let alone public governance implications, are debated and uncertain.[7] Private sector strategic alliances also seem subject to the same general results; a study in 2001 of 2,000 alliances found that only 53% were thought successful by both parties (showing little change on the 1994 result of 51%).[8] Mixed and contested results are experienced across the collaboration span, from consultation to partnership; however it is particularly difficult to locate positive results at the partnership end of the span.

> If you can do it by yourself, don't collaborate – do it by yourself.
>
> Academic interviewee.

Despite the contestability of the results collaboration can achieve, there is some evidence that collaborative forms of contracting, for example, may have quality advantages over non-collaborative forms.[9] For example, Uzzi[10] found that long-term collaborative relations with sub-contractors facilitated higher quality production than more arms-length relations, as the more collaborative relations enabled better communication on quality issues. Additionally, studies of strategic alliances have shown that those organisations with the most alliances perform five to seven per cent better in their alliances than those with the least,[11] suggesting that collaborators may benefit from repeated practice and experience. Nonetheless both the cost savings and value added by efforts across the span of collaboration are contested.[12]

6.1.2 There are a range of costs to consider

The relatively large cost and investment required to initiate and conduct a collaborative effort is a consistent theme in the literature. The nature of collaboration means that participants are required to invest significant time and effort, to deliver substantive elements of the collaboration, but also to develop and maintain the collaborative arrangement itself. The difficulty in developing and maintaining the collaborative relationships, as well as ensuring enablers are addressed and barriers overcome, compound the 'investment' required. Alford and O'Flynn[13] refer to the costs of managing the collaborative relationship as 'relationship costs'. In addition, they note that those intending to collaborate need to consider 'strategic costs'. 'Strategic costs' occur where working with external providers to deliver services leads to the loss of core competencies or adversely affects the public standing of the organisation.

6.1.3 Mixed results and substantial costs have practical implications for those seeking to collaborate

These results and costs create three implications for those seeking to collaborate:

- The importance of thorough estimation of the relative costs incurred and expected benefits that will be secured through the collaborative effort. Alford and O'Flynn's four threshold questions for determining whether to undertake a collaborative venture provide a compelling basis for this cost-benefit analysis:

  1. Is there a compelling strategic reason why this activity should be kept in-house?

  2. Are there any external parties that might contribute to this purpose?

  3. Does the external provider offer (or seem likely to provide) net service benefits?

  4. Do the relationship costs outweigh other net benefits?[14]

- The necessity of choosing a fit for purpose form of collaboration (e.g. consultation compared to partnership) – see Section 4.2

- The necessity of paying sufficient attention to the enablers of and barriers to collaboration to minimise the likelihood of the collaborative effort failing – see Section 7

> " There are some areas of community expectation where there will be regulation,
> a role for government specification, not collaboration.
>
> Roundtable participant. "

7 Successful collaboration has a key set of enablers and barriers

Five broad enablers and four barriers to successful collaboration were identified through a review of literature, interviews and focus groups with public sector, private and not for profit organisations. These enablers and barriers appear to apply to all models of collaboration. However the enablers and barriers have varying degrees of importance depending on what kind of collaborative relationship is being pursued. The more intensive the form of collaboration, the further to the right on the span shown in Figure 2, the more critical it is to have all the enablers in place and all the barriers overcome.[15]

The presence of *mutual goals, purpose and benefit* is the essential or 'capstone' enabler (orange), along with four other enablers (green) and four barriers (blue). These are depicted in Figure 4.

Figure 4: Enablers of and barriers to collaboration
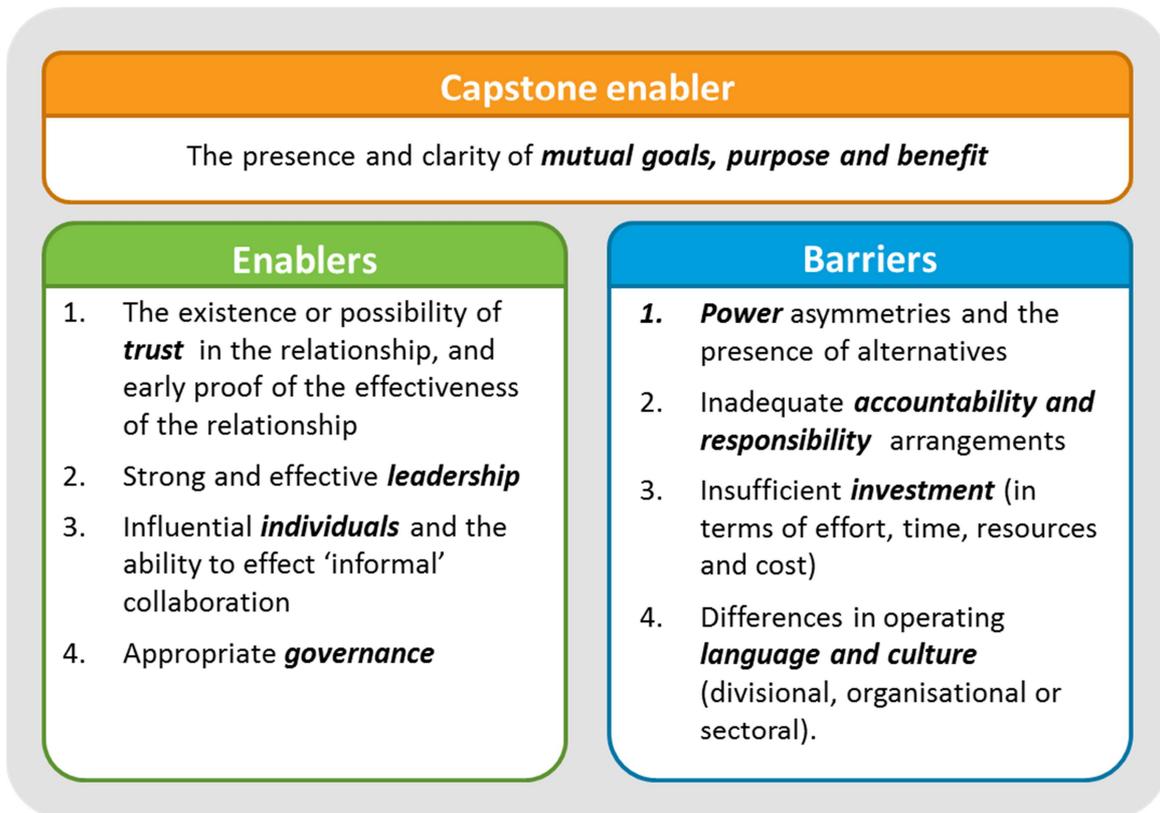
These elements are described in further detail below. Guidance is provided on how these enablers can be addressed and the barriers overcome.

7.1 Mutual goals, purpose and benefit is a threshold requirement

Mutual goals, purpose and benefit

A commonality of mission, purpose or agenda is required for successful collaborations. Ventures without this 'commonality' either do not get past the initial idea or never deliver the anticipated outcomes. However, the variety of organisations involved in a potential or actual collaboration may be so wide as to reduce the possibility of a very formal and narrow shared aim. Therefore, 'mutual' aims and the possibility of mutual benefit are likely to more achievable. It is also important that each of the collaborating parties is clear on what specific benefits it is seeking from the collaboration and recognises what each of the parties brings to the collaboration. This same sense of mutual goals, purpose and benefit is a catalyst for intra-organisational collaboration.

HMP Petersborough Social Impact Bond – mutual goals, purpose and benefit

Selecting the right model of collaboration is often important for achieving mutual goals, purpose and benefit. For example, the HMP Petersborough Social Impact Bond aligns the parties' interests or benefits they seek (investors - a social and financial return on their investment; government – providing for external funding of what would otherwise be public services and shifting program risk outside the public sector) with the goals and purpose of the collaboration to reduce reoffending by short-sentenced prisoners by 10%.

Without mutual goals, purpose and benefit the collaboration will go nowhere. Do you have an idea of what you seek and are you prepared to move your position to find mutual ground with a partner/s? Are you ready to explore goals, purpose and benefits with your partner/s?

> "Everyone upfront should put what they want to get out of the arrangement.
> Everyone needs to understand what everyone wants to get out of it."
>
> Private sector interviewee.

7.2 There are four enablers for collaboration

1. Trust

A trusting relationship among potential or actual collaborators is a necessary element of successful collaboration. Any history of poor interactions may undermine an attempt to develop collaborative ventures. A trusting relationship also requires 'proof'. This refers to those results (often small, early wins) which go some way to proving that the parties are committed and that benefit can be secured. This 'proof' feeds back into the collaborative process, encouraging a virtuous cycle of trust building and commitment. Naturally, this trust-building process can take time, perhaps years or decades.

Communities for Children (CfC) – trust

The success of CfC sites has largely hinged on the ability of the not-for-profit organisation acting as a Facilitating Partner (FPs) (who administer the venture and distribute funding to community service providers) to gain the trust and support of the community. FPs have been most effective when the not-for-profit organisation they represent is well-known in the community and could build on pre-existing interagency collaborations.

Is there mutual trust between collaborators? If not, it is unlikely that a successful collaboration will develop. Are you prepared to build trust and are you committed to ongoing work to maintain trust?

2. Leadership

Leaders are critical to bring stakeholders together to engage and collaborate. Every other aspect of collaboration is in some way reliant on strong and effective leadership to mediate, approve resources, shape and agree agendas, overcome their own organisation's natural inertia, to provide and maintain momentum, and to maintain a sense of shared purpose and endeavour. Leadership is not necessarily located only at 'the top.' It also includes 'organic' leaders who emerge from the stakeholder group and who have the respect and trust of the various parties. In many of the case studies of successful public sector collaboration, interviewees mentioned a leader who often worked outside of the formal structures to drive success.

> The more senior the buy-in, the easier it is to get things done.
> Get the senior level guidance – it saves time.
>
> Public sector interviewee.

The absence of leaders will not only make a collaboration harder to start, but will also likely result in a collaboration losing critical mass; it will break apart. Who are your strong, compelling and committed leaders?

3. Individuals

'Influential people' are necessary to make collaboration work. This enabler can be seen both narrowly; influential individuals, and broadly; the influence of individuals. The second point recognises that much of the informal side of collaboration occurs at the level of personal relationships. Individuals can also undermine effective collaboration. Collaboration is ultimately about human beings working with other human beings. This reliance on crucial individuals highlights the importance of continuity of participation in collaborations. Where this cannot be secured, there should at least be continuity in individuals' skillsets.

Individuals make the collaboration. What is in place to foster and support the influential individuals? How will you respond if individuals change?

4. Governance

The mechanics of a collaborative effort are an important ingredient, and are naturally challenging when they are required to fit over, or between, different organisations. These mechanics include the negotiation and arrangement of risk, reward, resources and information sharing, the stipulation of authority and control through to the preparation of common plans and agendas. There is no single model for effective governance of collaborations; it needs to be suited to the purpose and the parties. Structural arrangements *within* organisations can also make collaboration more or less likely and more or less difficult. For example, certain organisational structures may group functions in a way that works against or even prevents collaboration.

Governance provides a framework for joint action. Has an appropriate governance arrangement been developed among partners? Are you ready to adapt this as the circumstances might require?

7.3 The barriers to collaboration should be considered and addressed

1. Power

Power is important both when setting up a collaboration and throughout the collaborative process. It requires proper attention and treatment. Differences in relative capacity, resources and status are liable to undermine a collaborative venture, particularly when one party believes it can behave unilaterally. The incentives to collaborate are low when any of the stakeholders can achieve their intent alone or through other mechanisms. Collaborative ventures entail a certain 'mutuality' which cannot be fostered if one or more parties are exercising their power (over the other party).

The exercise of power can undo collaboration, by directly ending it or turning it into something closer to coercion. Are you aware of your power, and the implications of its use?

2. Accountability and responsibility

Collaboration can impact on the formal accountability of departments within the system of government. Accountability and responsibility blurring or uncertainty can also be problematic for the formation and execution of collaborative ventures. Collaborative ventures need a clear demarcation of accountability, responsibility and roles, although in certain models of collaboration, such as where the mechanisms to achieve an outcome are not yet clear, these accountabilities may change over time as the parties learn more about the system in which they are operating. Internal organisational accountabilities can also directly enable collaboration within the organisation as well as with other organisations. For example, individualised rewards and incentives tied to accountabilities may lead to a competitive culture, or narrow accountabilities may reduce the incentive to collaborate with external organisations.

> " People are unwilling to give up control of things. They might end up being accountable for something, even if it was done as a collaboration with others.
> People can therefore become more risk averse.
> Public sector interviewee. "

Accountability concerns can make it difficult to form a collaboration, and particularly hard to maintain. Are internal accountabilities designed in a way to allow or promote collaboration? Have the accountability implications of working with other organisations been explored and agreed?

3. Investment

The investment in time, resources and energy for a collaborative venture can be large and inability or unwillingness to meet the required investment is a common cause of failure. Collaboration requires devoted resources to proceed; be this in the form of allocated personnel or a willingness to share resources between participants in the collaboration.

Collaboration involves inescapable investment, be it in time, money or resources. Have the costs and benefits been considered? Can you maintain the right kind of investment to support your partners, can they?

Strive Education Network – sustaining investment

Despite it's success, Strive has struggled to raise money to administer the collaborative venture due to the reluctance of funders to pay for central infrastructure and their preference for short-term solutions. This has impacted the ability to sustain the necessary level of coordination support for the venture. In turn, some individual organisations become less engaged in the network as they may believe they may more adequately affect change by 'going it alone'.

4. Language and culture

Borders and divisions reflect and create differences. Organisations, and even groups within organisations, develop coherent and distinct ways of seeing and acting in the world: their culture. These cultures can be more or less supportive of collaboration. These differences can also create difficulties for collaborative ventures due to the need to communicate across different professional and natural languages and different organisational and professional cultures. This indicates the need to deeply understand the origins, motivations, intentions and meanings of other parties in order to develop successful collaborative ventures.

Wraparound Milwaukee – confronting cultural differences

Delivering a joined-up service that included input from parties from different sectors and different service systems (i.e. mental health, juvenile justice and education) created substantial cultural differences for the Wraparound Milwaukee initiatives. One strategy to overcome these differences was to hold combined initiative-specific training, in order to develop a common language and way of working among participants.

> The biggest risk in cross sector collaboration is probably culture clash...
> Each sector has its own language and ways of doing things, understanding that
> and knowing how to deal with it is very important to success.
> Private sector interviewee.

Cultures and languages need to be understood and bridged. Is your internal culture shaped to permit and promote collaboration? Are you aware of your own culture, that of other collaborators, and what it will take to reach mutual understanding?

8 Particular skills and knowledge are needed for collaboration

There are a set of necessary capabilities required for successful collaboration. These capabilities are applicable across public sector, private and not for profit organisations. Capability is understood here to be a combination of skills and knowledge. While these skills and knowledge are essential to the success of collaborations, it should be noted they are also relevant and applicable to other business functions.

It is important to note at the outset that it does not necessarily make sense for every individual within an organisation, and in particular, those within the public sector, to possess what might be seen as the 'full and sophisticated' collaboration capability. Collaborative capabilities will be necessary only for those particular times, places and individual organisations where collaboration is deemed to be the most appropriate means of achieving public policy development, service design and delivery.

8.1 There is consensus on the capabilities required for collaboration

The research into collaboration converges on a set of necessary skills and knowledge required for successful collaboration. Alford and O'Flynn[16] developed a catalogue based on their review of the literature and this is reproduced below with some modifications. There are broadly four skill and knowledge areas, these are:

Conceptual: related to particular ways of thinking about collaborative options and approaches

Interpersonal: related to the people and relational aspects of collaboration

Influencing: related to shaping outcomes in a collaborative effort

Technical: related to specification of the procedural supports required for collaboration.

> " I don't think we put enough emphasis on just how hard it is.
>
> Roundtable participant. "

The skills and knowledge types are discussed in Table 1. Each skill and knowledge area has been mapped to the NSW Public Sector Capability Framework where appropriate.

Table 1: Collaboration capability

	Collaboration skills and knowledge	NSW Public Sector Capability Framework
Conceptual	**Big picture and systems thinking**	• **Plan and Prioritise** Plan to achieve priority outcomes and respond flexibly to changing circumstances. • **Think and Solve Problems** Think, analyse and consider the broader context to develop practical solutions. • **Inspire Direction and Purpose** Communicate goals, priorities and vision and recognise achievements.
	Creativity	• **Think and Solve Problems** Think, analyse and consider the broader context to develop practical solutions.

	Collaboration skills and knowledge	NSW Public Sector Capability Framework
Technical	**Risk tolerance**	○ **Display Resilience and Courage** Be open and honest, prepared to express your views, and willing to accept and commit to change.
	Outcomes orientation	○ **Commit to Customer Service** Provide customer centric services in line with public service and organisational objectives. ○ **Deliver Results** Achieve results through efficient use of resources and a commitment to quality outcomes.
	Reflexivity (self-awareness and adaptation)	○ **Manage Self** Show drive and motivation, a measured approach and a commitment to learning
	Recognising expertise within and of other organisations	○ **Value Diversity** Show respect for diverse backgrounds, experiences and perspectives.
	Understanding of accountabilities	○ **Demonstrate Accountability** Be responsible for own actions, adhere to legislation and policy and be proactive to address risk.
	Shaping of accountabilities	○ **Demonstrate Accountability** Be responsible for own actions, adhere to legislation and policy and be proactive to address risk.
	Risk analysis	○ **Demonstrate Accountability** Be responsible for own actions, adhere to legislation and policy and be proactive to address risk. ○ **Procurement and Contract Management** Understand and apply procurement processes to ensure effective purchasing and contract performance. ○ **Project Management** Understand and apply effective planning, coordination and control methods.
	Designing evaluation frameworks	○ **Demonstrate Accountability** Be responsible for own actions, adhere to legislation and policy and be proactive to address risk. ○ **Procurement and Contract Management** Understand and apply procurement processes to ensure effective purchasing and contract performance. ○ **Project Management** Understand and apply effective planning, coordination and control methods. ○ **Commit to Customer Service** Provide customer centric services in line with public service and organisational objectives. ○ **Plan and Prioritise** Plan to achieve priority outcomes and respond flexibly to changing circumstances.
	Relationship, project and knowledge management	○ **Procurement and Contract Management** Understand and apply procurement processes to ensure effective purchasing and contract performance. ○ **Project Management** Understand and apply effective planning, coordination and control methods.
Influencing	**Negotiation**	○ **Influence and Negotiate** Gain consensus and commitment from others and resolve issues and conflicts.
	Ability to motivate other organisations	Not directly addressed in the framework

	Collaboration skills and knowledge	NSW Public Sector Capability Framework
Interpersonal	**Communication**	◦ **Communicate Effectively** Communicate clearly, actively listen to others and respond with respect.
	Trust-building	◦ **Communicate Effectively** Communicate clearly, actively listen to others and respond with respect.
	Tolerance of diversity and ability to 'speak across' organisations and sectors	◦ **Value Diversity** show respect for diverse backgrounds, experiences and perspectives.
	Diplomacy	◦ **Influence and Negotiate** Gain consensus and commitment from others and resolve issues and conflicts.
	Judging (assessing) potential partners	◦ **Value Diversity** show respect for diverse backgrounds, experiences and perspectives.

8.2 The capability set ties directly to the enablers of and barriers to collaboration

It is notable, but unsurprising, that these collaboration skills relate closely to the enablers and barriers discussed above. Some of the direct connections include:

- the conceptual capabilities required for collaboration are useful for the identification, articulation and development of *mutual aims and benefits*

- the importance of building and maintaining *trust*

- shaping and definition of appropriate *governance* arrangements, potentially those that are 'fluid' or dynamic in nature

- recognition of *accountability* implications and the ability to respond effectively

- the ability to 'speak across' divisional, organisational and sectoral languages and *cultures*

- the capacity to be reflexive and to think in a self-aware manner when interacting with other organisations. Especially to understand how others perceive, and are impacted by, the power and behaviour of the public sector organisation.

9 There are different implications of the enablers and barriers for each sector

This section of the report draws out key insights regarding different 'levels' of collaboration: intra-department, inter-department, between the public sector and private and not for profit organisations as well as academia.

9.1 Intra-organisational collaboration confronts particular barriers

Intra-organisational collaboration is a challenge that most organisations face, be they from the public, private or not for profit sectors. The factors that inhibit collaboration within organisations are quite specific; however the means of increasing the likelihood of collaboration are closely connected to the enablers and barriers outlined above.[17]

Organisational arrangements can default to, or even promote, competitive behaviour

The design and structure of organisations creates boundaries between groups of functions, and therefore people. The dividing up of people into labelled, defined groups can lead to competitive mindsets and behaviours where identity and interests are, or are perceived to be, tied to the group. In the public sector this can show itself in departments attempting to ensure 'recognition' for their minister.

The defined organisational area becomes 'owned' by the group; termed by some as 'territoriality' but perhaps most commonly known as 'turf.' This ownership can lead to group members seeking to exclude others and even actively disrupt their engagement with anyone or anything that is part of their 'turf.'

The grouping of functions and people can reflect, create and reinforce cultural and language differences among groups. On the one hand this can help reinforce a sense of identity and assist with turf protection. On the other hand it adds to the challenge of effective collaboration.

Finally, systems and processes can also foster competitive behaviours; the most prominent of these is the approach to reward and recognition. How members of an organisation act is significantly impacted by the organisation's performance agreements and reward mechanisms. If these privilege the results of individuals or sub-groups, then collaboration will be more difficult to achieve.

The enablers will help drive intra-organisational collaboration

Shaping a collaborative *culture* lies at the heart of achieving intra-organisational collaboration. This means creating an environment where members of the organisation come to view collaboration as an appropriate and valuable form of behaviour. This relies on *leaders.* Leaders play a pivotal role in shaping organisational culture and their role-modelling can achieve culture change.

Leaders also play a role in describing and reminding organisational groups of their *mutual aims, purpose and benefits* toward which they can or should be working. The premise of specialisation which underpins grouping functions together largely supports the idea that work can be carried out in isolation. This reduces opportunities for innovation and coordination. Leaders can bring disparate, competitive interests back to a common purpose.

Influential *individuals* are of equal significance in driving collaboration within organisations. Some individuals are, potentially through natural disposition or skill, better able to work across the various divisions that exist within organisations. Nonetheless, all members of an organisation can be encouraged

to 'span boundaries.' The relationships between individuals in turn rely on the steady building and demonstration of *trust*.

Finally, the hardwiring of organisations can be more or less supportive of effective collaboration. *Governance,* such as how the organisation is structured around key interdependencies, or *accountability* arrangements such as how performance is measured and rewarded, can be major drivers of the potential for collaboration.

> The reality is that structures will never match the complexity of peoples' lives on the ground. So we need collaboration within government.
>
> Roundtable participant.

9.2 Certain features of the public sector can complicate efforts to collaborate with other sectors

There are particular features of the public sector that can complicate efforts to address the enablers and overcome the barriers explored above.[18] The extent to which these particular features are acknowledged and overcome will likely determine the extent to which the public sector can successfully collaborate with the not for profit and private sectors. The discussion is not a criticism of these features of the public sector; rather it is intended to point to the particular challenges that need to be addressed to successfully collaborate.

Formal *accountability and governance* requirements can reduce the 'flex' required for collaboration

The public sector is subject to a complex and perhaps unique set of accountabilities, including financial reporting obligations, public access to government information, expenditure delegations, and public sector purchasing rules and procedures. These accountability structures can create an emphasis on following approved processes. This can undermine trust within collaboration by curtailing the amount of flexibility public servants have to respond to change. The rigidity of the accountability arrangements of public sector organisations mean that agreeing on a common 'fit for purpose' governance framework with parties within and beyond government may be difficult or even impossible.

> Government wants to see a tidy landscape. But collaboration is not tidy.
>
> Roundtable participant.

The political environment may work against the formation and maintenance of *trust*

Government policies, strategies and resource commitments can often change for political reasons. This turbulence provides a difficult environment within which to build trust. Additionally, the lack of unity between departments can work against the formation and maintenance of trust-based relationships. This can lead to 'mixed messages' being sent to organisations beyond the public sector, which undermine the emergence of trust between collaborating parties.

> The private sector also dislikes uncertainty and likes to feel in control, rather than subject to the political cycle. Successful programs/offerings take time to establish and build.
>
> Private sector interviewee.

The inherent *power* of the public sector may make it prone to undermining its own collaborative intent

Two features of government are important in terms of power. Firstly, as a rule-maker, government can change the rules of the game. This can see policies or resource commitments change, and is therefore closely related to the political environment discussed above. Secondly, the public sector has resources at its disposal that almost always eclipse those of actual or potential collaborative partners. The combination of these two features mean the public sector is perhaps more liable to 'go it alone' as it seeks to implement government policy and drive its desired outcomes.

The size and nature of the public sector may prevent the emergence of *influential individuals*

Two important characteristics of the public sector work against the emergence of influential individuals and prevent the influence of individuals; the commonality of organisational restructuring and the movement of public servants within and across the public sector. In addition, public servants work within tight accountability arrangements that can disempower individuals, thereby diluting their influence.

Strong organisational and sectoral *cultures* can be difficult to integrate

Two features of the public sector culture shape its outlook and behaviour; first, the prevalence of specialists with strong professional orientations and second, the generally held 'public service ethic' among public servants. These cultural outlooks can be at odds with the purposes of the collaborative effort itself or the partners involved. As discussed earlier, the inability or unwillingness to speak and operate across organisational or sectoral language and cultural boundaries is a significant barrier to effective collaboration.

Implications for the role of government

These aspects of the public sector and government more broadly highlight how collaboration, at any point along the span, has implications for the role of government. This report is intended to provide guidance on collaboration, not on how to address implications for the role of government. It is however important that government, the public sector and indeed citizens are clear that these public sector specific challenges are appropriately and transparently factored into decision-making.

9.2.2 The enablers and barriers have certain implications for not for profit-public relations

The not for profit sector is often the funded partner in collaborations, particularly for those forms of collaboration to the left side of the span of collaboration. Not for profits often have limited resources – both in funding, people and power.

The existence of power asymmetries has particular relevance and can take on special importance in establishing a healthy and effective collaboration. Successful collaboration with this sector requires an ability to identify the mutual goal while preserving the right and authority of each party to continue to maintain its individual integrity.

Changes in policy have implications to the structure of the markets not for profit organisations operate in. Increased collaboration such as outsourcing has implications for the growth, competitive nature and the independence of the sector. The methods of selecting parties to involve in collaboration should consider the impact and likely reaction of competitors in the not for profit sector.

The not for profit sector is often the most legitimate party to lead or inform collaboration. They are driven by a purpose that is closely aligned with the public sector interest in better customer outcomes. They hold front line perspectives, close relationships with customers and offer unique insights into opportunities to improve service delivery or change service design. However the goals, purpose and

desired benefits are not exactly aligned. There can be a lingering lack of *trust* between the public and the not for profit sectors, particularly where the public sector may question the extent of legitimacy of a particular organisation in 'representing' the views of a group or community. Some in the public sector are also wary of the risk of particular not for profits acting in a self-serving way, similar to that of the private sector. Not for profits may have vested interests in particular way of operating and resist changes in policy that jeopardise the service model or if they expose them to increased competition. Consideration should also be given to who should be invited to participate and is best placed to lead collaboration. This may be a not for profit or other independent party subject to the competitive environment of the sector.

Finally, the not for profit sector may also encounter difficulties in meeting the *investment* requirements of collaboration, particularly where there are capacity and resource constraints. Related to such constraints are the *governance* and *accountability* requirements placed on not for profit contract providers which can be burdensome. Collaboration with not for profit organisations requires a clear understanding of the likely impact on resources and consideration on what model of collaboration is best suited and if additional investment in coordination should be made.

9.2.3 There are specific challenges between public and private sector relations

A review of strategic alliance and partnership literature indicates the motives for private sector alliances are similar to the motives for collaboration in the public sector. The overarching aim of all alliances is to implement the business strategy of the organisation. Literature identified four primary motivations for organisations entering an alliance (in order):

1. Access to market

2. Access to complementary technology

3. Increase the speed of innovation

4. Learn about technology or markets[19]

While 'access to market' is a motivation held exclusively by the private or social sectors, access to complementary technology, increasing the speed of innovation and learning about technology and markets could be shared with the public sector. However collaboration between public and private sector organisations has specific challenges which arise from the fundamental motives of each sector.

The private sector operates primarily to make profit whereas the public sector is motivated in the public interest. This difference involves different principles and organisational *cultures*. There are however many instances where private and public sector objectives are aligned, or can be aligned, as can be seen in a number of the case studies in this paper. Simple recognition of these differences, as well as an understanding of the constraints private sector organisations work within, can improve relationships. As many of the collaborations will be commercial in nature, having public servants with private sector experience can be beneficial. Alternatively, having commercially trained and aware public servants who maintain a public service ethos can help navigate the relationships.

> For bureaucrats, dealing with the private sector is seen as a very different thing.
>
> Roundtable participant.

The public sector can also fear, often rightly, capture, rent-seeking and commercial outmanoeuvring by the private sector. This can detract from the establishment of *trust.* In reverse, the private sector prefers a relatively stable environment that allows forward planning. The turbulence of the political environment can lead to changes in programs which in turn reduces the trust that the private sector has

in the public sector as a potential or actual partner. Given that instability is often present, public and private organisations should consider whether shorter, rolling and successive engagements may be better and eliminate the trust-reducing impact of instability. In other cases, longer term arrangements can 'smooth out' the instability, for example for longer term Public Private Partnership contracts.

The insistence on strong public *accountability* and *governance* arrangements can be viewed by the private sector as unnecessary 'red tape' or 'bureaucratic burden.' This is partially reflected in the cultural differences noted above, but also poses challenges in day to day practicalities of interactions between the sectors. The public sector can improve this situation by considering the extent to which it can protect the public interest and purse, while achieving the desired outcome without being excessively prescriptive. The public sector should consider where to monitor and regulate closely and where to leave more scope for the private sector collaborator to bring its particular advantages to bear. Being clear on the boundaries, what is negotiable and what is not, can deliver appropriate accountability and governance without eliminating the incentives and interest of private sector organisations.

9.2.4 Collaboration with academia has a unique dynamic

Interactions with academia occur in two ways; at an institutional level and with individual academics. At an institutional level there is interest in directly influencing government decision-making, suggesting that *mutual aim, purpose and benefit* can at least be explored. However, a strong *cultural* drive to maintain independence can result in reluctance to work too closely with government or the public sector more broadly. The public sector needs to be aware of these sensitivities, and there should be clear expectation-setting at the outset, including how divergence in views will be addressed.

At an individual level, academics face incentive schemes, or *accountabilities*, which privilege research publication. Much public sector work needs to remain confidential, thereby diluting any reportable interests and involvement of academics. The public sector may need to consider financial incentives or the possibility for relaxing confidentiality where attracting academics may be particularly beneficial.

Another *cultural* dynamic relates to the differing work and time rhythms of academia and the public sector. To simplify and without implying judgement; academic research is conducted over longer time periods, is less consultative and more methodical. Public servants must work rapidly, coordinating and consulting among a sometimes large stakeholder group. Upfront planning may assist in dovetailing the input sought from academics into public sector processes. These different working styles also relate to communication style and language.

It is possible that barriers to collaboration between academics and public servants can be improved through greater transparency of information about 'what the big issues are' and through secondments.[20] There are initiatives underway already to improve information-sharing and new models of 'bridging' institutions emerging (e.g. the EIDOS Institute and the Mitchell Institute for Health and Education Policy). Secondments may improve empathy at an individual level, but our view is that addressing the barriers to collaboration more directly within the respective institutions is likely to be more productive.

10 Select the right model based on the purpose of collaboration

10.1 There are two broad groups of collaboration models

There is a wide range of different models of collaboration. These models can be grouped into two categories:

1. Collaboration models primarily based on a financial arrangement; and

2. Collaboration models primarily based on coordination of collective interests.

It is likely that new models of collaboration will be added to these groupings, or a third grouping of models will emerge, as the continuing scope of who may be a collaborative partner steadily increases. Collaboration is increasingly moving from narrow 'marketisation' of services to increasing citizen involvement in the design of systems and development of public policy. Emerging models of collaboration extend the focus on greater citizen engagement, system thinking to motivate other sectors to participate in policy development and new methods of approaching place-specific issues.

10.1.1 Collaboration models primarily based on a financial arrangement[21]

This first group of collaboration models are primarily commercial in nature. Some of the earlier models of this commercial type of collaboration were focussed on outsourcing public services to improve efficiency. Over time, models have evolved to better align the objectives of the government entity and of the other collaborator(s). The benefits of these collaboration models are now broader than efficiency, including insourcing of skills and capabilities that are lacking in the public sector; greater innovation through drawing on the insights of a broader group of organisations; and better customer outcomes and quality of services because of greater linkages between the collaboration partner and the community for whom the service is being delivered or deeper specialised managerial expertise.

Some of the key models within this group are depicted in Figure 5 below using the span of collaboration. This highlights the degree to which risk and rewards are shared along the spectrum from arms-length 'very light touch' collaboration through to fully integrated approaches.

Figure 5: Models of commercial collaboration

Span of collaboration

Actor 1

Actor 2

Joint mission and purpose
Joint authority and control
Shared risk, resources, benefit

Increasing difficulty

Outsourcing – outputs

Outsourcing – Social Impact Bonds

Public Private JVs

Outsourcing – outcomes

Public Service mutuals

Government owned,
contractor operated

Outsourcing - PPPs

Alliance contracting

Informed through customer engagement

Key models within this group are discussed below and in more detail in Appendix B:

Outsourcing

Outsourcing can be used to develop policy, deliver input into public administration, and design, evaluate or deliver services where the service area is tightly described, defined or demarcated. Outsourcing can be either outputs or outcomes-based.

Outsourcing - outputs based

Early outsourcing models often specified the outputs to be delivered (i.e. what the organisation being paid needed to do or to deliver). Where the activities or outputs required to deliver customer outcomes are easy to specify, output-based outsourcing remains a valid approach. However, output-based outsourcing requires the purchaser to be certain that the specified activities or outputs are the best way to realise the customer outcomes. There is concern that these models are excessively prescriptive and constrain innovation. Examples of more collaborative forms of output-based contracting include provisions for 'relationship or program managers' who work with providers to identify opportunities for improvement.

Outsourcing – outcomes based

Over the past 20 years there has been an increased focus on specifying the desired customer outcomes sought from the collaboration. This has led to an increase in outcome-based outsourcing. A particularly sophisticated version of outcomes-based contracting is Social Impact Bonds. In this case, bonds are issued that pay investors a baseline return plus an incremental reward if specified program outcomes are achieved. As discussed in Appendix B.1.1, Social Impact Bonds are a new form of contracting that does not yet have robust evidence to evaluate, but this approach shows some promise in successfully aligning the different objectives of collaboration partners. An example of a Social Impact Bond from the UK is included as a case study at Appendix A.1.2.

When choosing between different forms of outsourcing, the general rule is that the more easily the desired outputs can be specified, and the greater the focus on the delivery of services or activities rather than outcomes, the greater the ability to use simple output-based outsourcing. As complexity increases and as the focus shifts to the delivery of outcomes, outcome-based outsourcing should be utilised.

Public – Private Partnerships (PPPs) and alliance contracting are primarily used to collaborate when building infrastructure.

PPPs

PPPs are similar to other outsourcing arrangements. PPPs generally provide fast access to capital, particularly for large scale projects that concern non-core activities or where the public sector wants to allocate risk to the private sector. Where the desired deliverables can be easily specified, a more arms-length approach can be utilised. As complexity increases (for instance if there are possible changes in the disease focus and service arrangements over time in a PPP hospital), the need for more sharing of risk and accountability increases and the approach shifts to the right on the span of collaboration.

Alliance contracting

Alliance contracting is a particular type of PPP, where time is critical. This approach is sometimes used in large, complex and high risk infrastructure projects. Projects suitable for delivery as alliances often fulfil one or more of the following conditions: the project has risks that cannot be adequately defined or measured in the business case or prior to tendering; the cost of transferring risks is prohibitive; the project needs to start immediately before risks can be fully identified; and a collective approach to assessing and managing risk will produce a better outcome.[22] For example alliance contracting is often used to ensure completion of required infrastructure and buildings in time for the Olympics.

At the right-hand end of the span of collaboration are more complex collaborations where there is a greater sharing of risk, resources and benefits. As discussed earlier in this paper, governments find it difficult to share risk, resources, benefits and accountabilities, so these collaborations are more difficult to structure and run successfully than the approaches more to the left.

Government owned and contractor operated (GOCO) is an approach where the government owns and retains key assets, but an external partner is brought in to manage or operate the assets. Historically, they have primarily been used as a means of accessing research capability without compromising scientific independence.[23] In this case, scientists are employed by a management company in which the government is a majority shareholder that would enable it to assume direction of the facility in case of a national emergency.[24] For example a GOCO model was adopted in contracting out the management of the National Physical Laboratory, the UK's national measurement institute.

Public Private Joint Ventures are used to combine the assets and/or technical capabilities of the public sector with the managerial capabilities of a private sector organisation to deliver a service.

Public Service mutuals enable public service employees to operate a cooperative outside the public sector when they have the interest and expertise to collectively address a complex issue, but the public sector environment somehow restricts their ability to achieve the desired objectives.


10.1.2 Collaboration models primarily based on coordinating collective interests[25]

These models have received significant attention from the late 1990s and into the early 21st Century. There are two main streams to this group of models; the first centres on the need to better integrate government services, particularly stemming from the perceived fragmentation caused by new public administration approaches, while the second positions public sector providers as one among many in a landscape of providers.

The common principle of these models is coordination of collective interests and actions, which do not necessarily involve direct financial transactions between organisations. These models lend themselves to involving others in policy development, service design, service delivery and service evaluation.

In the past decade a strong consensus has emerged among researchers and policy makers that many complex issues with multiple factors are best defined by a specific geography. This has led to a focus on 'place' as a platform for policy development, system design and service delivery. In addition, many place-

based initiatives include contribution from various stakeholders who operate from within the 'places' that are the focus of the initiatives. For example, many coordinating forums address issues in a particular city, Local Government Area (LGA) or State.

Figure 6: Models of coordination collaboration
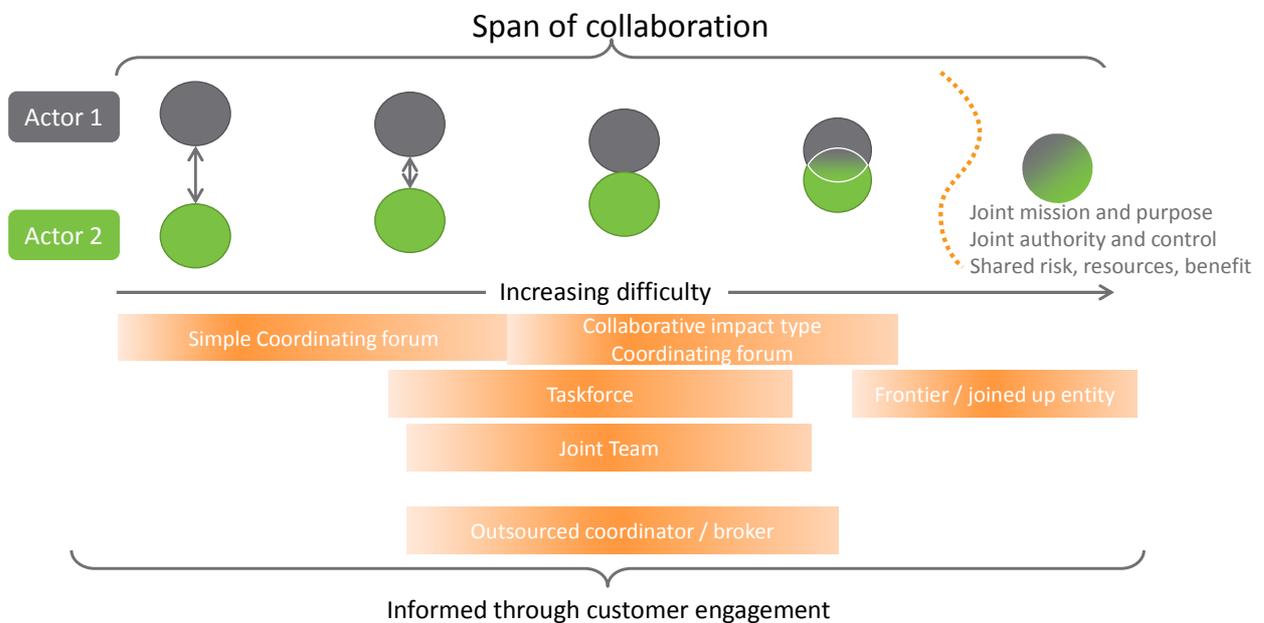
The span of collaboration can be used to consider the different models. At the left hand end of the spectrum are simple approaches such as simple coordinating fora. In these instances the parties meet to better align their activities. As the complexity of coordination grows, there is a shift to longer-term, more integrated approaches including joint teams and frontier or joined up entities. In these cases, more risk sharing and joint accountability is required to ensure that the collaboration partners can work together to achieve their objectives in an unclear and changing environment. Key models include:

Coordinating forums are used to coordinate the delivery of disparate programs and services to achieve a set of overall outcomes or objectives. They are often place-based, and range from public sector-specific (such as Interdepartmental Committees) through to more contemporary, cross-sectoral examples (such as Collective Impact). Coordinating forums often have consensus-based decision making, which may encourage negotiation, the expression of dissenting views and, ultimately, widespread support from partners for the direction of the collaboration. The Cincinnati Strive Education Network is an example of a coordinating forum, where the Collective Impact approach was used to focus a network of over 300 government, private and not-for-profit organisations on a single set of goals to improve *all* stages of the education continuum at the same time rather than focusing on fixing one point on the educational continuum. This case study is included in Appendix A.2.1.

Taskforces pool knowledge and coordinate actions across and beyond the public sector to address specific, high priority, time-critical and likely complex issues. They are often highly intensive and therefore expensive, but may be more effective in time-critical environments than coordinating forums as decisions are, usually, not by consensus and the head of the taskforce accepts responsibility.

Joint teams are a relatively new model of collaboration used to address service delivery issues that traverse multiple departments/sectors and would benefit from shared accountability structures.

Frontier / Joined Up entities have developed from the one-stop-shops concepts in existence since the 1980s. These are special purpose organisations, used to deliver a new service with a whole-of-

government approach for a need currently unaddressed by disparate services. This model also includes 'wrap-around' service delivery organisations.

An **outsourced coordinator model** is a variation on these models - the public sector (or another funder) pays a third party to act as the coordinator of the collaboration. This approach should be used where: the coordinator has greater credibility or relationships with other potential collaboration partners than the public sector; or where the issue is not a priority for the public service, but is significant for the coordinator and where a small amount of support for a coordinator can deliver a major improvement in outcomes for citizens.

Appendix A contains case studies of many of these models. Appendix B is a table setting out more detail on the different models.

11 Actions are required to establish the environment for collaboration

Collaboration is an increasingly necessary approach for the public sector to unlock greater productivity and improve customer service outcomes. Collaboration provides access to complementary features in other sectors that can deliver benefits that the public (or any other) sector acting alone would not be able to achieve.

> " NSW has a cultural history of not doing collaboration how other states do it. But it is improving.
>
> There are good examples at local and site level. As you go up higher the experience gets thinner. "
> Roundtable participants

Consultation undertaken for this project determined that there are opportunities for the NSW Public Service to collaborate more often. This report and the collaboration blueprint which accompanies it offer starting resources and information to support collaborative activities.

- This report provides the base of knowledge gained through a detailed review of literature and consultation with practitioners in NSW.

- The collaboration blueprint is intended as a guide to assist senior executives or managers to apply the findings of the report in a step-by-step fashion.

This final section of the report describes some of the overarching changes which are required to establish an environment for collaboration to improve customer outcomes.

11.1 There are four areas of focus to establish an environment for collaboration

Collaboration requires thoughtful consideration to determine when and why to collaborate as well as genuine support to bring about the conditions required for effective collaboration. This involves the active removal of potential barriers to collaboration, effort to bring about the enabling factors and the active development of capabilities within the organisations and individuals who are the parties to collaboration.

Common factors that are required to establish an environment for collaboration in NSW include:

- **Strong leadership** from within each sector to set a goal of greater collaboration and explore opportunities to work together

- **Incentives to collaborate** such as accountability arrangements, performance recognition and measures targeting the organisational and individual levels

- **Resources and tools** to increase capabilities required to collaborate. In particular, refer to the collaboration blueprint linked with this report

- **Increased opportunities to collaborate** including the structures and processes to celebrate successful examples, build on existing practice, and identify and facilitate new areas for collaboration

Table 2 below lists options for action that organisations can take to establish the environment for collaboration to improve customer outcomes.

Table 2 Options for action

Responsibility	Options
Strong Leadership	- Strongly and repeatedly state that all levels of the organisation are expected to collaborate internally, and with organisation from other sectors. - Reward collaborative efforts and outcomes. - Build a different risk tolerance. Recognise and accept that many collaborative ventures will not deliver all that is expected of them and some will fail. - Recognise that collaborations take time, and provide stable and consistent support to enable the relationships to be built and the collaborations to gather momentum.
Incentives to collaborate	- Link accountability arrangements to evidence of collaborative ventures and attempts to seek opportunities for collaboration - Provide recognition in performance appraisals of collaborative achievements - Measure collaborative efforts at organisational and individual levels
Resources and tools	- Build the capability of the organisation through the provision of tools and resources that support the development of new skills and knowledge. - Identify and share examples of effective collaboration and the factors that contribute to success. - Use the collaboration blueprint as a guide when planning a collaboration and collaborating
Increased opportunities	- Actively remove barriers to collaboration. - Build relationships with others: in other parts of the department, in other departments, in other jurisdictions, with not for profits, private sector organisations and academics. This is an important base for future collaborations - Be open to collaborations proposed by others.

11.2 Once the environment is established, the collaboration blueprint will guide organisations entering collaborations

Collaborations cannot be forced without establishing an environment that supports and promotes collaboration as a beneficial and necessary way of working. Once this environment is established, there are a number of factors to consider when entering collaboration, as well as the enablers, barriers and supporting capabilities required to increase the likelihood of success. These elements can be understood as a list of threshold questions to scrutinise across the lifespan of the collaboration – before, during and after. These questions are presented in Figure 7 below.

Figure 7: High-level collaboration framework
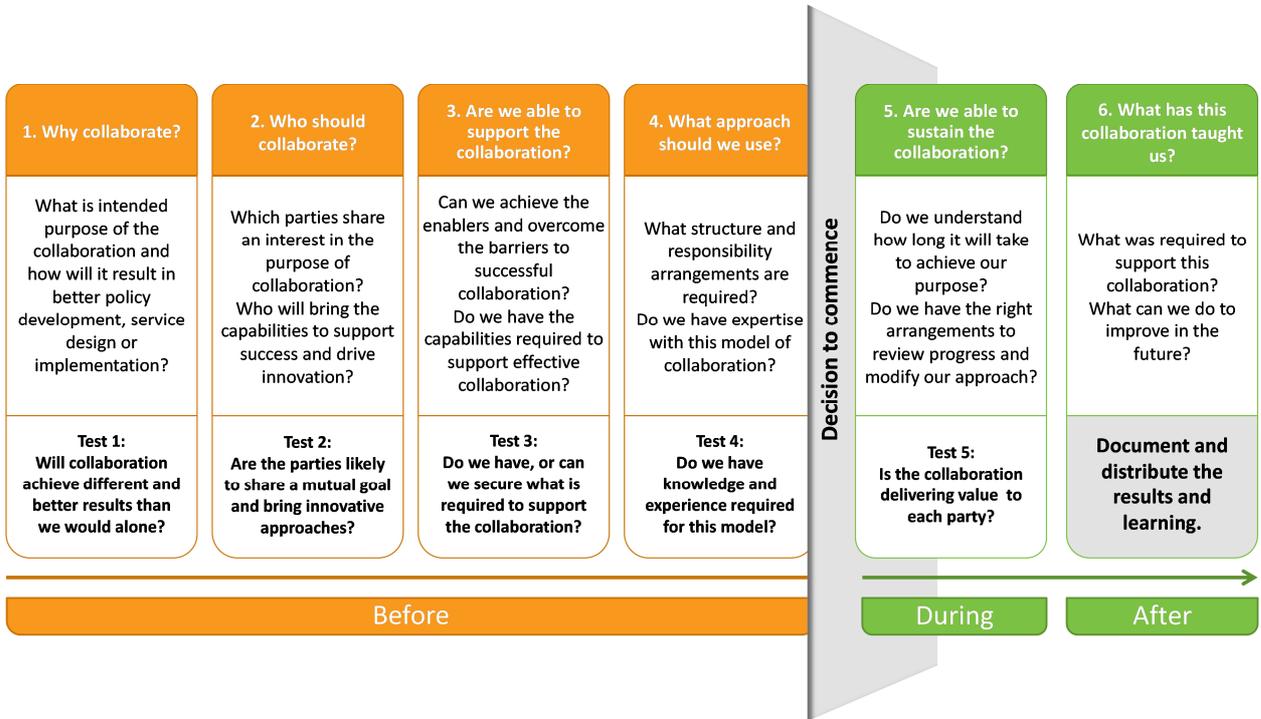
The high-level framework depicted in Figure 7 is explained in a collaboration blueprint which accompanies this report and provides a more granular depiction of the elements to consider when deciding 'why', 'with whom,' and 'how' to collaborate. It is designed as a tool to form the basis of discussions within and between potential collaborating organisations. The blueprint will likely be of greatest benefit if used as a device to frame discussion between collaborating parties before, during and after collaboration.

Appendix A Case Studies

A.1   Collaboration case studies based on a financial arrangement

A.1.1   Surgery Connect[26]

Who was involved	Model applied
Queensland Health and a range of private health service providers	Contracting

Why, what, how

The Queensland public health system faced significant capacity constraint for elective surgery patients. The private health system had the ability to accommodate those patients.

The Queensland Government responded by undertaking a mix of internal capacity increases and outsourcing of public patient surgery to private hospital providers. This enabled the treatment of elective surgery patients in QLD who had waited longer than clinically recommended given the capacity constraints within the public system.

Results/outcomes

An extra 19,000 public elective surgery patients were treated using private hospital facilities, as well as public operating theatres on weekends, at a cost of $100 million. Over 20 months the program achieved a 19.1% reduction in the overall numbers of public patients awaiting elective surgery, and whose operations were overdue. The sharpest drop (by 46.1%) occurred in patients whose surgery was to be performed within 365 days (Category 3). This produced the lowest total number of 'long wait' patients reported since state-wide data collection began in 1996-1997.

This process also developed a new benchmark measure to compare cost and quality outputs of public and private sector provision of surgery.

Why it worked

The financial arrangement with private sector health providers allowed ease of alignment between the interests of the collaborating partners. There was clear recognition of the opportunity for mutual benefit. In addition, sufficient investment was made from the start of the program to support and enable the necessary administration.

A.1.2   HMP Petersborough Social Impact Bond[27]

Who was involved	Model applied
UK Ministry of Justice; HMP Peterborough; Social Finance; Police; Offenders	Social Impact Bond (SIB)

Why, what, how

In September 2010 the UK Ministry of Justice launched the first ever SIB for funding public services. Social Finance - a not-for-profit organisation acting as a financial intermediary - obtained approximately £5 million of investment funding from private individuals and charities. This funding was used to commission not-for-profit organisations to improve intervention services for offenders serving short prison sentences (less than 12 months) at HMP Peterborough, a prison in eastern England. These short-sentenced prisoners were unlikely to receive public funding for required intervention and rehabilitation measures in the absence of the SIB, as these prisoners were not as high a government priority as long-sentenced prisoners or more serious offenders. If reconviction events fall by 10% or more (compared to a matched control group) for each cohort of 1,000 offenders released from the prison, the Ministry of Justice will make an outcome payment and investors will have made a return on their investment.

Results/outcomes

Evaluation of this SIB has so far been process oriented, rather than outcomes focussed. This is because the SIB is in its nascent stages. Future evaluations will be focussed on whether:
- the investors should be repaid – based on the re-offending rate and the contractual terms of the collaboration
- the interventions themselves that are funded by the SIB work to reduce re-offending
- the structure of the SIB supports reductions in reoffending

Why it worked

Positive features of the SIB observed in the early stages of its implementation include:
- trust in the financial intermediary and the service providers commissioned
- alignment of the interests of the parties to the goals and purpose of the collaboration. In particular, charities who have invested in the SIB had a desire to invest money more ethically and in ways that were more aligned with their missions
- the desire among parties to support and learn about a potentially innovative, emerging funding mechanism
- an estimation by investors that there was a good chance of receiving a return on their investment.
- the ability of the financial intermediary to engage and negotiate with different stakeholders on account of the skills required of a successful intermediary, including: technical skills (in negotiating contracts) and skills to negotiate with a range of stakeholders

Issues in the establishment of the SIB included:
- complex contractual relationship (due to the need to capture methodologically detailed arrangements for determining outcomes and payments) that deterred some potential partners
- the extensive time taken to develop the SIB. Developing appropriate measurements and payment models was key to gaining the buy-in of investors, but it demanded considerable analytical resources
- the inability of the SIB to remove reputational risk. All parties bore reputational risks from participation in the world's first SIB that could not be removed contractually. Interestingly, however, this fact was considered an enabler as it motivated all parties to be involved in the SIB.

A.2 Collaboration case studies primarily based on coordinating of collective interests

A.2.1 Cincinnati Strive Education Network[28]

Who was involved	Model applied
Network of over 300 Government, private and not for profit organisations based or operating in Cincinnati or Northern Kentucky.	Co-ordinating forum

Why, what, how

The Cincinnati Strive Education Network ('Strive') was established to address poor student achievement in Cincinnati and Northern Kentucky, including kindergarten readiness, high school completion and college enrolment. Community leaders recognised that Cincinnati and Northern Kentucky were 'program rich and system poor'. They sought to improve all stages of the education continuum at the same time rather than focusing on fixing one point on the educational continuum (i.e. after school education) – a 'cradle to career' view of educational reform.

Strive achieves this purpose by focusing the entire educational community on a single set of goals, using the 'Collective Impact' approach to collaboration. Participating organizations are grouped into 15 different Student Success Networks (SSNs) by type of activity, such as early childhood education or tutoring. Each SSN meets with coaches and facilitators for two hours every two weeks, developing shared performance indicators, discussing their progress, learning from each other and aligning their efforts to support each other.

Results/outcomes

After the first five years of operation Strive has achieved improvements in 40 of 53 student outcomes across the three core cities that are the focus of the initiative. This includes a 9% increase in kindergarten readiness, 11% increase in high school graduation and 10% increase in college enrolment.

Why it worked

The strength of accountability and governance arrangements to ensure ongoing commitment to the shared purpose of Strive has allowed the initiative to outlast the presence of many of the original members. Strive has closely followed the 5 tenets of the 'Collective Impact' approach to collaboration:
1. Spending considerable time (up to 18 months) establishing a common agenda among participants to the collaboration
2. Provision of a shared measurement system – to promote shared accountability and shared responsibility
3. Conducting mutually reinforcing activities that are not prescribed
4. Ensuring open and continuous communication. This has built the credibility of the initiative through clear and open communications of the organization's successes – and its failures.
5. Dedicated resources for the 'backbone organisation' needed to lead and support the initiative's ongoing work. This has required significant financial investment. Despite its successes, Strive has experienced reluctance from some funders to pay for central infrastructure and invest in long-term solutions.

A.2.2   Communities for Children initiative[29]

Who was involved	Model applied
Commonwealth Government, various not-for-profit organisations and local community service providers	Co-ordinating forum

Why, what, how

Communities for Children ('CfC') is a place based initiative funded by the Commonwealth Government. The CfC initiative aims to coordinate early intervention and prevention activities to improve outcomes for children aged 0 to 12 years and their families in disadvantaged areas.

The Government funds not-for-profit organisations to act as Facilitating Partners (FPs). The FPs develop and implement a strategic and sustainable whole-of-community approach to early childhood development in consultation with local stakeholders; establish CfC committees with broad representation from stakeholders and their communities; oversee development of community strategic plans with CfCs; and manage overall funding allocation to local service providers, called 'Community Partners' (CPs).

Results/outcomes

Increased number (by an estimated 12% between 2006-08), diversity and capacity of services in CfC sites. Positive impacts included: fewer children living in a jobless household; parents reporting less hostile or harsh parenting practices; and parents feeling more effective in their roles as parents.

Why it worked

The success of CfC sites has largely hinged on the ability of FPs to gain the trust and support of the community and CPs. FPs have been most effective when the not-for-profit organisation they represent is well-known in the community, when they are sufficiently resourced with admin support and could build on pre-existing interagency collaborations. CPs have also indicated that they prefer funding through CfC as opposed to direct funding from Government as it is more community based, allowed for flexibility and built on local connections. However reconciling organisational culture and values differences between FPs and CPs has taken considerable effort in some sites.

A.2.3   90 Homes for 90 Lives[30]

Who was involved	**Model applied**
City of Sydney Council, UBS, United Way, Colliers, Freehills and NEAMI National	Taskforce

Why, what, how

United Way brokered informal discussions between government, community, corporate and philanthropic stakeholders who all had a common objective to improve outcomes for rough sleepers in Woolloomooloo. All stakeholders were committed to replacing reactive and stop gap approaches focused on managing homelessness with a collaborative, strategic approach to *solving* homelessness. From these discussions the '90 Homes for 90 Lives' Coalition was created - a voluntary collaborative dedicated to reducing the number of rough sleepers in Woolloomooloo and the inner-city, which took its name from the number of people rough sleeping in the target area at the time. Through this coalition the stakeholders were able to strategically address all complex and multifaceted issues that contribute to the entrenched problem of homelessness, rather than each factor in isolation.

Results/outcomes

In August 2011 $2.8M in government funding was procured for 'Platform 70: Bridge Housing', which secured 70 private rental tenancies for Woolloomooloo rough sleepers By June 2013, Platform 70 provided permanent housing and support services to 70 chronically homeless people from Woolloomooloo and the surrounding area.

Why it worked

The collaboration had a clear, measurable and common objective that aligned with the intent of government policy. The Coalition also organised monthly meetings between homelessness service providers in the area, ensuring regular communication and the development of a common perception of the problem. These meetings also ensured services were not duplicated.

A.2.4   Aboriginal Maternal and Infant Health Service[31]

Who was involved	Model applied
NSW Departments of Health and Family and Community Services, Aboriginal Community Controlled Health Services and allied agencies.	Frontier / joined-up entity

Why, what, how

The Aboriginal Maternal and Infant Health Service (AMIHS) was established to improve the health of Aboriginal women during pregnancy and decrease perinatal morbidity and mortality for Aboriginal babies. By connecting NSW government programs with local government health programs its dedicated service addressed underutilisation of antenatal and postnatal services by Aboriginal women and disjointed service delivery. Eligible AMIHS families were able to more easily access services such as child care, parenting programs and home visiting.

Results/outcomes

Demonstrated improvements in perinatal morbidity and mortality rates.

Why it worked

The development of the AMIHS was characterised by a commitment to establishing a shared purpose and ensuring shared responsibility for the service. This was achieved through a range of measures, including the creation of a shared funding pool, layered government structures to support the joined-up service and the provision of joint communications. Implementing these measures was led by influential agency heads who drove efforts to work outside of departmental structures to deliver the joined up service required for this client group.

A.2.5   Wraparound Milwaukee[32]

Who was involved	Model applied
Established by the Milwaukee County Behavioural Health Division	Frontier / joined-up entity

Why, what, how

The city of Milwaukee was lacking in cost-effective community-based alternatives to residential treatment placements for young people with serious emotional or mental health issues. This resulted in an over-saturation of residential treatment centres and a strictly institutionalised view of youth rehabilitation. In addition, traditional residential options placed youth in a 'one-size-fits-all' program, regardless of their individual needs.

Wraparound Milwaukee was set up in 1995 in recognition of the fact young people (up to the age of 18) with serious emotional or mental health issues have widely differing and complex support needs. It pools funds from across service systems to facilitate the delivery of an individualised service for this group, working with 210 community-based organisations who provide 80 different services. The initiative serves around 1,400 families annually.

Results/outcomes

In the first five years of operation Wraparound Milwaukee:
- decreased use of residential treatment by 60 per cent - from an average daily census of 364 youth in treatment to fewer than 140 youth
- reduced inpatient psychiatric hospitalization by 80 per cent
- reduced average overall cost of care per child by more than $5,000 USD per month to less than $3,300 USD per month
- reduced rate of reoffending
- decreased scores in Child and Adolescent Functional Assessment Scale (CAFAS) from enrolment to discharge of program (low score reflecting improved functioning at home, school and community)
- reduced time for rehabilitation

Why it worked

Key factors that led to the success of Wraparound Milwaukee included:

- maintaining ongoing emphasis on the mutual goals and purpose of the initiative through reinforcing the values of the initiative at all meetings and workshops, and including parents in all joint meetings to reinforce views of the care recipients.
- providing combined training in the operation of the service to overcome diverse cultures among the sectors and wide range of service providers that were party to the initiative
- encouraging information sharing by establishing a common information database and cross-agency sharing of organisational charts and phone lists.
- establishing trust and support for the initiative by working hard to achieve some early wins. The success of the initial pilot project that targeted only 25 children (and successfully resulted in the repatriation of 24 youth to families and foster carers) set the momentum for long-term collaboration.

A.2.6 COAG Indigenous trial sites[33]

Who was involved	Model applied
Commonwealth, State and Local Government agencies and Indigenous communities	Taskforce

Why, what, how

The COAG Indigenous Trial Sites project was a whole of government initiative led by the Commonwealth Government. Lead Commonwealth Government agencies worked with specific Indigenous communities and State and Local Government to have the three tiers of Government better tailor programs to respond to local conditions.

Results/outcomes

In those sites where government provided some flex in partnering with a specific community to develop 'shared responsibility', there was some evidence of improvements in the economic, health or social indicators in the community.

Why it worked

Most evaluations of sites found that partners believed other partners engaged with a spirit of genuine commitment and good faith. In addition, The "Secretaries' Group" – comprised of the secretaries of each lead agency - provided strong leadership to drive their agencies to work in new ways. This affirmed the importance of leadership in whole of government or shared responsibility efforts.

However three key factors limited the success of the trials in some sites:

3. *Governance structures.* There was confusion about exactly 'how' to work together differently when it wasn't prescribed. Also, involving many partners increased the complexity of decision making processes. Many sites needed more clarity on who was being involved purely to improve coordination and who was being involved to contribute to decision making.
4. *Cultural differences.* Both government and Indigenous communities have strong cultures, and in some sites those involved did not have a sufficient understanding of each other's culture to hit the ground running.
5. *Skills and competencies.* Many government staff lacked the skills and experience to work in whole-of-government ways.

Appendix B   More detail on models of collaboration

B.1.1   Models based primarily on a financial relationship

Name	Definition/description	When to use	Results (does it work)	What is the level of maturity and evidence?	Case studies/examples
Contracting / outsourcing - can be output or outcome based.	"A situation in which an organisation employs another organization to do some of its work, rather than using its own employees to do it."[1] Output contracting is a contract for delivery of assets or services. Outcome contracting is a contract for the delivery of societal outcomes.	The service area is likely to be readily described, defined or demarcated. Can be used to involve others in policy development (e.g. use of consultants), delivery of input into public administration, service design and particularly service delivery. Works across a range of public sector activities from human services and health through to defence and trade and investment attraction.	**Yes** Output based contract, usually via some form of tender, works to reduce cost where there is a competitive market for supply and the output is what is desired and can be clearly described. For more complex policy and services, there is a growing use of outcome based contracting - specifying the desired outcomes and leaving it to the provider to determine how best to deliver the desired outcomes.	**Very mature model** Governments have contracted for the provision of services from private sector and not for profit entities for many decades. The past decade has seen a growth in the use of outcome based contracting.	Contracts for the delivery of inputs such as computer equipment, through to construction, through to services such as homelessness shelters. *NSW case studies/examples of outcome contracting* ● Assisted School Travel Program (part of the "School Business Community Partnership Brokers Program") ● Newleaf Communities ● Designing Out Crime *Other case studies/examples of outcome contracting* ● Surgery Connect QLD ● Digital Mammography Project VIC

[1] http://dictionary.cambridge.org/dictionary/business-english/outsourcing

Name	Definition/description	When to use	Results (does it work)	What is the level of maturity and evidence?	Case studies/examples
Public Private Partnership	"Public-Private Partnerships (PPPs) are long term agreements between the public sector and a private partner whereby the private partner delivers and funds public services using a capital asset, sharing the associated risks. PPPs may deliver public services both with regards to infrastructure assets (such as bridges, roads) and social assets (such as hospitals, utilities, prisons)."[2]	Public asset creation and/or operation. Less applicable to services unless tied to the operation of a public service asset. According to the NSW Financial Audit published in 2011, PPPs have the potential to provide value for money outcomes if projects have some or all of the following attributes: • Scale. Projects with a total contract value of $50 million or more • Measurable outputs. The services required should be capable of specification of measurable outputs that can be translated to a performance contract • Non-core activities. The contract is in relation to significant non-core services and support activities that currently divert management and skilled staff in the public sector	**Yes, but...** "PPPs have their limitations. The scale and the risk transfer involved in these projects and the length of the contracts means that tendering costs are high. This makes them unsuitable for smaller projects and it has the effect of reducing market depth (both in the number of bidders and the length of time a competitive tender can be maintained). The length of PPP contracts, which is necessary in order to secure private finance for major infrastructure investments also reduces contestability in the service elements of the contract unless arrangements are made for benchmarking or market-testing services at various points throughout contract life. Further, the necessity of specifying requirements up front and the contractual rigidity	**Very mature model - Lots of years of experience.** The Allen Consulting Group reviewed 21 PPP projects and 33 traditional projects, and arrived at the following conclusion: • Traditional projects had cost overruns of 11.6%, while the additional costs of the PPP projects were only 1.2 per cent; • On a time-weighted basis, traditional projects averaged 23.5% in time overruns, while the PPP projects were on average slightly ahead of time. Associate Professor Colin Duffield of the University of Melbourne later published another study looking at 25 PPP projects and 42 traditional ones that arrived at broadly the same conclusions.5 Note that in alignment with	*NSW case studies/examples* • Toll roads • Darling Harbour/Sydney Exhibition and Entertainment Centre • Hospitals *Other case studies/examples* • UK - prisons and schools. • Community Care Network (CCN) demonstration program

[2] http://www.oecd.org/governance/oecdprinciplesforpublicgovernanceofpublic-privatepartnerships.htm

[5] Sturgess, G 2012, "Diversity and Contestability in the Public Service Economy", NSW Business Chamber, p.24,

Name	Definition/description	When to use	Results (does it work)	What is the level of maturity and evidence?	Case studies/examples
		• Innovation. The project is of sufficient complexity to encourage innovative approaches (in terms of design and technology) that can deliver value for money • Whole-of-life optimisation potential. The project involves significant maintenance and operating costs that can be better handled by the private sector • Technology. Scope for cost savings and improved services through new technology • Risk allocation. Capacity to allocate appropriate levels of risk to the private sector • Complexity. Complexity and other features that encourage innovative solutions.[3]	associated with such an extensive transfer of risk also makes them unsuitable for projects involving significant technological innovation (including information systems)".[4]	the overall findings on collaboration, the results of PPPs are also mixed and contested.[34]	

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[3] Sturgess, G 2012, "Diversity and Contestability in the Public Service Economy", NSW Business Chamber, p.40.

[4] Ibid

Name	Definition/description	When to use	Results (does it work)	What is the level of maturity and evidence?	Case studies/examples
Alliance contracting	Alliance contracting involves sharing of the upside and downside in a contract - to provide the contractor with incentives that align with the organisation (usually government) paying for the delivery of the contract. It is often used when timeliness is critical - for instance to get venues built before a major sporting event or to develop an oilfield or mine.	Works better for building assets than management of services. Works better when time is critical - getting things done quickly than cost control.[6]	**Yes for getting assets built on time. Less useful for driving cost efficiency.** Has been used successfully in the UK to develop the North Sea oil fields; in Western Australia for water maintenance contracts; in NSW it was first used by Sydney water in 2003 for the construction of the Northside Storage Tunnel. [7]	**Mature model. Very well established approach**, often used in large-scale asset construction.	- Andrews oil field in North Sea, BP and British Government. - Some Olympic venues.
Social Impact/Benefit Bond	An emerging form of outcome based contracting, where private investors fund the provision of a particular service, for example services to reduce criminal recidivism, homelessness or child welfare services. The services are delivered by private or not for profit organisations. The total return to investors is linked to the achievement or non-achievement of the specified outcomes. The additional	Public service and program delivery for direct interventions into a policy area, usually in the domain of complex social problems.	**Not yet clear, as this approach is quite new**. NSW is currently piloting three social impact bonds which were announced in early 2012 (relating to recidivism, out-of-home care and youth. *See* Sturgess). There are a number of trials underway in the UK. Insufficient time has passed to determine the outcomes.	**A new model still under investigation**. The model appears to have good potential to align incentives around desired outcomes.	*NSW case studies/examples* - Newpin Social Benefit Bond *Other case studies/examples* - Australia, UK, US state of Massachusetts. In relation to homelessness reduction and recidivism of prisoners/ex-prisoners - Social Impact Bond at

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[6] Ibid, p.41.

[7] Ibid

Name	Definition/description	When to use	Results (does it work)	What is the level of maturity and evidence?	Case studies/examples
	financial return for the achievement of the specified outcomes is funded by an offset generated by the reduction in long-term costs arising from the success of the program in question.				HMP Peterborough
Public private Joint Ventures[8]	Public sector has high technical abilities + private sector has strong managerial capabilities: combine in a Joint Venture. Public sector retains control of its people and assets if needed.	When public sector has some key assets and/or technical capabilities they bring to the collaboration and private sector has better skills to run the service delivery.	**Yes**	**Have been proved in the UK**. Will require alliance mind frame and skillset to be successful.	Guys and St Thomas Hospital Trust, UK, pathology services managed by Serco, using public sector assets.
Public service mutuals	Encourage a group of public sector employees to set up and run a cooperative outside of public sector	When there is a group of public service employees who have the interest and expertise to collectively address a complex issue, and will be better placed to achieve the desired objectives operating outside the public sector rather than within public sector	**Unclear**		
Other forms of collaboration via financial arrangement	Other forms of contracting not covered in detail in this discussion document: • Through life management of	(See Sturgess 2012 for more detail on these contracting models)			

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[8] Drawn significantly from Sturgess, G 2012, "Diversity and Contestability in the Public Service Economy", NSW Business Chamber, p. 43 + interview with Nous Group Aug 2013.

Name	Definition/description	When to use	Results (does it work)	What is the level of maturity and evidence?	Case studies/examples
	physical assets; ○ availability contracting; ○ Government Owned Contractor Operated (GOCO); ○ urgent operational requirements; framework contracting; ○ integration contracts and ○ lead systems integration.				

B.1.2   Models based primarily on a coordinating collective interests

Name[35]	Definition/ description	When to use	Results (does it work)	What is the level of maturity and evidence?	Case studies/examples
Co-ordinating forum	These range from public sector-specific (such as Interdepartmental Committees) through to more contemporary, cross-sectoral examples (such as place-based/collective impact)	Given the flexibility of the model, the areas of use are wide. Collective Impact variants have been used in complex social policy domains including education, disadvantage and economic growth. In terms of IDCs, "...IDCs may be standing committees to coordinate the execution of established policies, to provide a forum for formal consultations, to facilitate clearance of Cabinet submissions or to coordinate delivery of programs or services. Alternatively, they may be ad hoc committees to tackle a particular issue or manage a particular event." Note also that many place-based networks are essentially the same as a coordinating forum.	**Yes.** Place-based networks that take the form of co-ordinating forums have also been shown to be successful, for example as demonstrated by the Strive Case study in this report. "Most IDCs work very well and they continue to be the structure used for most formal interdepartmental coordination. Long experience has, however, shown that IDCs can be less useful in joint problem solving in areas of policy contention where there is not an accepted factual and analytic base and where departments are responsive to the views of external stakeholders with conflicting objectives...Another risk is that IDCs-particularly standing committees - can become a bureaucratic habit continuing long after they have ceased to add value."	Collective Impact and place-based approaches have been in use for at least two decades and the approaches are maturing. IDCs predate the emergence of taskforces in the 1970s and have been in wide usage for decades. Place-based coordinating forums have also been in use for a number of decades.	*NSW case studies/examples* • Marrickville smoke-free outdoor environment • Partnership Against Homelessness (unsuccessful model) • Provision of Structured Workplace Learning *Other case studies/examples* • Cincinnati Strive Education Network • Sheffield First Partnership • The Institute for Food Safety and Health (IFSH) at Illinois Institute of Technology (IIT) • MAIN Game - Winning Collaborations • Communities for Children initiative • Tasmanian Child and Family Centres • National Framework for Protecting Australia's Children • Neighbourhood Renewal Initiative, Victoria

Name[35]	Definition/ description	When to use	Results (does it work)	What is the level of maturity and evidence?	Case studies/examples
Taskforce	A task or issue-orientated working group with separated accountability structure with membership from across the public sector, and possibly, beyond the public sector.	The policy, design or delivery area is highly important, time-critical and, likely, complex.	**Yes.** Taskforces have been credited with major contributions to public policy, particularly in the 1980s and 1990s across a number of areas.	Used widely from the 1970s and have addressed a number of important issues since.	*NSW case studies/examples* • 90 Homes for 90 lives *Other case studies/examples* • COAG Indigenous Trials
Joint team	Blended accountability structure with membership from across the public sector, and possibly, beyond the public sector.	"Usually in program delivery" but not restricted to this area.	**Yes, but emergent.** As noted by the APSC, Joint Teams are a new and uncommon collaboration model. The Natural Resource Management Team is a successful example.	"Joint teams are a new and relatively uncommon form of interdepartmental cooperation."	• Natural Resource Management Team
Frontier / joined-up entity	A special purpose organisation with a whole of government remit.	"Some special-purpose agencies have been created outside normal departmental structures to deal with issues that are important, contentious across a range of stakeholders and not yet mature in the way in which they are perceived by the public or managed within government. Their special status is used to	**Yes.** Positive examples include Centrelink in Australia and Wraparound Milwaukee in the United States.	One-stop-shops concepts have been around since the 1980s, while integrated service delivery/joined-up entities have been in existence since at least the early 1990s.	*NSW case studies/examples* • ServiceNSW • Aboriginal Maternal and Infant Health Service NSW • Law Access *Other case studies/examples* • Centrelink • Wraparound Milwaukee • MindLab

Name[35]	Definition/ description	When to use	Results (does it work)	What is the level of maturity and evidence?	Case studies/examples
		symbolise a whole of government approach." Some place-based approaches also fit this category where joined-up service delivery occurs on a local scale.			
Outsourced coordinator / broker	A private or not for profit organisation leads the coordination of public sector and other organisations to achieve desired outcomes. The coordinator may be funded by government, but this is not always the case.	When a private or not for profit organisation will be better placed to coordinate the parties to work together to deliver a desired outcome. This could be because the organisation has better relationships in the community in question or because the focus of the organisation is significantly on the topic in question, whereas for the government agencies involved the topic is not core business.	**Yes.**	**Emerging.**	*NSW case studies/examples* • Shoalhaven Student Pathways Pass under the Commonwealth School Partnership Brokers Program

Appendix C Endnotes

[1] For a more detailed discussion of the drivers of the need and perceived need for collaboration, see further **a.** Sturgess, G. 2012. *Diversity and Contestability in the Public Service Economy*, NSW Business Chamber, pp. 21-27. **b.** Wanna, J. 2008. "Collaborative government: meanings, dimensions, drivers and outcomes" in O'Flynn, J and J. Wanna. *Collaborative Governance A new era of public policy in Australia?* Australia: ANU E Press.

[2] This section draws largely from **a.** O'Flynn, J. 2008. "Elusive appeal or aspirational ideal? The rhetoric and reality of the 'collaborative turn' in public policy." in O'Flynn, J and J. Wanna. *Collaborative Governance A new era of public policy in Australia?* Australia: ANU E Press. **b.** Ansell, C and A. Gash. 2007. "Collaborative Governance in Theory and Practice." Journal of Public Administration Research and Theory, 18:543-71. Oxford: Oxford University Press. **c.** Commonwealth of Australia. 2004. *Connecting Government: Whole of government responses to Australia's priority challenges.* Canberra: Management Advisory Committee, Commonwealth of Australia.

[3] This section largely draws from **a.** Mattessich & Monsey and Himmelman cited by O'Flynn, J. 2008. "Elusive appeal or aspirational ideal? The rhetoric and reality of the 'collaborative turn' in public policy." in O'Flynn, J and J. Wanna. *Collaborative Governance A new era of public policy in Australia?* Australia: ANU E Press.

[4] Alford, J and J. O'Flynn. 2012. *Rethinking Public Service Delivery*. New York: Palgrave Macmillan.

[5] Ibid.

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