



Delivering Community Services in Partnership Policy

A POLICY TO ACHIEVE BETTER OUTCOMES FOR WESTERN AUSTRALIANS
THROUGH THE FUNDING AND CONTRACTING OF COMMUNITY SERVICES

FOREWORD

Not-for-profit organisations play an important role in the wellbeing of our State. They serve the most vulnerable and disadvantaged in our community, and add immeasurably to the quality of life and social fabric many of us take for granted. These organisations promote active involvement in our society and engage people in a common mission to make our community a better place. For these reasons, it is important that the Government recognises the true value of these organisations and strives to facilitate and assist, rather than detract from, the good work they do.

The benefits that these organisations bring to our community clearly extend beyond mere economic considerations. Not only are they closely connected to the individuals, families and communities they serve, but they have the flexibility, proximity and desire to drive social innovation. These organisations have an ability to harness the skills, drive and energy of countless individuals and a proven track record in leveraging private and corporate support.

As the demand for services in our community continues to grow, there is a role for Government in supporting and building the capacity of these organisations to respond. Accordingly, the public sector is moving increasingly toward acting as a facilitator of services, rather than as a direct provider – to ensure that priorities are identified on the basis of citizens' needs and that the best means of addressing those priorities are pursued.

In 2002, the *Funding and Purchasing Community Services (FPCS) Policy* was introduced to provide government agencies with more flexible and less formal processes for engaging not-for-profit organisations in government service delivery. The *FPCS Policy* was an important first step in human services reform and, since its release, government agencies have substantially improved the way they engage with the community sector – although opportunities for improvement still remain.

While the underlying values of the *FPCS Policy* remain critical (such as the need to develop a mutually respectful relationship, the importance of reducing bureaucracy and the requirement to maintain transparency and accountability), this Government recognises the need to continue reforming the way it engages with the community sector.

This *Delivering Community Services in Partnership Policy* goes one step further than the previous policy by putting the interests of citizens at the centre of the relationship between the public and community sectors, and challenges both sectors to redefine the way they engage in the planning, design and delivery of human services.

This *Policy* is clear and informed, and builds on the lessons learned from previous human services reform. It sends a clear message that this Government seeks to achieve better outcomes for Western Australians and provides clarity on the range of funding and contracting arrangements available.

The *Policy* has a clear policy owner, the joint government-community sector Partnership Forum. The Partnership Forum comprises senior public servants and community sector representatives, and is independently chaired. The Partnership Forum's purpose is to address issues of mutual concern with a view to achieving beneficial outcomes for both sectors and for the community. I encourage all interested parties to become familiar with the *Policy* and the steps that this Government is taking to recognise and support the valuable contribution that not-for-profit organisations make to the wellbeing of our State.

HON COLIN BARNETT MEd MLA
PREMIER OF WESTERN AUSTRALIA
MAY 2011

OVERVIEW

POLICY STATEMENT

To improve outcomes for all Western Australians through a genuine partnership between Public Authorities and the not-for-profit community sector in the funding and contracting of sustainable Community Services in Western Australia.

The *Delivering Community Services in Partnership Policy* (the *Policy*) will facilitate this by:

- promoting flexibility, innovation and community responsiveness in the funding or contracting of services by Public Authorities, to better meet community needs;
- encouraging a more productive working relationship between Public Authorities and the not-for-profit community sector based on trust, collaboration, accountability and effective and sustainable service delivery¹;
- clarifying when services are to be put out to open tender and when a more targeted non-market based approach is more appropriate;
- reducing “red tape”, complexities and inconsistencies, and standardising terminology to clarify the dialogue between the parties; and
- requiring that Public Authorities remain aware of Government’s core desire to contract with the not-for-profit community sector in a manner that supports sustainable service delivery and recognises the importance of ongoing organisational viability.

SCOPE OF APPLICATION

The *Policy* applies to all Public Authorities that provide funding for, or purchase Community Services, from Organisations. The *Policy* applies to:

- all such State funded services; and
- all Commonwealth and industry funded services – to the extent that the requirements of this *Policy* are not inconsistent with the requirements of that service or service sponsor.

IMPLEMENTATION

The *Policy* replaces the *Funding and Purchasing Community Services Policy (2002)* and has been endorsed by Cabinet.

Implementation of the *Policy* is to be phased-in, with new arrangements put in place as existing arrangements expire.

The Department of Finance, Government Procurement, will provide ongoing support and oversight for the *Policy* and report to the Partnership Forum (the *Policy* owner) on the *Policy’s* implementation and effectiveness.

All enquiries should be directed to the Department of Finance, Government Procurement.

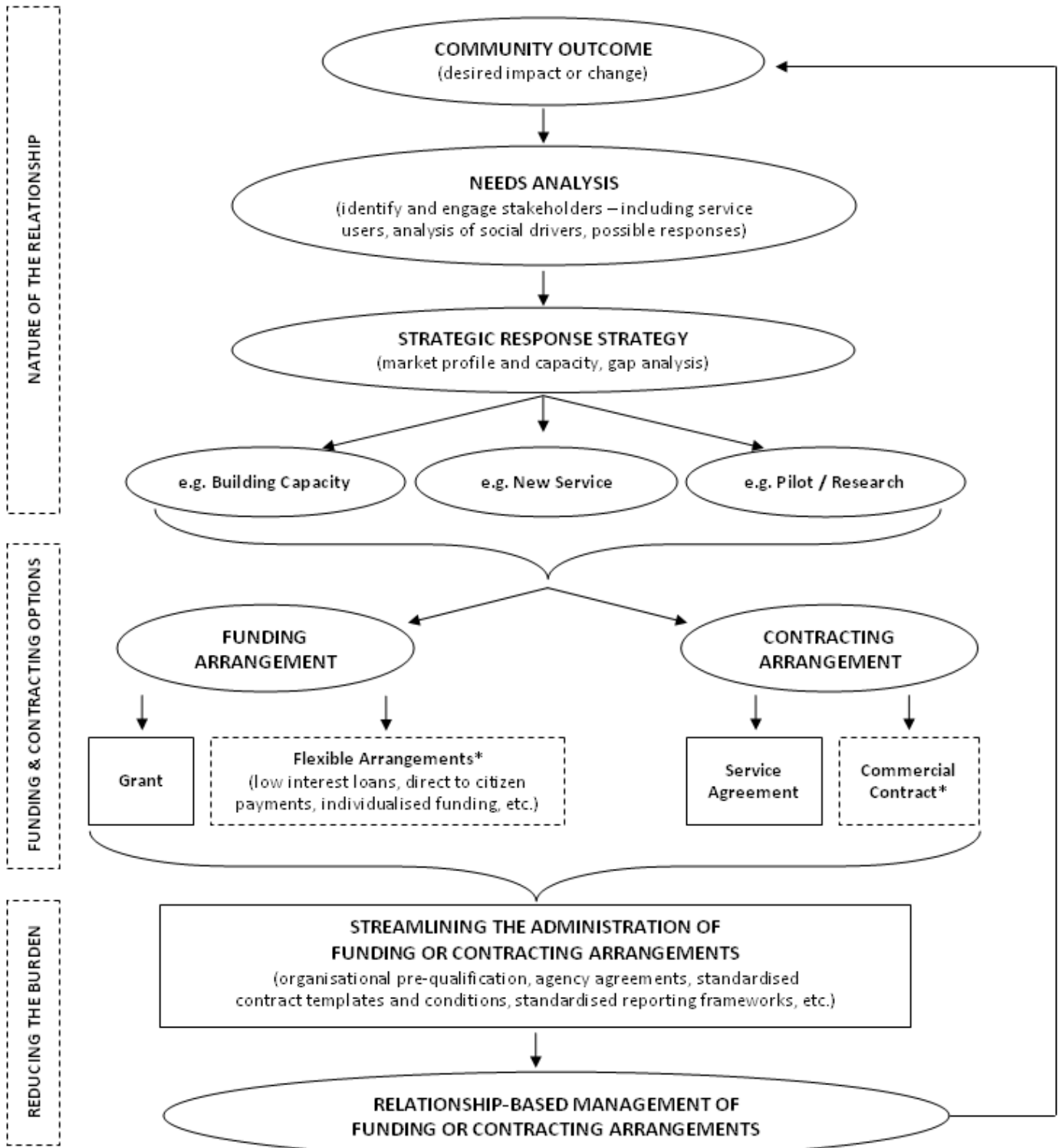
¹ Sustainable service delivery refers to the ability of an Organisation to continue to provide services over a long-term period and depends on the ability of that Organisation to secure funds to meet the full cost of service delivery, attract and retain human capital, and manage operational risk.

POLICY FLOW-CHART

A flow-chart illustrating the range of funding and contracting options available under the *Policy* is contained on the following page. The *Policy* provides for:

- a) clear processes for the provision of funding that maintain transparency and accountability, but do not necessarily involve open market tendering;
- b) contracting arrangements that are set within a framework that is consistent across Public Authorities and provide for:
 - (i) greater community sector involvement in the planning and evaluation of services;
 - (ii) standardised access for new providers and the potential for Preferred Service Provider recognition of existing providers in certain circumstances;
 - (iii) standardised contract templates and conditions to be used by all Public Authorities; and
 - (iv) sustainable service delivery and recognition of the importance of ongoing organisational viability.
- c) using the open tender process.

DELIVERING COMMUNITY SERVICES IN PARTNERSHIP POLICY FLOW-CHART



*While commercial contracts (with for-profit organisations) and flexible arrangements (such as low interest loans) do not fall within the scope of the *Policy*, references are shown above to illustrate where they sit in relation to other funding and contracting arrangements.

NATURE OF THE RELATIONSHIP

The *Policy* seeks to improve outcomes for all Western Australians by building a genuine partnership between the public and not-for-profit community sectors in the policy, planning and delivery of Community Services in Western Australia.

The partnership is based on the following:

PARTNERSHIP PRINCIPLES

1. A commitment to improve social, cultural and economic outcomes for the Western Australian community.
2. A collaborative approach to decision-making and working together recognising the interdependence in the delivery of Community Services.
3. A partnership based on mutual trust and respect, with openness and transparency in all activities.
4. A recognition of the value and contribution of both sectors in the design and delivery of Community Services and the important roles each play in the wellbeing of the community.
5. An enduring commitment to the sustainability of Community Services.
6. A commitment to empowerment of service users in the planning, design and delivery of Community Services.

BEHAVIOURS

1. An enduring focus and drive to deliver demonstrable improvements in outcomes for all Western Australians.
2. Consultation on all significant issues, including the development of policy, planning and service design.
3. Transparency in decision-making, including through the sharing of data and information, basis for funding decisions and contracting requirements.
4. An interdependent approach to the planning and delivery of Community Services.
5. Public Authorities and Organisations work together to ensure that funding levels are sufficient for sustainable Community Services.
6. Engagement of citizens in the ongoing planning, design and delivery of Community Services through direct and indirect methods of consultation and representation in the development of service delivery.

Public Authorities are expected to engage with the not-for-profit community sector in a manner that is consistent with the Partnership Principles and Behaviours. The Department of Finance, Government Procurement, will develop standardised documentation and guides to support Public Authorities translate these principles and behaviours into practice (refer to the Reducing the Administrative Burden section of the *Policy* for more information).

Public Authorities must adhere to the following requirements to capture community and service provider input into client and service user needs. Planning should be premised on recognition of investing in building the capacity of the not-for-profit community sector to respond effectively to community needs, through a variety of approaches, including volunteer effort and other community initiatives.

As policies applicable to grants are currently formulated by individual Public Authorities (as grants are not subject to the *State Supply Commission Act 1991*), all policies for grant funding in respect of Community Services must align with this *Policy*.

COMMUNITY OUTCOME

Prior to commencing any funding or contracting activities, Public Authorities must have regard to the desired impact or change they are seeking to achieve within the community. A Public Authority may only fund or purchase Community Services under the *Policy* if the desired impact or change is intended to improve social, cultural and/or economic outcomes for Western Australians.

Public Authorities are encouraged to recognise the valuable contribution that the not-for-profit community sector plays in the delivery of Community Services and should work towards collaboratively defining and articulating community outcomes.

NEEDS ANALYSIS

Public Authorities must adopt transparent and consultative needs analysis processes, consistent with the Partnership Principles. It is especially important that the parties recognise the value of sharing knowledge and expertise in planning, developing and evaluating services.

Relevant stakeholders (including service providers and service users) should be consulted on the needs and social drivers for the relevant service within the community, as well as the nature and mix of possible service response strategies. Where the not-for-profit community sector is involved in the planning and design of services, consideration should be given to its valuable contribution and the protection of any associated intellectual property.

STRATEGIC RESPONSE STRATEGY

Cognisant of the community outcome and following a needs assessment, Public Authorities must develop a strategic response strategy. Depending on the nature of the desired impact or change and the characteristics of the community, this may include consideration of the market profile and its capacity, as well as an analysis of the maturity of potential service providers within the market itself.

At a minimum, a strategic response strategy should incorporate flexibility and consider the range and mix of possible service responses. This may result in a single targeted response (such as building the capacity of an existing service provider), or include a mix of strategies (such as building capacity, introducing a new service and conducting an innovative trial).

Public Authorities, having established needs and available resources, must then give consideration to the optimal funding or contracting arrangement that is best suited to the service response strategy and the desired nature of the relationship with the service provider. In doing so, Public Authorities must adhere to the principle that an innovative, responsive approach to the needs of individuals, families and communities is paramount and best served by funding and contracting arrangements that incorporate flexibility.

FUNDING AND CONTRACTING OPTIONS

FUNDING ARRANGEMENT

A funding arrangement is an arrangement where a Public Authority provides financial assistance to an Organisation to assist its established purpose. There is only one funding arrangement to which the *Policy* relates – a grant².

A brief description of this funding arrangement and guidance on when it is best employed is contained in the following section of the *Policy*.

Grants

A grant is a financial assistance arrangement made for a specific purpose. Grants are generally funded by Public Authorities and paid to Organisations to assist them to carry out their established purpose (or a specific program) and may contain conditions relating to the Organisation's conduct or activities.

Whether a Public Authority wishes to provide a grant to an Organisation is a matter to be determined by that Public Authority. Public Authorities intending to provide grants to Organisations must comply with the requirements of the *Policy*.

Grants may be an appropriate funding arrangement where:

- an Organisation requires one-off subsidies, top-ups, seed funding, or funding for a discrete project, innovative trial, pilot program or research of a non-commercial nature; and
- the grant is for a discrete period; and
- the grant does not constitute the entire financial base of an Organisation.

While grants are provided for a discrete purpose and period, their timeframe may extend beyond a fiscal period. For example, where a Public Authority wishes to provide financial support for a community capacity building project, a grant may be provided for a longer period of time to enable adequate project planning, implementation and evaluation.

A defining characteristic of grants is that there is generally less oversight, reporting and documentation than for service agreements. Grants must also be linked to a specified purpose and should be paid as either a lump sum, or through instalments.

Compliance Requirements for Grants

In providing grants, Public Authorities must comply with the following requirements:

- There must be a documented application and approval process for each grant.
- Public Authorities must use the standardised grant agreement documentation to reduce the impost of Organisations having to meet multiple and inconsistent requirements. The documentation will specify, among other things, clear reporting measures relating to the use of grants.
- Public Authorities must ensure that grants are tied to a clearly defined purpose. Organisations should be required to provide certification and supporting evidence to Public Authorities that the grant was used for that specific purpose.

² Other flexible arrangements may be available to Public Authorities, but fall outside the scope of the *Policy* (refer to the Other Flexible Arrangements section of the *Policy* for more information).

- Public Authorities must publicly disclose details of all grants to which the *Policy* applies, subject to any directives in the *Financial Management Act 2006* and *Treasurer's Instructions*.
- Public Authorities must ensure that the Organisation agrees to provide a properly documented acquittal of the grant funds. This may include a formal annual audit of related activities of the Organisation, undertaken in accordance with standards set by the granting Public Authority and consistent with incorporation legislation. Public Authorities must ensure that Organisations are aware that they may be subject to an audit by the Office of the Auditor General or its representative, in certain circumstances in accordance with the *Financial Management Act 2006* or the *Auditor General Act 2006*.

Other Flexible Arrangements

Other flexible arrangements for providing financial assistance to eligible parties may be available to Public Authorities, but fall outside the scope of the *Policy*. These arrangements may include (but are not limited to):

1. a low interest loan; or
2. a direct to citizen payment; or
3. individualised funding.

These flexible arrangements have the potential to enable Organisations to develop as community employers or social enterprises and drive social innovation. Similarly, they also provide greater opportunities for individuals, families and communities to exercise choice and control over how services are designed and delivered.

Whether a Public Authority wishes to enter into such an arrangement is ultimately a matter to be determined by that Public Authority. However, Public Authorities intending to establish a funding arrangement outside the scope of the *Policy* must have regard to the Government's policies in relation to that particular funding arrangement.

CONTRACTING ARRANGEMENT

A contracting arrangement is a fee for service arrangement where a Public Authority purchases a service from an Organisation for its own benefit or is contracting with an Organisation to provide a service to a third party to whom the Public Authority has undertaken to provide a service. There are three broad contracting arrangements available under the *Policy*:

1. A service agreement.
2. A master agreement.
3. A head agreement.

As a master agreement is simply an arrangement where multiple service agreements (i.e. individual contracts) are rolled into a single contract between a Public Authority and an Organisation, and a head agreement can generally only be established by the Department of Finance, this section of the *Policy* only provides an overview of a service agreement.

Service Agreements

A service agreement is a form of contracting for services through a procurement process. Service agreements are generally established where a Public Authority enters into a fee for service arrangement to purchase a service from an Organisation for its own benefit or is contracting with an Organisation to provide a service to a third party to whom the Public Authority has undertaken to provide a service.

Whether a Public Authority wishes to enter into a service agreement with an Organisation is a matter to be determined by that Public Authority. However, Public Authorities that intend to establish service agreements with Organisations must comply with the requirements of the *Policy*.

While service agreements are legally binding contracts, the processes for establishing a service agreement outlined in the *Policy* differ from the commercial approach to open market tendering (with the for-profit sector) by incorporating and promoting flexibility, innovation and community responsiveness – to better meet the needs of the community, while continuing to meet probity and accountability requirements.

Common procurement strategies for establishing a service agreement involve the registration or expression of interest, a request for proposal and direct/preferred service provider negotiations.

Compliance Requirements for Service Agreements

In establishing and managing service agreements, Public Authorities must comply with the following requirements:

- The process for establishing a service agreement must comply with the requirements of the *Policy*, particularly in relation to the involvement of the community sector.
- Open and transparent processes must be used to establish all service agreements.
- The process for review or renewal of existing service agreements must comply with the relevant sections of the *Policy*.
- Recognising the special circumstances that apply to the delivery of Community Services, service agreements should be of sufficient duration to encourage continuity, efficiency and sustainable service delivery.
- Public Authorities must use the standardised service agreement documentation to reduce the impost of Organisations having to meet multiple and inconsistent requirements. The documentation will specify, among other things, clear performance measures relating to the effectiveness and efficiency of service delivery and standard rise and fall provisions that facilitate price reviews during the life of a contract (including ensuring the capacity of Organisations to meet their legal obligations).
- A specification must be issued, a formal offer received and a formal contract document executed. This document may be in the form of an acceptance letter.
- Contract specifications should focus on outcomes sought and avoid prescribing inputs such as staffing levels and salaries.
- Where there are surplus funds at the end of the contract term, and services have been delivered to the quality and quantity specified in the contract, repayment of this surplus by an Organisation must not be sought by Public Authorities.

- Public Authorities must ensure that Organisations are aware that they may be subject to an audit by the Office of the Auditor General or its representative, in certain circumstances in accordance with the *Financial Management Act 2006* or the *Auditor General Act 2006*.

Procurement Tools

A range of mechanisms are available to formally invite interest and offers from potential service providers and, at the same time, ensure appropriate probity in the selection process. Procurement processes such as an expression of interest, a request for proposal and direct negotiation also provide a framework for the evaluation of potential service providers.

It is acknowledged that there will be services and markets where the processes described in the following sections of the *Policy* are considered, or have proven, to be unsuccessful. In these situations, collaborative processes that involve working with potential service providers and/or service users may be required in order to establish new or replacement services.

Registration of Interest

When planning a new service to which the *Policy* applies or reviewing an existing service to which the *Policy* applies, Public Authorities may publicly invite potential service providers to register interest. Registration of interest must be taken on a standardised registration form to be used by all Public Authorities and information required of respondents and/or criteria specific to the service (for which expressions of interest are invited) must be appended to the standard template.

Expression of Interest

Public Authorities may call for an expression of interest for a particular service to which the *Policy* applies. An expression of interest can be useful in establishing preliminary interest and can enable the transparent selection of parties who will contribute to the development of service specifications. The expression of interest can also be used to shortlist and pre-qualify potential service providers for future negotiations or form a panel of pre-qualified providers for a given area of activity (see Service Pre-Qualification below).

Request (for Quote/Tender/Proposal)

A request is used when a specific or range of possible service solutions are invited and there is a service agreement or agreements to be awarded. This may provide greater potential for creative and innovative solutions to community issues that are consistent with the Partnership Principles underpinning the *Policy*.

Public Authorities must use the standard request documentation to call for submissions (i.e. offers) against the stated criteria.

Service Pre-Qualification

A service pre-qualification process is a means by which a Public Authority may shortlist potential service providers (generally after a public invitation) on the basis of their capacity to provide the required service(s). Assessment of capacity may include factors such as the service provider's quality assurance, service model and management attributes. The resultant shortlist may then be used for a restricted process, including direct negotiations, or to form a panel from which a Public Authority or service user can select.

Direct Negotiation with a Potential Service Provider

Direct negotiation involves negotiating with one potential service provider only. This would normally occur after extensive market research and a process, such as an expression of interest, has identified a provider that best meets the selection criteria for the particular service. Direct negotiation may be considered appropriate where:

- no service provider exists with the necessary skills and there is a need to develop such; or
- only one service provider exists with the skills and experience necessary; or
- a recent open call for submissions has been conducted and the preferred service provider offered the best value for money; or
- there are strategic considerations, such as the viability of other funded services that make direct negotiation desirable.

Public Authorities must exercise great care before choosing to negotiate with a sole service provider, so as not to exclude other service providers that may be in a position to offer a competitive solution, if given the opportunity. Public Authorities must be able to demonstrate, if called upon (for example, by the Auditor General), that the decision is in the best interests of the service users and the community.

Use of Preferred Service Providers

The Partnership Principles include a mutual commitment to a funding and contracting framework that establishes and maintains good practice and achieves the best value for money in the delivery of Community Services. This implies a commitment by Public Authorities and Organisations to work together to achieve the best outcomes for service users. Public Authorities must recognise and give weight to the history of a service provider's performance and the context in which negotiations arise. A significant aspect of this is the need, in many instances, to ensure service continuity. This may require setting aside the universal application of "market testing".

Public Authorities may, at their discretion, exercise the option of retaining an existing service provider through a restricted process. The existing service provider will then be known as a Preferred Service Provider.

In view of the risks associated with setting aside market testing, all decisions to award Preferred Service Provider status must be approved by the Accountable Authority, who shall have regard to the Government's policies in relation to funding and contracting with Organisations from the not-for-profit community sector.

To assess an existing provider's suitability for Preferred Service Provider status, Public Authorities must determine whether the service provider is:

- continuing to meet the identified need;
- meeting the agreed service specifications, quality standards and contractual requirements;
- operating efficiently and effectively; and
- actively engaged in continuously improving services to provide the best possible service to the community.

To ensure appropriate probity and accountability for decisions of this nature, Public Authorities must ensure that the review of Preferred Service Providers is transparent and that the service provider proposed for Preferred Service Provider status is involved. Furthermore, in the interests of ensuring that other potential providers are not inadvertently excluded from consideration, there must be a clear process through which the decision to award Preferred Service Provider status may be questioned by other service providers. In the first instance, this should provide for an avenue for referral of questions and issues to a person within the Public Authority who was not included in the relevant decision. Further avenues of referral would consist of external agencies such as the Department of Finance, Government Procurement, and the Ombudsman Western Australia.

If there is to be any change to arrangements, for example from Preferred Service Provider to open tendering, then the Public Authority must ensure that the relevant parties from the community sector are fully consulted and early notice is given of the possibility of new arrangements. Once again, the responsible Public Authority must be able to demonstrate that these decisions are in the best interests of service users and the community.

Where a service provider has been awarded Preferred Service Provider status, a Public Authority must ensure that consideration is given to ensure that contracting arrangements are structured in a manner that support sustainable service delivery and recognise the importance of ongoing organisational viability. At a minimum, this should include an avenue for long-term Preferred Service Providers to discuss funding levels and service design (as required) – however, any subsequent contract variations must represent value for money and have regard for the potential for new service providers to deliver the services.

Open Tender

Public Authorities may purchase services to which the *Policy* applies through the traditional open tender process. However, all decisions to purchase via an open tender process must be first approved by the Accountable Authority, who shall have regard to the Government's policies in relation to funding and contracting with Organisations from the not-for-profit community sector.

The process of competitively tendering a service may be considered appropriate when:

- a general initiative or service is capable of being delivered by a number of Organisations; or
- service requirements are particularly complex or unique, or proposals offered by Organisations through a restricted process do not represent value for money; or
- the use of an open tender process in a particular instance can potentially demonstrate better outcomes for service users and the community.

Accountability and Governance Standards

Public Authorities have a role in developing the capacity of the community sector to meet the needs of the community. For their part, service providers need to recognise that they have a duty of due diligence in the deployment of public funds. There are two important elements to this.

Firstly, it involves the parties recognising that they are accountable to each other and to the stakeholders and service users they serve. Having said that, it is nevertheless important that accountability requirements placed on funded service providers are relevant, achievable and consistent, and to that end, Public Authorities will work together to achieve greater consistency of approach to practice. Public Authorities are expected to adopt consistent accountability requirements that flow from the standardised documentation and structure the content to meet these aims.

The second aspect, corporate governance, relates to community sector capacity building. It has been stated earlier that the parties acknowledge a mutual interest in maintaining appropriate standards of governance and mutual responsibility to manage services and funds in a manner that is transparent, effective, efficient and accountable. It is in the interests of Public Authorities, service providers and service users that Organisations large and small are well managed, deliver effective and efficient services, commit to continuous improvement and exercise appropriate stewardship of public monies. The Government recognises the unique contribution made to the community by the not-for-profit community sector and the responsibility of both parties to build on, and strengthen this relationship.

Accordingly, Public Authorities must demonstrate a commitment to fostering sound governance among their service providers and ensuring that the quality of governance is included in the evaluation of potential and existing service providers.

Review and Evaluation of Arrangements

Consistent with the Partnership Principles and the requirements of the *Policy*, Public Authorities must have a review and evaluation system in place that will meet accountability requirements, preserve the integrity of processes, aid in maintaining the Public Authority's knowledge base and contribute to the identification of areas for improvement. There is a need to review the outcomes of each agreement against the original service objectives - the outcomes of which, should feed into the next round of needs assessment.

Public Authorities must ensure that their system for review and evaluation of arrangements incorporates the principles of community sector collaboration – notably, the principle that the parties recognise the value of sharing knowledge and expertise in planning, developing and evaluating services.

REDUCING THE ADMINISTRATIVE BURDEN

The not-for-profit community sector plays an important role in the wellbeing of our State by supporting those in need and advocating their interests. This sector brings a strength of social mission and public purpose to its activities, and empathises with the interests of those it serves. The sector may not only offer greater cost-efficiency and improved social quality, but freed from excessive controls and reporting, it has the proximity and will, connection to its clients and flexibility to drive social innovation in meeting citizens' needs.

In the past, Government policy imposed a universal tendering requirement – originally conceived as a business philosophy – which saw precious organisational resources diverted into, and often wasted on, bureaucratic bidding and reporting processes that culminated in pseudo commercial contracts and onerous accountability across the board. As a consequence, these requirements added to “red tape” and detracted from the real aim of the not-for-profit community sector – the delivery of services to those who need them.

In recognition of the true value of engaging the not-for-profit community sector in government service delivery and reducing the administrative burden imposed on it, Public Authorities must comply with the following requirements of the *Policy*.

ORGANISATIONAL PRE-QUALIFICATION

The Department of Finance, Government Procurement, is responsible for developing, implementing and maintaining a central (organisational) pre-qualification system for Organisations.

The pre-qualification system will focus on the financial viability, corporate governance and the broad capacity of an Organisation to sustain its existence for the life of a contract, and will serve as a means for Public Authorities to streamline and consistently assess the level of contracting risk associated with a particular Organisation.

STANDARDISED DOCUMENTATION, GUIDES AND REPORTING

The Department of Finance, Government Procurement, is also responsible for developing, implementing and maintaining a suite of standardised documentation to support the *Policy's* implementation. This will include (but is not limited to) introducing a standardised reporting framework, new grant agreements, standardised service agreement templates and conditions, and a range of guides to inform appropriate and consistent practice.

Public Authorities must use the standardised documentation developed by the Department of Finance, Government Procurement, as specified in any direction or associated practice guide.

All standardised documentation will be available from the Department of Finance's website: www.finance.wa.gov.au

LONG-TERM SERVICE AGREEMENTS

An increasing challenge facing both the public and community sectors is sustainable service delivery and the ongoing viability of Organisations and the community sector. Short-term contracting arrangements and regular transitions between service providers can have a profound and damaging effect on services users and must be considered by Public Authorities when planning new or replacement services.

Public Authorities play an important role in building the capacity of the community sector to respond to community needs and, where possible, should seek to implement service agreements of a sufficient duration to provide Organisations with an appropriate level of funding certainty and security.

Sustainable funding is a key factor of sustainable service delivery and enhances the capacity for Organisations to make long-term strategic decisions, attract and retain human capital, manage operational risk, and deliver better value for money outcomes. Public Authorities intending to establish service agreements must give consideration to funding certainty and security, as well as reducing the administrative burden imposed on Organisations that are continually required to bid for services and funding.

Whether a Public Authority wishes to establish a long-term service agreement³ with an Organisation is a matter ultimately to be determined by that Public Authority. The appropriateness of long-term service agreements must be assessed on a case-by-case basis and should consider an Organisation's ability to commit to the timeframe, meet and sustain service delivery standards, continue to represent value for money, and be balanced against the potential for new service providers.

MASTER AGREEMENTS

Where an Organisation has been awarded multiple service agreements with a Public Authority, the Public Authority must seek to reduce the administrative burden imposed on that Organisation, particularly for reporting purposes.

Public Authorities must have regard to the burden placed on Organisations required to meet multiple and inconsistent reporting requirements and should, where possible, seek to combine individual service agreements between the Organisation and the Public Authority into a single contract (i.e. a master agreement between the parties).

At a minimum, the master agreement should contain a single set of contract conditions but comprise multiple service schedules – one specific to each service agreement. Reporting should be standardised, unless there are specific and justifiable reporting requirements that are specific to each service to be delivered under the agreement.

The process for establishing a master agreement and the associated compliance requirements are the same as for service agreements.

INDEXATION

All contracting arrangements are to be indexed in accordance with Government policy. If an indexation rate is not specified in the agreement, the agreement will be indexed at the rate of indexation published by the Department of Finance, Government Procurement.

Indexation rates only apply to contracting arrangements (i.e. indexation does not apply to funding arrangements such as grants).

³ For the purposes of the *Policy*, a "long-term service agreement" is a contracting arrangement with a contract term between three and five years.

DEFINITIONS

For the purposes of the *Policy*, the following definitions apply:

Accountable Authority means the same as defined in section 3 of the *Financial Management Act 2006*.

Community Services mean those services of a nature intended to address physical or social disadvantage and/or that promote the health and wellbeing of individuals, families and communities. Examples of Community Services include:

- services which contribute to the building of capacity within the community to respond positively to an identified need;
- services required to address disadvantage for which a collaborative approach is required with the community;
- services that encourage the involvement of volunteers, increased business or community support or the personal empowerment of recipients of the service; or
- services which contribute to the ability of people to live and participate in the community.

Organisation means an organisation, having corporate status that provides Community Services funded or purchased by Public Authorities, including but not limited to, not-for-profit organisations and local government authorities.

Policy means the *Delivering Community Services in Partnership Policy*.

Public Authority means a department of the Public Service of the State established or deemed to have been established under the *Public Sector Management Act 1994*, or an agency, authority or instrumentality of the Crown in right of the State.