Market Day, One on One Meeting

May 15th, 2019

Impact of proposed catchment areas

ONESTEP has been working with Blueprint ADE to look at what the proposed catchment areas mean for a transformed employment services system in Ontario.
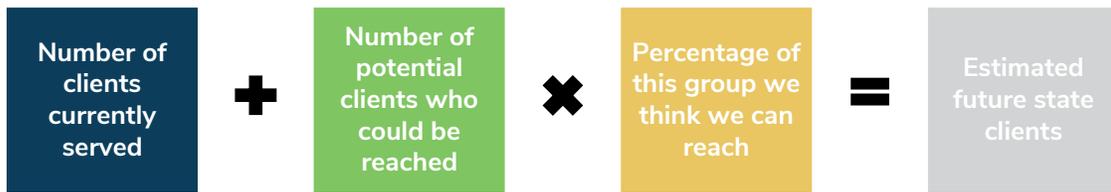
- geographic areas for Ontario – as currently drawn – reflect a structure/function approach to catchments over a service driven approach

- very similar to how areas were drawn in the UK Work Programme which did not result in, either, strong contract management or improved client outcomes

- we have the opportunity to learn from approaches taken in other jurisdiction to ensure Ontario's system reflects the best of all models

Service driven design to catchments

In BC, NS, Manitoba and Australia, catchment areas were (or are being) designed based on a service planning framework that considers a standard set of criteria. In each catchment, estimates were done to project future client states and service levels.

Number of clients currently served	**+**	Number of potential clients who could be reached	**✖**	Percentage of this group we think we can reach	**=**	Estimated future state clients

Design objectives & indicators

Accessible to more jobseekers
Jobseekers have equitable access to services, regardless of where they live.

Indicators: Number of jobseekers within service footprint, as measured by distances by walking, driving and/or transit

Ensure client base can sustain delivery of full suite of services
Each service point can effectively deliver the full suite of general services, requiring a minimum staff complement.

Indicator: Number of projected jobseekers to be served by each service point

Reduce overlap in service footprints
Jobseekers have obvious points of access for services, and service providers are not competing for clients.

Indicator: Number of clients within multiple service footprints

Alignment with patterns of human mobility
Service points are in locations that are convenient for jobseekers.

Indicators:

- Proximity to other services
- Proximity to local amenities: shopping;
- Alignment with local patterns of human mobility, including absolute and relative barriers

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Current understanding of SSM responsibilities

- design and manage employment services network(s) in their catchment area
- serve as point of contact with the Ministry
- manage relationships/funding contracts with 3rd party providers
- deliver employment services
- ensure outcomes are achieved in accordance with the ministry's performance framework
- Plan, design and/or select services/programs required to achieve performance targets

Examining catchment area size

British Columbia

- 45 catchment areas
- geographic blocks based on community health service areas
- estimated working age population:
  - average: 85,966
  - range: 15,376 – 242,2938
- estimated land area:
  - average: 21,062 km^2
  - range: 17 – 221,625 km^2
- estimated maximum annual budget*:
 - average: $5.53 Million
  - range: $1.46 – 13.25 Million

Ontario

- 55 catchment areas
- geographic blocks based on economic regions and census divisions
- estimated working age population:
  - average: 735,899
  - range: 187,740 – 2,294,790
- estimated land area:
  - average: 5,781 km^2
  - range: 634 – 582,476 km^2
- estimated maximum annual budget*:
  - average: $49.51 Million
  - range: $10.41 – 178.86 Million

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Alignment of the Ontario catchment areas with the economic regions and/or census divisions results in significantly larger areas than seen elsewhere.
By comparison, Ontario's proposed catchments are far fewer and, in general, far larger than WorkBC's catchments, both in terms of land area and population.
Ontario maximum budget estimated using WorkBC budget guidelines, as a function of the number of working age unemployed persons, employed persons, and persons not in the labour force in the catchment, as well as the land area of the catchment.
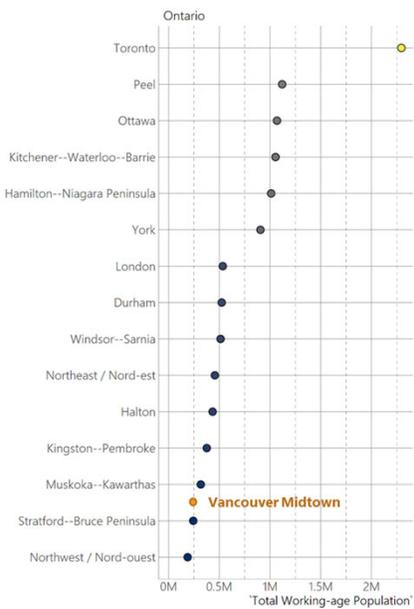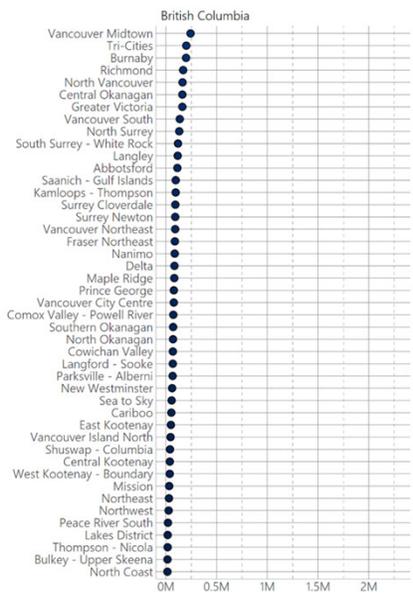
Examining catchment area size

BC's largest catchment area would be Ontario's 3rd smallest by working age population

Some considerations

The large size of Ontario's catchments poses some potential risks to maintaining the effectiveness, efficiency, and equity of the employment services system.

Attracting vendors

- The large budgets required to administer service delivery in Ontario catchments (estimated to average $49.51 million and top out at $178.86 million) could exclude potential proponents with lower financial management capacity.

Incenting coverage

- The geographic size of catchments may make it challenging to ensure equitable and accessible coverage across the multiple communities within a catchment.

Some considerations

The large size of Ontario's catchments poses some potential risks to maintaining the effectiveness, efficiency, and equity of the employment services system.

Ensuring consistency

- Ontario's larger catchments and the introduction of the intermediary SSM role may make it more difficult for the province to enforce service standards consistently across the province.

Maintaining flexibility

- Flexibility to respond to local conditions and performance incentives is a critical feature of the SSM role, but comes into tension with other priorities listed above. More flexibility for SSMs means it will be more difficult to ensure consistency and accessibility of services across the province.

Managing risk with active contracting

Active contracting, or commissioning, can help mitigate the risks inherent in designing catchments of the scale proposed. It includes a set of strategies to purposefully manage service provider interactions to improve outcomes from contracted services.

Strategic planning

- needs assessment, sector engagement, identifying desired outcomes of interventions to meet these needs, establishing payment and accountability structure.

Procuring services

- identifying service providers who are able to provide services in alignment with the strategic planning for the intervention.

Monitoring and evaluation

- evaluating the interventions, and feeding learnings into strategic planning as the cycle continues.

Strategic planning → Procuring services → Monitoring & evaluation

Strategic planning

Considerations to inform the strategic planning phase of the active contracting process:

Engage a wide range of current and potential service providers

- Ontario's larger catchments and the introduction of the intermediary SSM role may make it more difficult for the province to enforce service standards consistently across the province.

Co-design an accountability framework around a shared set of values and outcomes based service standards

- that will provide clear direction for SSMs and service providers and allow the ministry to monitor and enforce standards. Establishing blended standards, that consider both province-wide minimum expectations as well as the unique priorities of each region, is a factor in determining the appropriate targets for contract management.

Map a wide range of providers

- to understand the breadth and types of providers, where they are located, their capacity range, and the contribution they could make in delivering the defined outcomes based on how the system is designed.

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LESSONS FROM OTHER JURISDICTIONS

United Kingdom Work Programme

The UK Work Porgramme allowed prime providers (providers who managed all service delivery within a large catchment) to establish their own service standards. Prime providers introduced a wide range of standards that the government could not monitor (dubbed the "black box" approach to service delivery). In addition, there was disagreement between the government and providers as to whether standards remained flexible throughout program delivery or were rigid once established.

Strategic planning (continued)

Design a payment structure that:

- Offers performance-based funding focused on client outcomes, but that considers a broader range of outcomes beyond employment.
- Includes increased performance-based payments for serving multi-barriered clients, to recognize these clients' complex needs and incremental journeys towards employment.
- Balances outcomes-based funding with the need for sufficient operational funding to ensure minimum service delivery levels (particularly in rural and northern regions).

Consider phasing in performance-based funding

- by directing a small portion of overall funding towards performance-based funding in initial stages of implementation

Engage service providers

- to help co-design the payment scheme

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LESSONS FROM OTHER JURISDICTIONS

WorkBC

In B.C., the new funding regime for WorkBC centres provides funding for "client milestones," which include not only employment outcomes, but also intermediary outcomes that move a client closer to employment, such as community attachment, skills enhancements, etc. The new regime also provides increased milestone payments for those clients furthest from the labour market. This shift was based on lessons learned from a previous model which focused more on employment outcomes.

Procuring services

Considerations to inform the procurement phase of the active contracting process:

Require proponents for the SSM role to share plans for how they would achieve five key priorities

- Proponents would be required to analyze data about their catchments and outline a plan for how they would meet standards in each of these priority areas.

Priority	Potential standards
Accessibility	• Minimum proximity to services for services for all jobseekers (absolute distance, distance walking/driving/by transit in urban areas) • Physical boundaries (e.g. terrain features, rail lines, highways)
Efficiency	• Maximum funding % for administrative costs.
Effectiveness	• Client outcomes
Customer Experience	• Client wait time • Client satisfaction
Equity and inclusion	• Characteristics of clients served

Procuring services (continued)

In addition to requiring SSMs to submit plans for how they would meet service standards, the ministry could ensure an effective procurement process by:

- Use the principles of **market design** to incentivize a wide variety of organizations to submit proposals

- Develop **clear contracting parameters**, such as guidelines for when sub-contracting or consortia building is appropriate and what form it should/should not take, to ensure transparency, fairness, and consistency across the province.

- Construct **long-term contracts** and risk sharing, wherever appropriate, as ways of supporting efficiency and effectiveness.

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LESSONS FROM OTHER JURISDICTIONS

United Kingdom Work Programme

In the U.K., similarly large catchment area population sizes combined with a majority of funding distributed through performance payments after employment outcomes were achieved meant only large organizations with significant capital (mostly for-profit organizations) could absorb the up-front costs involved in the start-up phase of catchment area management. In addition, the primary outcome measure used (ratio between job outcomes and referrals) did not adequately capture provider performance.

Procuring services (continued)

In addition to requiring SSMs to submit plans for how they would meet service standards, the ministry could ensure an effective procurement process by:

- **Invest in the capacity of the provider base**, particularly those working with hard-to-reach groups, to ensure good quality providers are not forced out of the market because they lack contracting skills or working capital to cope with delayed payment schedules. Capacity building could include:
  - Knowledge of commercial principles, market environment, and competitive landscape
  - Developing outcomes-based service systems, including identifying the right outcomes, conducting evaluations, and identifying attribution
  - Establishing data collection systems
  - Establishing collaborations or consortia, including robust governance of services and budgets linked to explicit performance accountability

Monitoring & evaluation

Key considerations for the system steward in enforcing the framework, ensuring that it's working as intended, and adjusting it if necessary include:

- Ensure data and indicators are **transparent, consistent, and easily validated**, particularly when tied to performance payments.

- **Seek feedback** from service users, communities and providers in order to review the effectiveness of the commissioning process in meeting local needs.

- Mitigate the threats of **program failure and gaming** by identifying high-risk scenarios, monitoring their implementation, and intervening quickly to address them

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LESSONS FROM OTHER JURISDICTIONS

United Kingdom Work Programme

For example, SSMs in the U.K. Work Programme (dubbed "prime providers") both managed catchments and provided services, and due to performance-based funding incentives, program evaluations found that prime providers had a **conflict of interest** in managing their catchment: they would tend to select the most job-ready clients to serve themselves ("creaming") while referring more complex clients to other providers ("parking").

Active contracting examples

Commissioning has been used in the UK, Australia, New Zealand, and the United States since the 1990s, often in health care contexts, to encourage greater efficiency, responsiveness, and innovation by separating a service sponsor and deliverer.

- In New York State, the **Delivery System Reform Incentive Payment** program encourages payers and providers to work together by strengthening incentives for investment in prevention and primary care, and facilitating collaboration to improve care coordination and provide better integrated support. It also involves rewarding success in reducing hospital use and not penalizing hospitals for helping to achieve this.

- New South Wales, Australia introduced a **Commissioning and Contestability Policy** to ensure an outcomes-based, customer-centred approach to strategic planning, program and policy design and review, and contracting. Guidance and training is provided to government staff by from a Commissioning and Contestability Unit. New South Wales has also developed a Human Services Outcomes Framework and worked closely with service providers to build capacity and require a shift to outcomes-based service management.
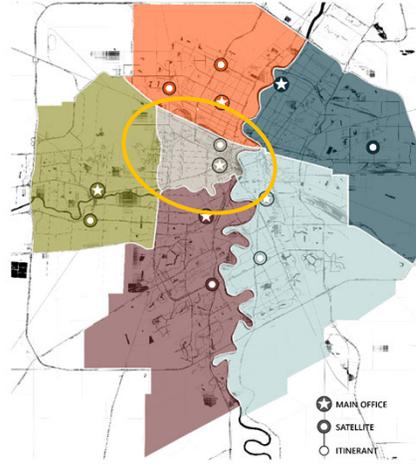
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Discussion/
questions

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Downtown

Key statistics

Service points	Primary	Portage & Colony
	Satellite	Isabel & Logan
Population	Working age population	65,941
Jobseekers	Census unemployed	3,639 (6% of population)
	EIA clients	11,650 (18% of population)
	Employment service clients*	2,982

MAIN OFFICE
SATELLITE
ITINERANT

* Includes clients from validated EAS, EP, and youth projects

Downtown

Network design objectives and indicators

1. Accessible to more jobseekers

% of jobseekers within 15 minute walk to services:

69% → 55% (-14%)
Current   Future

% of jobseekers within 20 minute transit ride of services:

92% → 87% (-5%)
Current   Future

2. Large enough client base to sustain delivery of full suite of services

Average # of clients per service point (primary or satellite):

299 → 1,713 (+1,414)
Current   Future

3. Less overlap in service footprint

of jobseekers within 30 minute transit ride of 3+ service points:

3,501 → 21 (-3,480)
Current   Future

4. Alignment with patterns of human mobility

Location	Social services	High foot traffic	Geography and access
Portage & Colony	• 10 ALL locations • 1 EIA office	• Portage place (shopping) • 6 Manitoba Housing locations • 1 Community Centre	Downtown core, near major transit hub on Portage
Isabel & Logan	• 5 ALL locations • 1 EIA office	• 1 Community Centre	Serves neighbourhood between Notre Dame and Logan – residents less likely to walk south to Portage