



FINAL REPORT AND RECOMMENDATIONS

TO THE MINISTER OF HUMAN SERVICES

Agency and Alberta Human Services
Procurement Advisory Table

DECEMBER 2016



This report has been produced at the conclusion of 12 months of cooperative dialogue between Alberta Human Services and service provider leadership, during which both sides came together around the table to determine the most productive ways to create 21st-century contracting and granting strategies that provide outstanding services—tailored to local community contexts—for children, youth, families, and individuals across Alberta.

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INTRODUCTION

A NOTE FROM THE CO-CHAIRS

We have been honoured to serve as co-chairs of the Agency and Alberta Human Services Procurement Advisory Table (PAT). Over the past year, this group of talented professionals has shared unique expertise and related many important lessons gleaned from relevant organizational or sector-level initiatives. In so doing, representatives from both service provider leadership and Alberta Human Services have enjoyed a rare, important, and rewarding opportunity to gain insight about issues, frustrations, success stories, and innovations in service delivery contexts that extended far beyond their usual context and work settings. While our individual work contexts are very different, we are all bound together by the common goal of delivering the best possible services for Albertans. The members of our table also share the belief that government and service providers, working together, can build on innovations that are already proving successful in some Alberta Human Services program areas and expand them across the system.

Each member of PAT has performed multiple roles and demonstrated evolving perspectives during their twelve months of collaborative work; at times each was required to be a facilitator, a learner, an explorer, a storyteller, a designer, a problem solver, and an ambassador. We are profoundly grateful to the members of PAT for their service, and to the Minister of Human Services for making this opportunity possible.

original signed by:

Lori Cooper,
Co-chair

Russ Dahms,
Co-chair

Agency and Alberta Human Services Procurement Advisory Table

ABOUT THE PROCUREMENT ADVISORY TABLE

The Agency and Alberta Human Services Procurement Advisory Table (PAT), established in October 2015 for a one-year term, is made up of 15 leaders who are drawn from the service provider sectors with which Alberta Human Services contracts to deliver services to Albertans. Informed by consultation with key service provider associations, PAT members were identified and invited to join the table based on their skills as strategic and forward-thinkers who can address issues from a broad systems perspective. Each of the members has an established track record as an organizational innovator and/or sector-level collaborator, and each has first-hand knowledge of the Alberta Human Services contracting environment. Membership reflects the full context of the ministry's delivery environment—including a broad range of programs and services, as well as varying sizes and geographic locations of service provider organizations. The full PAT membership list appears on the following page.

Objectives and Guiding Principles

The core mandate of the Procurement Advisory Table was to support the design and implementation of future-state contracting strategies or approaches that align with the ministry's transformational goals, and which support service delivery relationships that are efficient, effective, and able to achieve the outcomes Albertans need and expect. Through monthly meetings as well as the focused work of several sub-groups, PAT has leveraged the experience, expertise, and influence of leaders from the service provider sector to achieve its mandate.

Throughout the course of its work, the Procurement Advisory Table identified a number of principles to guide and focus its discussions. From these, three overarching principles emerged to form the foundation of PAT's recommendations:

1. maintaining quality of service for Albertans;
2. strengthening relationships; and
3. ensuring transparency, accountability and value for public funds.

These principles are woven throughout our recommendations, and we will further tie them together in the "Final Thoughts" section at the end.

PAT's Working Definition of "Procurement"

If we were to be named "Procurement Advisory Table," it was important that our members agreed upon a shared definition of the term procurement. This term is widely used in both public and private sector contexts to describe the overarching activities and processes used to acquire goods and services. According to the Organisation for Economic Co-operation and Development (OECD), public procurement refers to:

The purchase by governments of goods, services, and works. The public procurement process is the sequence of activities starting with the assessment of needs through

awards to contract management and final payment (for further details, please see www.oecd.org/gov/ethics/public-procurement.htm).

Within the context of Alberta Human Services, processes for procurement of services encompass multiple approaches—including grants, sole-source contracts, and competitive Requests for Proposals—with the goal of ensuring high-quality services that help achieve positive outcomes for Albertans. **PLEASE NOTE that this report uses the phrases service acquisition and contract management interchangeably when referring to procurement activities.**

Procurement Advisory Table Membership

Government of Alberta

Lori Cooper (*Co-Chair*) – Chief Delivery Officer, Alberta Human Services

Pieter de Vos (*Facilitator*) – Community Development Officer, Alberta Culture and Tourism

Marika Giesen – Executive Lead, Integrated Contract Services, Alberta Human Services

Service Providers

Arno Birkigt – Executive Director, Blue Heron Vocational Training Centre Athabasca

Ron Bos – CEO, Rehoboth Christian Ministries

Helen Cowie – CEO, Developmental Disabilities Resource Centre of Calgary

Russ Dahms (*Co-Chair*) – Executive Director, Edmonton Chamber of Voluntary Organizations

Danica Frazer – Executive Director, McMan

George Ghitan – Executive Director, Hull Services

Aaron Hachkowski – Program Director, WJS Canada

Chris Mahoney – CEO, Enviros

Sue Manery – CEO, Southern Alberta Community Living Association

Shirley McBride – Owner & CEO, McBride Career Group Inc.

Melanie Mitra – CEO, Prospect Human Services Society

Liz O'Neill – Executive Director, Boys & Girls Clubs BBBS of Edmonton & Area

Darcy Petrovic – Co-CEO, Unlimited Potential Community Services

Ian Wheeliker – Executive Director, Central Alberta Women's Emergency Shelter

Cheryl Whiskeyjack – Executive Director, Bent Arrow Traditional Healing Society

Additional project support staff from Alberta Human Services

Carrie Bibik

Chris Emmerling

ShirleyAnn Goski

Jen McCormack

Randy Williams

PURPOSE OF THE REPORT

Contracted service providers play an important role in helping Albertans reach their full potential and benefit from our province's rich social, economic, and cultural life. Alberta Human Services has committed to working cooperatively with contracted service providers to find opportunities to be even more efficient and effective. These opportunities include:

- Clarifying the roles of Alberta Human Services staff and service providers, as well as improving the overall relationship between them;
- Developing new or updating funding models to more accurately reflect services and associated costs;
- Reducing general administrative difficulty and related costs so service providers can focus on achieving the best possible outcomes for the Albertans they serve;
- Building on the important strides toward integrated service delivery that have been made by Alberta Human Services over the past several years; and
- Implementing consistent, integrated, and transparent contract management processes that adhere to Government of Alberta legislation, policy, and directives.

The Procurement Advisory Table's final report is the culmination of a year spent brainstorming, discussing, and deliberating the best ways to achieve shared goals with respect to the acquisition of services for Albertans while continuing to improve the critical relationship between the Ministry of Human Services and contracted providers. That work has been distilled into nine recommendations for the Minister of Human Services.

Setting the Context

In 2011, Alberta Human Services was created to simplify access to services and ensure that all Albertans are supported—that they have the resources and skills to optimize their quality of life, that they are protected and safe in their homes and communities, and that they are enabled and empowered to be successful. To meet these goals, Alberta Human Services works with contracted service providers who have the specific expertise and capacity to meet Albertans' needs in diverse regions and service sectors across the province.

Before Alberta Human Services was created, social service programs were spread across a number of Ministries. Albertans in need did not always know where they should go for help, or which program or supports were accessible to them. Cross-ministry responsibility for social programs created overlaps and duplications, and interactions between ministries were often incongruent because each department had multiple, differing contract management tools and practices. Social issues were becoming more complex and challenging, and it was increasingly apparent that government alone could not successfully respond to these challenges. While the formation of Alberta Human Services was an important first step, unification of ministries and departments created an extremely broad service delivery portfolio. The change in scope also resulted in a patchwork of inconsistent processes and a complex web of consolidated financial responsibilities.

Overview of Contract Management in Alberta Human Services

Although the legal framework for the relationship between Alberta Human Services and service providers has consistently been that of contractor and vendor, the way that services are acquired within that framework varies among regions, within regions, and among sectors and program areas. As well, the relationship practices between Alberta Human Services and service providers differ greatly among regions, among individual offices and organizations within regions, and among sectors and program areas.

Alberta Human Services **contracts with over 2,200 external organizations**, both non-profit and for-profit, to deliver services to Albertans with a wide range of needs.

In 2014-2015 the ministry held **more than 3,600 contracts**, which **delivered \$1.45 billion of services** to Albertans.

The ministry's approach to contract management is characterized by its decentralized model. Within this model, each delivery division and region can contract for services independently of the others. This independence is important because a "one-size-fits all" model simply cannot support the regional responsiveness and flexibility that is required to truly address local needs. While decentralized functions play a significant role in contracting, some centralized functions—such as Corporate Finance, Legal Services, and a Centralized Procurement Office—must also play a role to ensure the ministry adheres to government policy and meets government trade obligations.

The ministry's contracting and granting functions are evolving as the result of a government-wide shift toward greater integration and coordination of services with a tighter focus on outcomes and quality. A 2014 Treasury Board directive imposed new limitations on the use of sole-sourcing contracts, which have traditionally formed a substantial portion of the contracts held by several program areas within Alberta Human Services. In 2016, Alberta Human Services also began moving a range of services to a Pre-Qualified Resource (PQR) process. This process includes developing provincial resource lists of services for children, families, and individuals with disabilities. The PQR is a tool used commonly across public and private sectors to ensure fair, transparent, and open access to qualified service providers. Concurrently, the ministry is developing common contract templates to use across service sectors in an ongoing effort to align and streamline procurement practices. The PQR lists, the new templates, and the development of recommendations from PAT are all part of the strategic work being undertaken within Alberta Human Services to align contract management practices into an integrated approach and help move the ministry toward more open and transparent processes.

While these shifts and improvements are commendable, aspects of Alberta Human Services' service acquisition activities remain fragmented. Many of the ministry's challenges are the result of widespread process inconsistencies. Service providers have long maintained that contract and grant funding requirements are administratively burdensome and don't support service integration. For example, one vendor holds over 30 contracts and 14 grants with four different program areas across six Alberta Human Services regions—each with complex and inconsistent reporting requirements. As well, the long history of sole sourcing has contributed to a lack of transparency, an uneven playing field for new providers, and a scarcity of reliable data upon which to base accurate cost estimates.

To facilitate the next step in Alberta Human Services' evolution as a single ministry supporting a broad spectrum of Albertans, the department is undertaking a comprehensive review of its wide-ranging procedures for service acquisition. The intended outcome of this review is a more consistent approach that will streamline operations, reduce administrative complexity, strengthen accountability, and support service integration. Any new approaches must also bolster relationships with service providers, support long-term sustainability, and ensure the ongoing effectiveness of programs.

While there are pockets of Alberta Human Services where impressive progress has been made toward citizen-centred service integration and alignment, *the challenge for us all* remains to expand upon those practices and spread those successes across the system. Engaging leaders from the service provider sector in constructive, strategic conversations about new approaches is essential to their successful design and implementation, and the Procurement Advisory Table was formed to provide expert advice.

This report has been produced at the conclusion of 12 months of cooperative dialogue between Alberta Human Services and service provider leadership, during which both sides came together around the table to determine the most productive ways to create 21st-century strategies and approaches that provide outstanding services—tailored to local community contexts—for children, youth, families, and individuals across Alberta.

It is important to note that Albertans receiving services were not directly consulted in the development of the PAT report as this was outside the scope of our mandate. Clearly, any decisions about planning for and obtaining services must be grounded in the experiences of the individuals who rely on those services and supports. It will be crucial to seek input from these Albertans and their families when looking at ways to implement the Table's recommendations.

GETTING FROM HERE TO THERE

Current State Context—Overview

The Procurement Advisory Table believes that the current contracting and granting system in Alberta Human Services is underpinned by the following characteristics:

- Historical budget pressures have compelled Government to ensure accountability for all dollars spent, and funding for some services has not kept pace with inflation and other economic pressures;
- Contract management approaches, communications, training practices, policies, and procedures are inconsistent across programs and regions;
- A relationship between Alberta Human Services and service providers that is perceived as largely transactional and prescriptive, and which tends toward micromanagement and lack of flexibility for service providers;
- Contract monitoring and reporting requirements are variable and complex, reporting routine outputs rather than focusing on the achievement of meaningful outcomes;
- Short (primarily annual) contract terms and funding levels create uncertainty and do not consistently reflect the full cost of delivering services;
- Lack of a robust and integrated approach to data collection and analysis limits the ability to drive outcomes-based planning and decision making across the system;
- Inconsistent practices and a historic reliance on sole-sourcing have resulted in a lack of transparency and openness, creating an uneven playing field for new and established service providers; and
- Inconsistent contracting approaches and cultures in the amalgamated Ministry of Human Services has created silos, inequities in response, and regional disparities that create confusion, increase administrative burden, and shift focus and valuable resources away from client services.

Desired Future State—Overview

By applying the Guiding Principles of **maintaining quality of service for Albertans; strengthening relationships; and ensuring transparency, accountability and value for public funds**, the Procurement Advisory Table has envisioned a desired future state underpinned by the following characteristics:

- Clients experience excellent quality across a range of accessible services that meet their unique needs;
- The relationship between the ministry and contracted service providers is transparent, coordinated and cooperative, and roles and responsibilities are clearly defined;
- Operating in a climate of trust and good faith, service providers have greater flexibility and autonomy to manage operations, achieve outcomes, and pursue innovation within their contractual obligations;
- Streamlined monitoring and reporting systems support clarity of expectations and enable continuous improvement;
- Service providers receive long-term funding to meet the reasonable costs of delivering contracted services and the cost to the ministry is consistent and predictable; and
- Service acquisition planning is informed by advice from service providers, grounded in reliable and consistent data, and reflects the needs of Albertans receiving services.



THE TABLE'S RECOMMENDATIONS

OVERVIEW OF THE TABLE'S RECOMMENDATIONS

To make the transition from the current state to the desired future state, Alberta Human Services and service providers will need to work together more efficiently and collaboratively in order to achieve consistency of practice and excellence of service for Albertans. With those objectives in mind, our nine recommendations have been grouped according to three overarching themes:



Maximizing Value for Investment and Streamlining Processes

1. Gather and Analyze Data to Understand Accurate and Reasonable Costs of Delivering Services
2. Develop and Implement New and/or Refreshed Funding Models
3. Increase Service Provider Flexibility
4. Develop and Implement a Streamlined Program Evaluation Framework
5. Develop and Implement Streamlined Core Reporting Requirements



Strengthening Relationships and Creating Space to Collaborate

6. Establish an Integrated Planning and Service Advisory Table
7. Develop and Implement an Outreach and Contract Management Training Approach
8. Develop and Implement Dispute Resolution Protocols



A Framework for Open, Fair and Transparent Service Acquisition

9. Develop and Implement a Comprehensive and Consistent Service Acquisition Framework

Each of the recommendations that follow contains specific current state context descriptors related to the particular issues being addressed and additional narrative material to establish contexts underpinning our ideas and suggestions.

STRUCTURE OF THE TABLE'S RECOMMENDATIONS

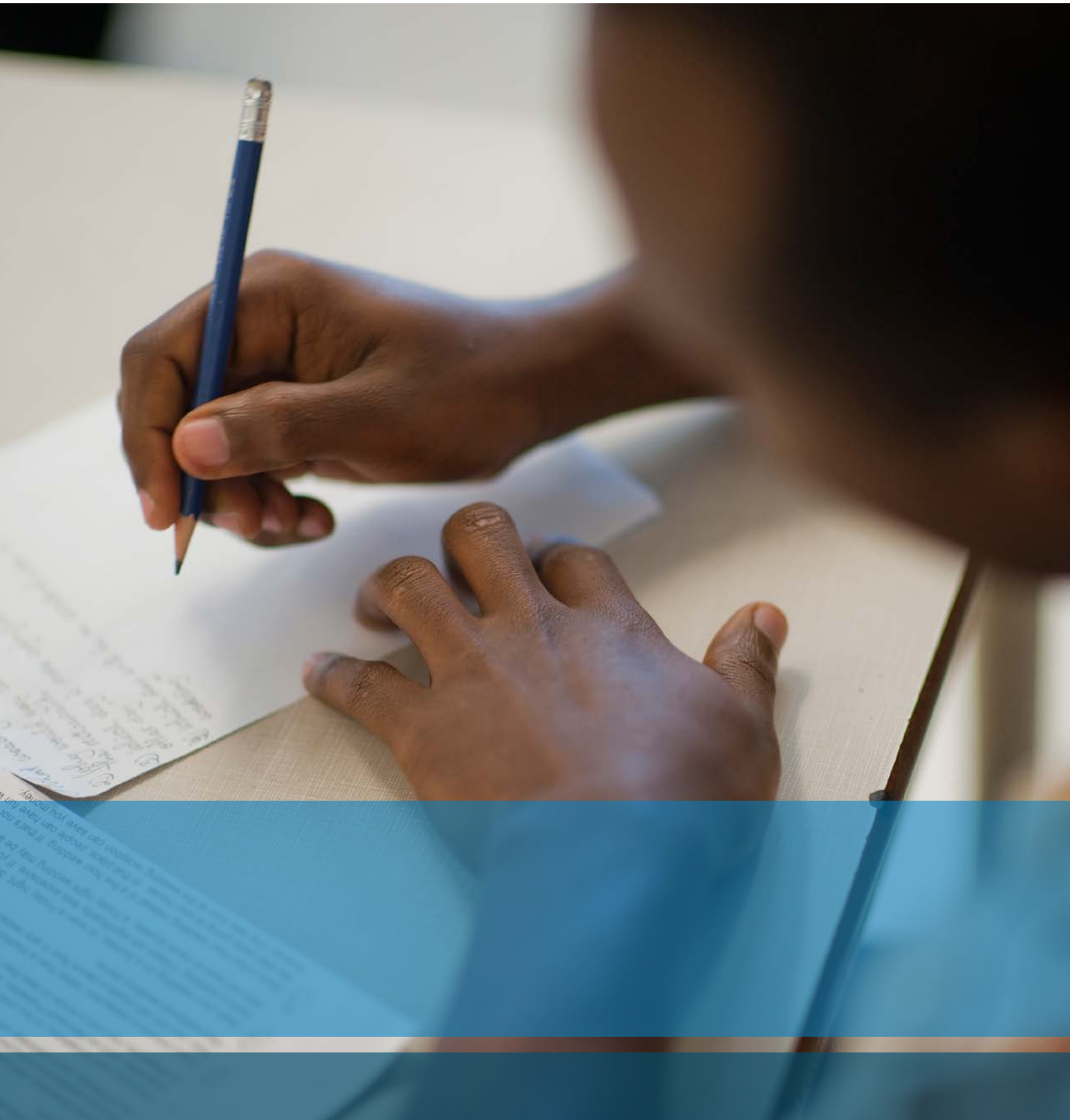
To ensure that the recommendations are not misinterpreted or taken out of context, we encourage readers to consider all nine of them—and the other contents of this report—as a unified whole. Further, please note that the ordering of the recommendations is not meant to imply priority as they are interconnected and cascade from one to the next. For additional clarification, please see the graphic representation.

Each of the nine recommendations is supported by the following:

- A short narrative to provide the **Current State Context**;
- A suggested **Timeframe** and a **bulleted explanation** of what each recommendation is intended to accomplish;
- A short narrative describing the **Desired Future State**, including examples of current successes where applicable; and
- **Implementation Considerations** that include potential strategies for implementation over the short, medium and long terms.

A note about timeframes for implementation

*We understand that large-scale change takes time and requires patience. **Suggested timeframes** are approximate and are used only to suggest priorities and continuity. For the purposes of the Table's recommendations, we have envisioned **short term** as 6–18 months, **medium term** as 18–36 months, and **long term** as 36 months and beyond.*



THEME 1 – MAXIMIZING VALUE FOR INVESTMENT AND STREAMLINING PROCESSES

1 GATHER AND ANALYZE DATA TO UNDERSTAND ACCURATE AND REASONABLE COSTS OF DELIVERING SERVICES

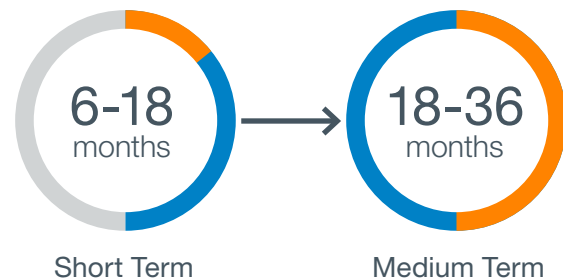
Current State Context

Costs associated with the delivery of contracted services can vary substantially across the province, even for the same or similar services. A historic reliance on sole-sourcing for some services has contributed to a shortage of data about real costs of services procured by the ministry. The scarcity of current, accurate data about costs across service sectors has also created barriers to planning for integrated approaches to contracting.

Inspired by our guiding principles of maintaining quality of service for Albertans; strengthening relationships; and ensuring transparency, accountability and value for public funds...

We recommend that Alberta Human Services and service providers work together in a coordinated and consistent manner to gather and analyze data that informs the up-to-date, real-world costs of delivering contracted services.

Timeframe



Desired Future State

We believe that robust data analysis **must** form the foundation of a modernized approach to service acquisition funding across the system. By collecting this data, Alberta Human Services and service providers will be able to make more informed choices about the best contracting, granting, and service delivery practices. In the long term, rigorous data collection supports system-wide cost consistency and accountability. By extension, predictable and sustainable long-term funding will empower service providers to innovate by giving them the financial security and operational flexibility they require to deliver high-quality services for Albertans.

RECOMMENDATION 1

Examples of Current Successes within Alberta Human Services

- Similar work has already begun in some regions. For example, the Persons with Developmental Disabilities (PDD) Regional Service Provider Council in the South Region produced a detailed table of operational costs in the categories of Administrative Expenditures, Direct Service Costs, and Service Delivery Expenditures. Their work to define costs accurately can provide a starting point for similar processes system-wide.
- The funding committee for Collaborative Service Delivery (formerly Outcomes Based Service Delivery, or OBSD) did some work around data collection and analysis that can inform a similar shift in processes system-wide.

Implementation Considerations

- Alberta Human Services issues Requests for Information (RFIs) to gather actual cost data from service providers to understand contributing factors.
- Service providers establish new or use existing forums (e.g., associations) to gather accurate cost data.
- Data includes the costs of work undertaken by service providers before a client is accepted (e.g., intake meetings).
- To better understand contributing cost factors, Alberta Human Services pilots “actual cost” contracts for common services that have shown significant historical cost variances.

2 DEVELOP AND IMPLEMENT NEW AND/OR UPDATED FUNDING MODELS

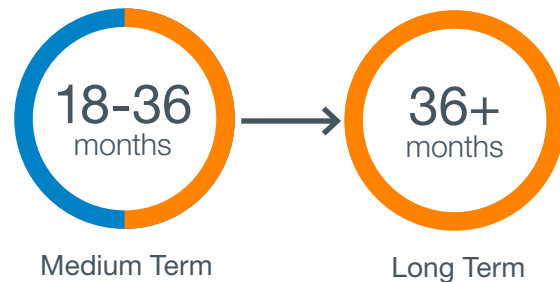
Current State Context

Current funding models have, in some cases, been static for many years and service providers feel increasingly challenged to remain competitive while reflecting their actual costs for delivering high-quality services. For these reasons, funding models must evolve in order to support evolution of services, to reflect accurate and reasonable costs, to provide increased operational flexibility for meeting client outcomes, to align with new contract management approaches, and to support overall service integration.

Inspired by our guiding principles of maintaining quality of service for Albertans; strengthening relationships; and ensuring transparency, accountability and value for public funds...

We recommend that Alberta Human Services, in cooperation with service providers, develops and implements new funding models and/or updates existing models to reflect the accurate and reasonable costs of delivering contracted services.

Timeframe



New or refreshed funding models should:

- Be based conclusively on robust analysis of the data gathered per Recommendation #1.
- Measure realistic costs against outcomes and strengthen the linkages between Schedule A (Program Services and Success Factors) and Schedule B (Payments) of service agreements.
- Result in service requests, contracts, and service agreements that clearly define the following elements:
 - scope of services to be provided;
 - roles and relationship for the contractor and vendor(s);
 - desired outcomes for clients within the contracted period;
 - detailed agreement on how client outcomes will be reported; and
 - clear, precise funding structures and payment schedules.

RECOMMENDATION 2

Desired Future State

By developing and implementing accurate, up-to-date funding models that reflect the true costs of service delivery, Alberta Human Services and service providers will enter into long-term service agreements with confidence that vulnerable Albertans will continue to receive the highest-quality services.

Examples of Current Successes

- The National Council of Nonprofits (USA) has advocated for recognition of “true cost of delivery” over the last number of years, resulting in the December 2014 implementation of new federal guidelines (known as “OMB Uniform Guidance”) to streamline and clarify service funding models. The legislation and additional information about this shift in practice can be found online at www.councilofnonprofits.org/omb-uniform-guidance.
- Collaborative Service Delivery (formerly OBSD) in Edmonton has built on its data collection work (see “Examples of Current Successes under Recommendation #1) by developing a streamlined, collaborative, and flexible funding model that uses a simple formula to determine annual budgets: average case rate per day, per child, multiplied by 365. The Schedule B (Payments) section of contracts executed under this simplified funding model is a one-page document that provides service providers a great deal of flexibility in how to use funds to meet agreed-upon outcomes, which are built right into the contracts. Service providers report quarterly on outcome delivery, at the same time they provide financial reports.

- Across Canada, major funders including Service Canada and United Way are moving to five-year agreements to support long-term, stable and sustainable service delivery.

Implementation Considerations

- Alberta Human Services, with input from service providers, develops and implements a strategy to incorporate accurate and reasonable cost elements, including manpower costs, into contracts.
- Alberta Human Services continues to evolve its contract management approaches across to reflect service integration and to foster collaborative, streamlined approaches that are not bound by program silos.
- Training for ministry and service provider staff supports a consistent approach to the development of appropriate contract budgets that consider cost drivers, constraints, and the nature of services required.

3

INCREASE SERVICE PROVIDER FLEXIBILITY

Current State Context

Alberta Human Services and service providers do not always have mutual understanding of the realities and constraints under which the other operates. As a result, the system can be perceived as functioning in a transactional and prescriptive manner with micromanagement of funds restricting improvements and innovations in service delivery.

Inspired by our guiding principles of maintaining quality of service for Albertans; strengthening relationships; and ensuring transparency, accountability and value for public funds...

We recommend that Alberta Human Services, with input from service providers, develops and implements streamlined contract policies and procedures, informed by research and leading practices, which increase the flexibility of service providers to manage contract funds while meeting the ministry's accountability requirements.

Timeframe

Medium Term

Desired Future State

We believe that heightened awareness of each party's expertise and responsibilities to Albertans should inform new collaborative policies and procedures in which service providers are trusted to operate with increased operational flexibility, autonomy, and long-term funding. In turn, this increased flexibility will support innovation and sustainability at the service delivery level.

RECOMMENDATION 3

Example of Current Successes within Alberta Human Services

- Between 2007–2009, Alberta Human Services and a number of PDD service providers collaborated on the Achieving Better Outcomes Initiative (ABOI). One of ABOI's most successful pilot projects was “Non-Traditional Flexible Supports under a Single Code.” The quantity and complexity of existing codes were determined to have a negative impact on the ability of families, service providers, and Alberta Human Services staff to focus on the unique needs of each person receiving PDD services. By streamlining PDD services under a single code, the pilot achieved significant savings, better overall efficiency, and higher satisfaction rates from stakeholders, clients, and staff. ABOI's Final Report and Recommendations might serve as an important reference point for new or updated contract policies and procedures.

Implementation Considerations

- Alberta Human Services undertakes an inventory of the funding models and practices used within the ministry to identify overlaps, inconsistencies, and opportunities for improvement.
- Alberta Human Services conducts a comprehensive scan of models—within Alberta Human Services, among Qualified Service Providers, and across other jurisdictions—to identify leading practices that can be leveraged to create a more appropriate balance between service provider flexibility and the ministry's accountability requirements.
- Alberta Human Services, with input from service providers, develops and implements common contract policies and procedures, supported by training and communications, for reallocation of funds and/or surplus utilization.

4 DEVELOP AND IMPLEMENT A PROGRAM EVALUATION FRAMEWORK

Current State Context

The evaluative processes associated with service contracts can tend to focus on operational minutia and do not always reliably inform outcomes-based decisions. The number and specificity of requirements is onerous, and they often result in overlaps, inconsistencies, and duplications of effort—particularly for service providers who hold more than one contract. There is also, in general, no clear and cohesive rationale for many of the evaluation requirements that explains how they connect to desired outcomes for clients.

Inspired by our guiding principles of maintaining quality of service for Albertans; strengthening relationships; and ensuring transparency, accountability and value for public funds...

We recommend that Alberta Human Services, in consultation with service providers, develops a program evaluation framework for contracted services which is based on logic models that define and differentiate between contract requirements (how services are provided) and desired outcomes (why services are being provided), and that this framework is used to conduct ongoing evaluations which support continual improvement in the quality of service provided.

Timeframe



Long Term

The Evaluation Framework should include three levels of evaluations

1. Service Evaluations of individual contracts (e.g., with Agency X), jointly conducted by service providers and the ministry in accordance with common contract requirements and in alignment with the Performance Management Framework;
2. Like-Service Evaluations of identified clusters or groups of related services; and
3. Program Evaluations of core ministry business areas (e.g., services to persons with disabilities, children and youth services).

RECOMMENDATION 4

Desired Future State

We believe that a well-defined, outcomes-based framework for evaluation will lighten the administrative burden for both service providers and ministry staff. As well, this framework will support accurate system-wide reporting and tracking of outcomes. Contract evaluation approaches that compare what actually happened to what was anticipated will create learning opportunities for continuous improvement in service delivery and inform planning and policy development. In turn, these improvements will provide greater clarity around contract scope, costs, roles, reporting requirements, and desired client outcomes.

Example of Current Successes Among Service Providers

- Prospect Human Services Society has begun developing and implementing software that marries Standard Operating Procedures (SOPs) and a performance management framework with stakeholder input. Their software supports service integration by tracking outcomes and impacts beyond traditional outputs and generic reporting requirements, providing an accurate overview of performance, outcomes, and costs; it may serve as a useful model for evaluation frameworks within Alberta Human Services.

Implementation Considerations

- The Integrated Planning and Advisory Table (see Recommendation #6) collaborates with Alberta Human Services and key stakeholders to develop a contract and program evaluation framework that is based on measuring client and system outcomes, rather than on reporting inputs and outputs.
- Alberta Human Services and service providers provide joint training and/or information activities on new ways of evaluating jointly to achieve common purposes in a cooperative climate of trust and respect (see Recommendation #7).

5 DEVELOP AND IMPLEMENT STREAMLINED REPORTING REQUIREMENTS

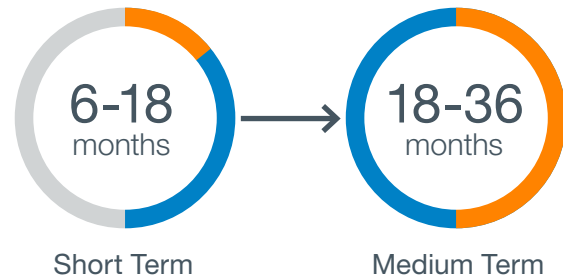
Current State Context

Reporting requirements across Alberta Human Services are inconsistent, unnecessarily complex, and administratively burdensome, with a single contract often involving multiple bodies and overlapping monitoring requirements. In general, there is a perception that the link between reporting requirements and the scope of services is not always clear, and that reporting requirements are weighted more towards the accountability obligations of the bureaucracy than the desired outcomes for the clients.

Inspired by our guiding principles of maintaining quality of service for Albertans; strengthening relationships; and ensuring transparency, accountability and value for public funds...

We recommend that Alberta Human Services, with input from service providers, develops and implements streamlined core reporting requirements for contracted services that are clearly defined, rationalized, and support the accountability and management needs of the ministry and service providers.

Timeframe



The Reporting Requirements should:

- Establish common and consistent language for reporting processes across Alberta Human Services;
- Provide accountability for connecting funding to outcomes;
- Validate the adequacy of the funding model(s) for procurement of services; and
- Be used to inform subsequent decisions about services and program funding.

RECOMMENDATION 5

Desired Future State

By building on the evaluation framework described in Recommendation #4, we believe that core reporting requirements will support a clear, consistent, streamlined, meaningful and efficient reporting structure that meets the ministry's accountability requirements while reducing time lost to repetitive and overlapping administrative tasks. Alberta Human Services and service providers alike will increasingly be able to shift focus away from the encumbrance of repetitive tasks and toward a new culture of cooperation through long-term planning, analysis, and decision making.

Examples of Current Successes within Alberta Human Services and in Collaboration with Outside Organizations

- Collaborative Service Delivery (formerly OBSD) in Edmonton has successfully established a “data outcome group” to develop and implement reporting requirements for common outcomes.
- Alberta Human Services has worked in close collaboration with the City of Edmonton and the United Way on Early Intervention and Prevention initiatives. They have jointly developed and implemented pared-down common core outcomes that meet the essential reporting needs of all three funders. The common core outcomes can be applied, with some sector-specific customizations, right across the service spectrum and have been enormously successful in streamlining previously complex reporting requirements.

Implementation Considerations

- Alberta Human Services conducts an inventory of current state financial and reporting requirements across programs to:
 - identify and seek to reduce areas of overlap between multiple requirements (e.g., audits, accreditation requirements, and Alberta Human Services' contract monitoring requirements);
 - find a better balance between formal reporting requirements and agency self-reporting;
 - identify ways to eliminate inconsistencies and reduce the overall number of reporting requirements for operational inputs and outputs; and
 - identify ways to reduce the frequency and/or complexity of reporting to the ministry.
- Alberta Human Services, based on analysis of the current state inventory, engages service providers to implement new core reporting requirements that are user friendly, consistent, and clear about what information is to be provided in reports—and how the information will be used.
- Alberta Human Services actively consults with service providers during the contract planning phase to increase clarity around contract scope, monitoring requirements, and related cost implications, and to agree on reasonable and achievable expectations.

THEME 2 – STRENGTHENING RELATIONSHIPS AND CREATING SPACE TO COLLABORATE

6

ESTABLISH AN INTEGRATED PLANNING AND SERVICE ADVISORY TABLE

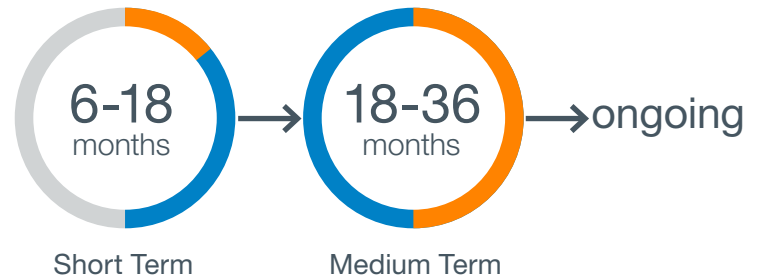
Current State Context

The relationship between Alberta Human Services and contracted service providers varies widely depending on program, region, and even individual contracts. In some instances the relationship is viewed as collaborative and respectful; in others, it is characterized as distrustful and intrusive. These inconsistencies thwart the development of common understanding and shared vision between Alberta Human Services and service providers, creating a barrier to meaningful collaboration. As well, the current system is characterized by numerous program-specific tables that are time-and-resource intensive, contribute to fragmented approaches, and impede service integration.

Inspired by our guiding principles of maintaining quality of service for Albertans; strengthening relationships; and ensuring transparency, accountability and value for public funds...

We recommend that Alberta Human Services establishes a cross-sector provincial Integrated Planning and Service Advisory Table, supported by Regional Planning and Service Advisory Tables, to serve as a collaborative forum and efficient mechanism for ongoing dialogue with service providers that will help inform the ministry's service planning, acquisition, and evaluation.

Timeframe



The Integrated Planning and Service Advisory Table should:

- Include membership from service providers and from within Alberta Human Services.
- Be a venue for dialogue across sectors in order to share ideas, facilitate knowledge transfer, promote “possibility thinking” and innovation, and build mutual understanding.
- Support the adoption of a common vision and a commitment to collective goals.
- Provide a think tank for robust dialogue that will strengthen linkages between service acquisition approaches and client outcomes, and to support alignment of policy and practice.

RECOMMENDATION 6

- Involve others from outside Alberta Human Services from time to time to generate ideas and to share experiences (e.g., bring in consultants if necessary to inform specific issues).
- Be informed by the real-world experiences of Albertans who are receiving services (e.g., include a process for individuals who receive services and their families to provide input).
- Formally endorse a clear definition of the relationship between Alberta Human Services and service providers which includes mutually agreed-upon expectations, consistent processes, and an understanding of respective roles based on the following criteria:
 - shared responsibility and accountability for outcomes;
 - recognition and balancing of both the autonomy of service providers and the legal responsibilities and accountabilities of Alberta Human Services; and
- A shared understanding of the demographic differences across the province and how they can influence service planning and procurement needs.

Desired Future State

These cross-sector and system-wide discussions that took place during the one-year term of the Procurement Advisory Table were consistently productive and illuminating, and it is our belief that working tables along the same lines should be formed to provide ongoing direction for the ways in which Alberta Human Services and its contractors work together for Albertans. Over time, the provincial Integrated Planning and Service Advisory Table, supported by regional tables, will help to transform service integration efforts and to eliminate program silos and inconsistencies.

Example of Current Successes within Government

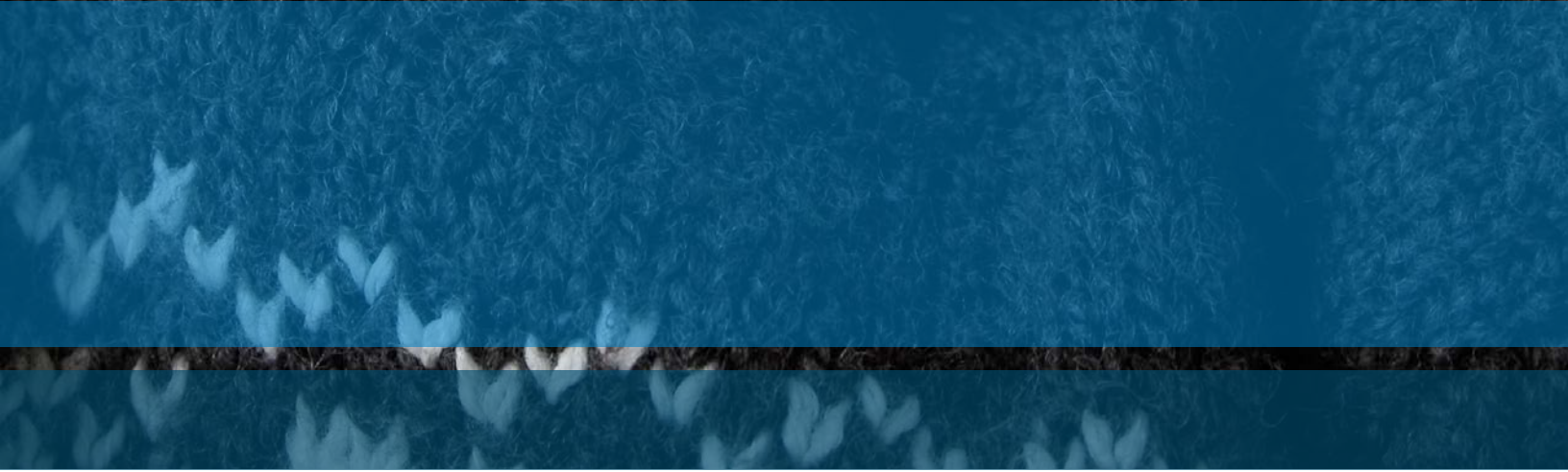
- Examples of similar tables that are successfully working to transform and integrate services across the Government of Alberta include the Operations Committee and the Strategic Priorities Group at Alberta Transportation; both are cross-program tables for province-wide collaboration and relationship-building between Transportation and leadership from Consultant Engineers of Alberta (CEA) and the Alberta Roadbuilders and Heavy Construction Association (ARHCA).

RECOMMENDATION 6

Implementation Considerations

- The provincial table should be informed by and include representation from Regional Integrated Planning and Service Advisory Tables, which focus primarily on operational issues that impact local clients and communities.
- Membership of the provincial table should reflect a breadth of services, productive mix of skills, and some variance in levels of experience.
- Any decisions or recommendations made by the Integrated Planning and Service Advisory Table must include input from clients who receive services, their families, and other stakeholders in local communities. Members of the table will be responsible for gathering and sharing this input from their regions and/or service sectors, and for inviting guests to address the membership, as appropriate.
- Upon formation of the provincial and regional tables, multiple program-specific tables in the current system will become redundant and should begin to be phased out.
- Alberta Human Services and service providers should jointly develop and implement a staff communication and information plan about the work of the Integrated Planning and Service Advisory Table and the impacts of new common language around roles and relationships.
- The mutually agreed upon definition of the relationship between the ministry and service providers is included as a preamble to each service agreement, so that it may serve as a guide to impacted parties.
- The Minister of Human Services shares the cooperative processes developed at the Integrated Planning and Service Advisory Table with his colleagues around the Cabinet table to drive further innovation across systems, improve return on investment, and support service integration for all Albertans.

Connections to the Integrated Planning and Service Advisory Table are noted throughout the other recommendations in this document, where relevant (see Recommendations #4, 7, 8 and 9).



7 DEVELOP AND IMPLEMENT A CONTRACT MANAGEMENT OUTREACH AND TRAINING APPROACH

Current State Context

Training practices for new and existing contract and grant management processes are inconsistent, both within Alberta Human Services, among service providers, and between the two parties. Awareness of new processes and emerging issues is also widely varied. Staff from the respective parties don't always benefit from training and information sharing activities with their counterparts between sectors or in other organizations. Staff at Alberta Human Services and among service providers are often out of sync with one another, inadvertently creating inefficiencies across the service delivery system.

Inspired by our guiding principles of maintaining quality of service for Albertans; strengthening relationships; and ensuring transparency, accountability and value for public funds...

We recommend that Alberta Human Services, informed by service providers, develops and implements contract management outreach and training and/or information activities which will support the capacity of ministry contracting staff and vendors to implement new contract/grant initiatives within a culture of cooperation.

Timeframe



Medium Term

Contract Management Outreach and Training Activities should:

- Help to establish a culture of renewed trust and cooperation through occasional professional development and planning activities that include staff from both Alberta Human Services and service providers (e.g., joint training and/or sessions, workshops, and webinars).
- Focus on generating awareness and understanding, building capacity amongst service providers and ministry staff to successfully implement process enhancements.
- Not be seen as one-way tutorials or “info dumps,” but as shared endeavours that will build mutual understanding of the respective operational realities and help to build capacity for Alberta Human Services and service providers alike.
 - As one example, agencies might offer training and/or information sessions to Alberta Human Services contracting staff on day-to-day business practices and challenges of service providers (e.g., leasing spaces, insurance requirements, adherence to employment standards, etc.).

RECOMMENDATION 7

- Include training and/or information to both parties about understanding the importance of context specific language, as government and service providers sometimes use the same words to mean different things (e.g., funding, funder, sector).

Desired Future State

We believe that joint training events will not only lead to smooth and coordinated implementation of new contracting initiatives, but they will also create opportunities for shared dialogue on the delivery of service and establish important connections between Alberta Human Services and service providers for ongoing professional networking, team building, and problem-solving.

Examples of Current Successes within Alberta Human Services

- The recent information series delivered by Alberta Human Services to introduce the PQR and related processes was seen as highly successful because the sessions brought agencies and ministry contracting staff together and delivered consistent messaging.
- ALIGN Association of Community Services recently presented a well-received workshop on “how to write a response to an RFP” that was open to service providers. Both of these activities could serve as useful models for similar joint activities by Alberta Human Services and service providers.

Implementation Considerations

- The Integrated Planning and Service Advisory Table (see Recommendation #6) identifies opportunities for joint training, planning and outreach opportunities and advocates for human and material resources, from within Alberta Human Services and among service providers, to make them possible.
- Where it makes sense, joint training can serve as collaborative, economical team-building opportunities to learn from one another by sharing multidisciplinary perspectives.
- Alberta Human Services posts a centrally accessible list of its training, development and outreach opportunities for service providers.
- Development of training should take into consideration the accessibility of events for service providers at smaller organizations and/or in remote regions. Possibilities include leveraging technology to include these vendors through videoconferencing.

8

DEVELOP AND IMPLEMENT DISPUTE RESOLUTION PROTOCOLS

Current State Context

When contract-related disagreements between Alberta Human Services and service providers occur, practices for raising, discussing and resolving disputes lack transparency and are not consistent across the system. As a result, service providers are often uncertain about the proper protocols for resolving an issue or appealing a decision, which can create tense and adversarial conditions that may distract from the delivery of services for Albertans.

Inspired by our guiding principles of maintaining quality of service for Albertans; strengthening relationships; and ensuring transparency, accountability and value for public funds...

We recommend that Alberta Human Services, in consultation with service providers, develops and implements consistent, formalized dispute resolution protocols for contract-related issues.

Timeframe

Medium Term

Dispute Resolution Protocols should:

- Prioritize collaboration and joint problem solving.
- Favour mediation over arbitration when third-party involvement is required.
- Be respected by all parties and consistently implemented across sectors.
- Reflect agreed-upon role and relationship definitions, as established by the Integrated Planning and Service Advisory Table (see Recommendation #6).

RECOMMENDATION 8

Desired Future State

We believe that establishing consistent processes for the resolution of routine issues will foster a climate of good faith and cooperation, enable the identification of trends, reduce issue reoccurrence, and ensure that quality of service delivery remains unaffected. In the long term, these protocols will enable Alberta Human Services and service providers to maintain a collective vision and commitment to shared goals.

Example of Current Successes within Alberta Human Services

- Conflict Resolution Processes that were developed for partners in Collaborative Service Delivery (formerly OBSD) have been quite successful. As well, recent PDD contracts had a clear dispute resolution process built right into the document. Either initiative could serve as a model for the development of formalized system-wide protocols.

Implementation Considerations

- The Integrated Planning and Service Advisory Table (see Recommendation #6) coordinates the development of dispute resolution protocols, including identifying ministry and service provider participants to support and provide leadership for this work.

THEME 3 – A FRAMEWORK FOR OPEN, FAIR AND TRANSPARENT SERVICE ACQUISITION

9

DEVELOP AND IMPLEMENT A COMPREHENSIVE AND CONSISTENT SERVICE ACQUISITION FRAMEWORK

Current State Context

For years, Alberta Human Services has acquired services on behalf of Albertans through a variety of methods, including competitive Requests for Proposals (RFPs) and sole-sourcing approaches. Given the breadth of services provided and clients served, it is clear that a one-size-fits all method is not the answer. However, outdated and highly inconsistent practices across programs and regions contribute to uncertainty about which service acquisition methods are used for which types of services and why. A historic reliance on sole sourcing for some services has created barriers to entry for prospective service providers, may limit access to a range of service delivery approaches, and hampers the ability to rapidly address increases in demand for services. Increasing public expectations for greater transparency and accountability for public funds, combined with requirements enshrined in legislation and trade agreements, must be considered. In competitive contracting scenarios, approaches used to evaluate and select service providers can vary, resulting in a lack of transparency in how contracts are awarded. Late changes in scope, last-minute renegotiations of service agreements, and expectations that service levels and outcomes be maintained despite reduced budgets create frustration. Ultimately, we are concerned that the ministry's approach to service acquisition has not been clearly defined, and that the resulting uncertainty has created a regrettable perception in the field that the new way of doing business will reward the lowest bid and not necessarily the best one.

For these reasons, we believe that Alberta Human Services must coordinate system-wide transformation through the development and implementation of a clear, consistent “service acquisition framework” that guides decisions and is reasonable and makes sense to service providers and Albertans. This framework should identify where services fall on a contracting continuum, from sole-sourcing with a single service provider, to open and competitive RFPs. It should also clearly identify the appropriate use of grants, contracts and other tools. We believe that such a framework will provide clear guidelines and a lens through which Alberta Human Services can make informed decisions to support integrated, consistent and quality service delivery that is client-centred and responsive to local and regional realities.

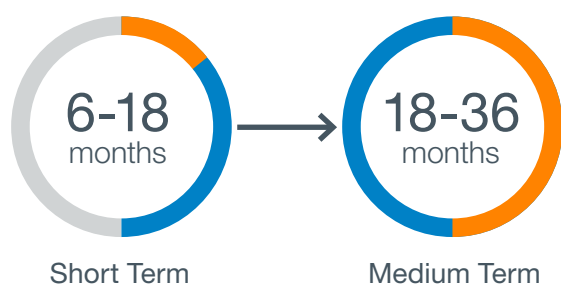
Reminder: Within the context of Alberta Human Services, processes for procurement (acquisition of services) encompass multiple approaches—including grants, sole-source contracts, and open contracting through Requests for Proposals (RFPs)—with the goal of ensuring high-quality, flexible, and sustainable services for Albertans within their local contexts.

RECOMMENDATION 9

Inspired by our guiding principles of maintaining quality of service for Albertans; strengthening relationships; and ensuring transparency, accountability and value for public funds...

We recommend that Alberta Human Services, with input from service providers and other stakeholders, develops a comprehensive Service Acquisition Framework and supports its implementation through a coordinated and cooperative roll-out process.

Timeframe



Development and Implementation of the Service Acquisition Framework Should Include:

- Engaging stakeholders—including service providers, as well as individuals who receive services and their families—in dialogue about the Service Acquisition Framework and planned shifts to gather their input on implementation considerations and risk mitigation strategies;
- Developing a ministry-wide policy for the appropriate use of grants versus contracts;
- Establishing processes for ongoing review of the Service Acquisition Framework by the Integrated Planning and Service Advisory Table (see Recommendation #6), to ensure continual improvement based on consistent, reliable system-wide data and regular opportunities for stakeholder dialogue;
- Informed by service providers, creating consistent policies and procedures for open and transparent contracting, including but not limited to:
 - involvement of service providers in contract planning stages;
 - clear and consistent RFP processes and templates, including streamlined evaluation processes and dispute/challenge protocols;
 - collaborative processes to clarify scope of service agreements with service providers before awarding contracts;
 - budgeting approaches for both competitive and sole-sourced contracts that are informed by the costing data collected in Recommendation #1.

RECOMMENDATION 9

Desired Future State

We believe that a clear and consistent framework to guide contracting decisions in Alberta Human Services is absolutely foundational to building and maintaining positive relationships, supporting a stable and effective service delivery system, and ensuring transparency and accountability for public funds. We further believe that Alberta Human Services and service providers must work together within common understandings about what competitive tendering means, which type of contract or grant processes are appropriate for each category of service, and the importance of streamlined processes that achieve client outcomes while also demonstrating value for money, sustaining client choice, and providing continuity of care. Finally, the Service Acquisition Framework should serve as a guide for shifting to multi-year contracts which support long-term, sustainable, and predictable funding that includes mitigation for impacts.

Shifting to more open and transparent service acquisition will be a significant change for some contracted service providers. Implementing these shifts within the context of a social services delivery environment, in which the clients receiving services are often vulnerable and/or disadvantaged, is particularly complex.

Through the course of our discussions the Procurement Advisory Table identified a number of critical principles, which we believe must be at the forefront when planning for, and ultimately implementing, any shifts:

- Quality is paramount and client needs are at the forefront
- Ministry practices are clear, consistent and understood
- Transparency and accountability for public funds are key
- Expertise and experience of service providers in delivering quality service is recognized
- Collaboration between agencies is actively promoted and supported
- Viability and sustainability of agencies is important and operational realities are recognized
- Access to a diverse range of services and service providers is promoted
- Innovation is enabled and encouraged and service providers are afforded flexibility to achieve outcomes within contract guidelines
- Risk to all parties is understood and mutually acknowledged

Numerous factors must be considered, the most important being potential impacts on individuals and families. A framework must consider:

- Potential for disruption of service;
- Client safety and well-being; and
- Long-term relationships between clients and caregivers.





CONCLUSION

FINAL THOUGHTS

It has been a privilege for the members of the Procurement Advisory Table to come together and lend their expertise to guide important advances in contracting and service acquisition across Alberta Human Services. We enjoyed what is often the rare opportunity to engage in deep and thoughtful discussions with our counterparts in other sectors. As we began to share perspectives and compare/contrast our respective experiences working with Alberta Human Services, the full breadth and complexity of this work became very apparent. Whether we were discussing contracts, grants, monitoring, reporting, evaluation, or any of a dozen other subjects, we kept coming back to a single word that underpins our beliefs about how the approach to contracting and service acquisition must evolve to meet 21st-century needs:

ultimately, the recommendations in this report are all about [relationships](#).

In a collaborative relationship, ministry staff and service providers identify and build upon complementary abilities. They work together throughout the procurement cycle to achieve positive outcomes for clients. Respectful relationships and collaborative practices can be built into all phases of the service acquisition cycle from initial planning right through to post-contract evaluations.

Collaborative relationships balance short-term gains with long-term sustainability. Such relationships are essential to ensuring that the ministry receives appropriate deliverables and high-quality services, while service providers are adequately compensated and have the flexibility to innovate for the benefit of the Albertans whom they serve. Innovation results in more efficient operations, faster problem resolution, improvements in quality, the ability to reduce costs, and greater ability to respond to client needs with new and/or enhanced services.

In an environment of respect and open communication, challenges and issues can be addressed without fear of escalation. There is room for discretion in determining how agreed-upon outcomes might be best achieved

within a balance of individual client needs, the expertise of the service provider, and local circumstances—resulting in minimal prescription for the manner and methods of delivering contracted services. Shared accountability and responsibility for practice standards and service outcomes fulfils the Government of Alberta’s accountability to the citizens of Alberta as well as the service providers’ accountability to government, to the citizens of our province, and to their own stakeholders.

A relationship of trust between Alberta Human Services and service providers means that due diligence is always conducted prior to entering into contracts, thereby instilling confidence in the other party and forming the basis of successful future relations. There is recognition of the distinctive nature and character of the respective parties: while Alberta Human Services has ultimate responsibility for policy and program architecture, the service provider is bound by organizational obligations beyond those within any particular contract or grant.

The time is right for a shift toward this kind of relationship, toward service integration, and toward achieving true cohesion and consistency of service acquisition processes across service sectors. The Procurement Advisory Table recognizes that changing cultures requires time, effort, and patience. We believe that the first step toward this long-term commitment to building and sustaining collaborative relationships will be achieved through the formation of a provincial Integrated Planning and Service Advisory Table, supported by regional tables, as a collaborative discussion forum through which all of our other recommendations around streamlining and aligning processes will be realized. The Procurement Advisory Table believes that, when implemented, the nine recommendations we have put forward will be the catalysts for meaningful and lasting improvements system-wide, and we are grateful to have been given this opportunity to contribute meaningfully to that evolution.



APPENDIX

SUGGESTED TIMELINES GRAPHIC

Short to Medium Term



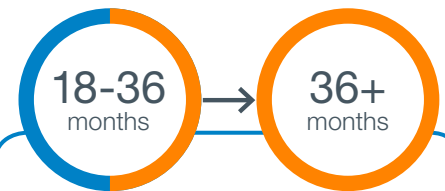
- Formation of Integrated Service Planning and Processes Table (Recommendation 6)
- Begin to gather and analyze data across service sectors (Recommendation 1)
- Research and develop new funding models that reflect the accurate costs of services (Recommendation 2)
- Inventory of current-state practices across the system, development of common policies and procedures for management of contract funds (Recommendation 3)
- Development of program evaluation framework, begin evaluations of like-service clusters (Recommendation 4)
- Inventory of current-state reporting requirements (Recommendation 5)
- Alberta Human Services begins to develop the Service Acquisition Framework and a ministry-wide policy regarding grants vs. contracts (Recommendation 9)

Medium Term



- Development of joint training, planning and outreach (Recommendation 7)
- Joint development of dispute-resolution protocols (Recommendation 8)
- Evaluation of core Alberta Human Services business areas using program evaluation framework (Recommendation 4)
- Development of streamlined core reporting requirements (Recommendation 5)
- Further development of the work of the Service Acquisition Framework by identifying potential impacts of external and extenuating circumstances (Recommendation 9)

Medium to Long Term



- Full implementation and tracking of streamlined core reporting requirements (Recommendation 5)
- Develop and implement new service request and contract documents that reflect accurate costs of services, include common core reporting requirements, and provide greater clarity of scope, costs, roles and desired client outcomes (Recommendation 2)
- Using Service Acquisition Framework as a guide, Alberta Human Services shifts to multi-year contracts which support long-term, sustainable and predictable funding (Recommendation 9)
- Full implementation of the Service Acquisition Framework includes processes for ongoing review and continual improvement (Recommendation 9)





For more information about contracts and service acquisition with Alberta Human Services, please visit:
www.humanservices.alberta.ca/departments/contracts-and-procurement.html

