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THE INTEGRATION AGENDA



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SECTOR SIGNALS

Sector Signals are a product of Mowat NFP. They are short descriptions and analyses of early warning signs that should be on the not-for-profit (NFP) sector's radar. They may be innovative ideas or challenges facing the sector. Topics are identified through sector engagement and are developed through collaboration. The goal of the Sector Signals series is to provide recommendations for action and suggestions for future research.

ABOUT MOWAT NFP

Mowat NFP undertakes collaborative applied policy research on the not-for-profit sector. As part of an independent think tank with strong partnerships with government and the sector, Mowat NFP brings a balanced perspective through which to examine the challenges facing today's sector and to support its future direction. Mowat NFP works in partnership with the Ontario Nonprofit Network (ONN) to ensure our research and policy recommendations are timely and relevant to the sector and reflect its values.

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THE INTEGRATION AGENDA

The not-for-profit (NFP) sector is an essential and vital partner in the delivery of public services in Ontario. The sector provides flexible, responsive and diverse programs and services to meet the needs of local communities. NFPs know their communities and understand the challenges people face when accessing systems of services. But recent fiscal restraints are challenging the sector to do more with less and NFPs are feeling the pinch.

The Ontario government has indicated that current provincial budget deficits require a stricter approach to government spending. In particular, spending on community-based social services will experience a significant slowdown in growth and NFPs will be asked to create further efficiencies.

At the same time, NFPs will be asked to make services more accessible in an environment of growing need. Government funders have positioned integration and better coordination of NFPs as the path forward for a more efficient system of public service delivery.

This first Mowat NFP *Sector Signal* looks at some of the innovations that have been developed by NFPs, partnering with government and other funders, in response to calls for integration. This report explores some of the challenges and the potential benefits for program outcomes and communities. As a *Sector Signal*, this report is intended to surface the emerging trend toward integration and identify early responses. Sector leaders and funders were interviewed for their perspective and experiences, and four examples of integration were identified, offering lessons for NFPs and funders.

The objective of this report is to highlight options and opportunities going forward, and to make recommendations for further study in this area.

¹ This report is focused on NFP agencies that are providing public services, excluding universities, colleges and hospitals.

SECTION I

THE SIGNAL: A CALL FOR INTEGRATION

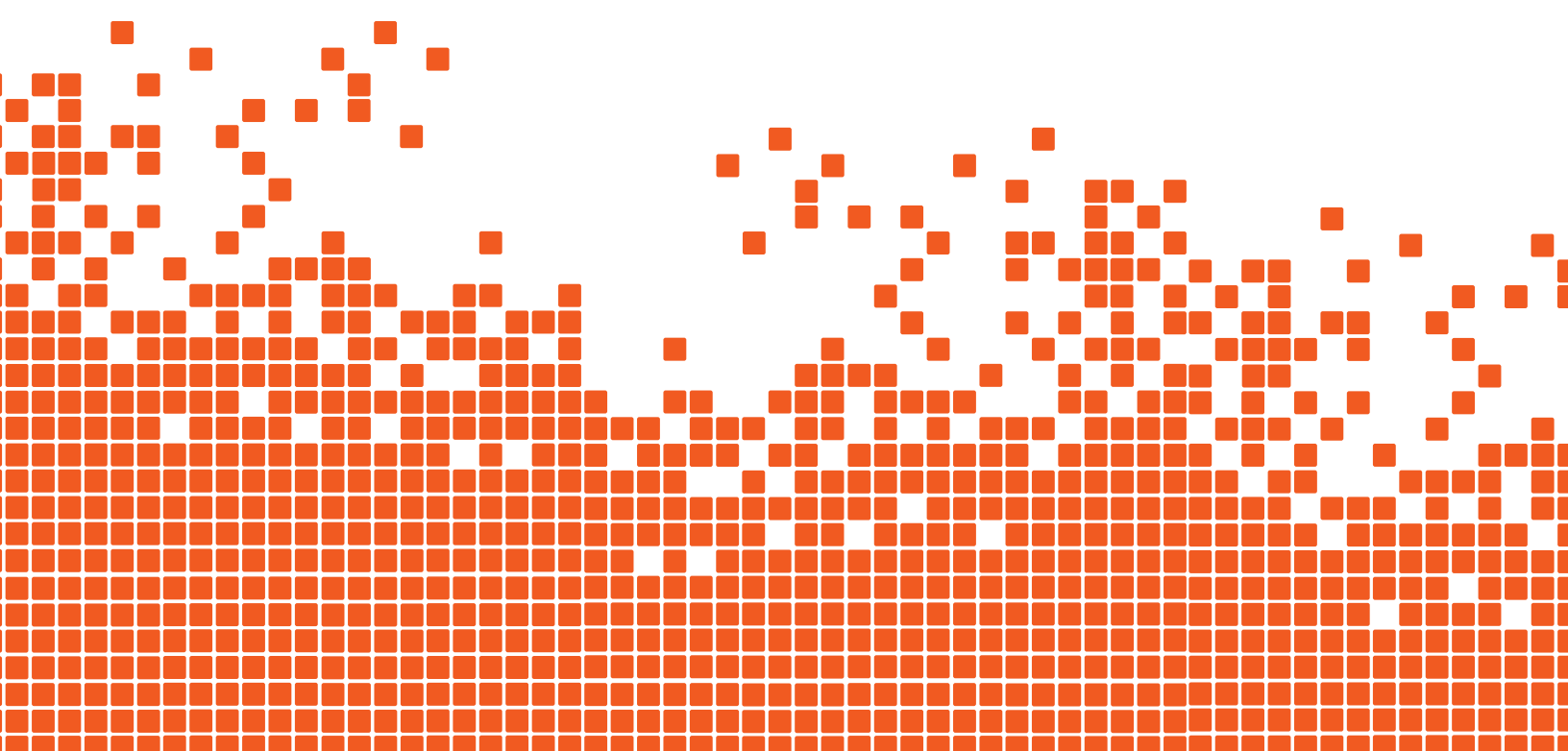
The Commission on the Reform of Ontario's Public Services recognized the value of Ontario's NFP sector and the importance of continued funding to deliver quality programs and services to Ontarians. However, the Commission's report indicated that more can be done to improve delivery of public services and create an efficient system of service provision in the province.

The report laid out a series of measures to align spending and revenue and return to a balanced budget. It recommended that growth in social service spending be held at 0.5% per year.

This kind of slow-down in spending will have significant consequences for the NFP sector, which will have to find new ways to deliver effective services to meet community needs. The Commission called for, among other things, streamlined administration and outcomes-focused accountability measures.

A number of government ministries and other funders are looking at "integration" to achieve efficiencies and improve services. The focus on integration requires an important discussion among stakeholders on the best ways for NFPs to meet community needs.

Every sector leader interviewed affirmed that there is a need for greater capacity across the sector to deliver effective, low cost and accessible programs and services. At the same time, the widespread focus on integration is causing concern among NFPs.



SECTION II

DEFINING THE PROBLEM

An integration agenda assumes that integration offers a solution for the problem of lack of coordination. A lack of coordination between agencies can result in both gaps and duplication of programs and services, in inconsistent service standards, and in higher procurement costs due to missed opportunities for bulk purchasing and shared resources. A lack of coordination also makes it difficult for service users to navigate the system, creating accessibility barriers to vulnerable communities.

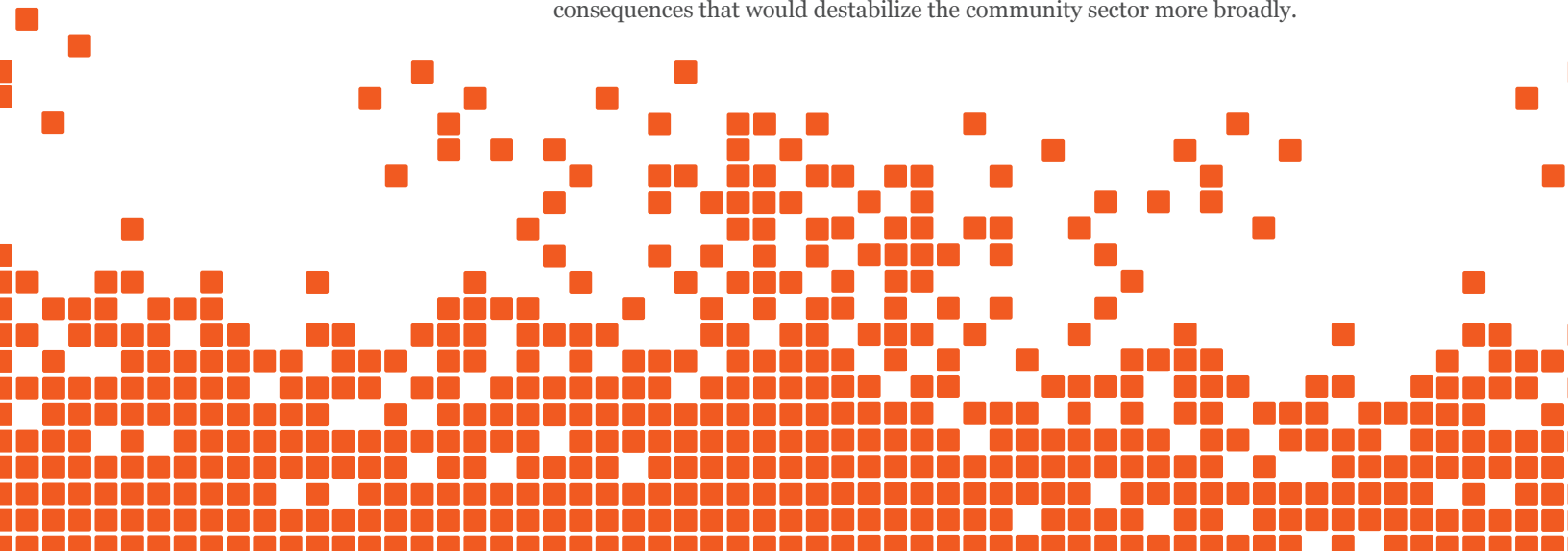
But the emerging integration agenda must not focus exclusively on NFP service providers. Consideration must also be given to integration and coordination at the funder level. When funders do not coordinate they risk cross-messaging and incompatible community planning.

Furthermore, the provincial government and other funding agencies are advancing multiple initiatives with a vision to streamline and modernize funding mechanisms through various integration approaches (i.e. Moving on Mental Health, LHINs, Early Years, Employment Ontario, etc.). But these efforts and initiatives are not coordinated; neither across ministries, nor, at times, across programs within the same ministry.

While individual integration initiatives may yield benefits, and this is still to be determined, many NFPs have relationships with multiple government programs and ministries in order to provide an array of services to local communities. The cumulative impact of multiple strategies with little coordination at the system level makes it difficult for some NFPs to manage on the ground.

Small organizations, particularly those with niche programs and services, are also wary of integration. They are concerned that if they are forced to merge with larger organizations the community will lose the unique programs they offer, and that the sustainability of a vibrant ecosystem of services will be put at risk.

If an integration agenda is the path forward, it must avoid unintended consequences that would destabilize the community sector more broadly.





SECTION III

IMAGINING THE SOLUTION

A more integrated system may create multiple benefits for local communities, enhancing communication and planning between organizations resulting in an improved system to meet community needs.

In order to achieve the desired efficiencies and service outcomes, there is a need for a system that can do the following:

- ◆ Coordinate to minimize duplication and gaps in service;
- ◆ Ensure access and easy navigation of services to community users;
- ◆ Deliver services with consistent standards;
- ◆ Create efficiencies in public funding by leveraging joint procurement opportunities;
- ◆ Provide diverse service delivery options to meet complex community needs; and,
- ◆ Build on and enhance local community assets and strengths.

In order for an integration agenda to leverage potential benefits, it must be clearly defined with objectives, coordinated at all levels, and based on evidence.

SECTION IV

PATHWAYS TO BETTER SERVICES

Through in-depth interviews, four approaches to enhance service integration were identified. These approaches range from local service partnerships to legal corporate mergers. This section provides a brief description of each approach, including benefits and challenges.

LOCAL SERVICE COORDINATION

Local service coordination refers to partnerships and collaborations between local NFPs on program delivery elements. These are flexible collaborations that range from short to longer term commitment, and from informal to formal agreements. Organizations remain independent but coordinate programs, services and funding applications as well as share information and knowledge.

Local coordination may enhance service outcomes through targeted and planned community programming and by sharing best practices in service delivery through staff information and knowledge sharing. One of the most important benefits felt at both community and organizational levels is that coordination leverages the diversity of community programmes and services within the sector. However, organizations invest significant time and resources in order to work together to plan programming and services.

While most NFP leaders would agree that collaboration is an effective way to grow community benefit, it is difficult to make concrete conclusions about the results of local service coordination without more evidence. The limited funding allocated to many examples of local coordination mean that neither the process nor the results are widely measured and evaluated. Organizations are also challenged to find funding to support coordination through staff time to participate in communities of practice and network with their counterparts at other agencies.

² Interviews were held with 20 leaders from the NFP sector, government and other funders.

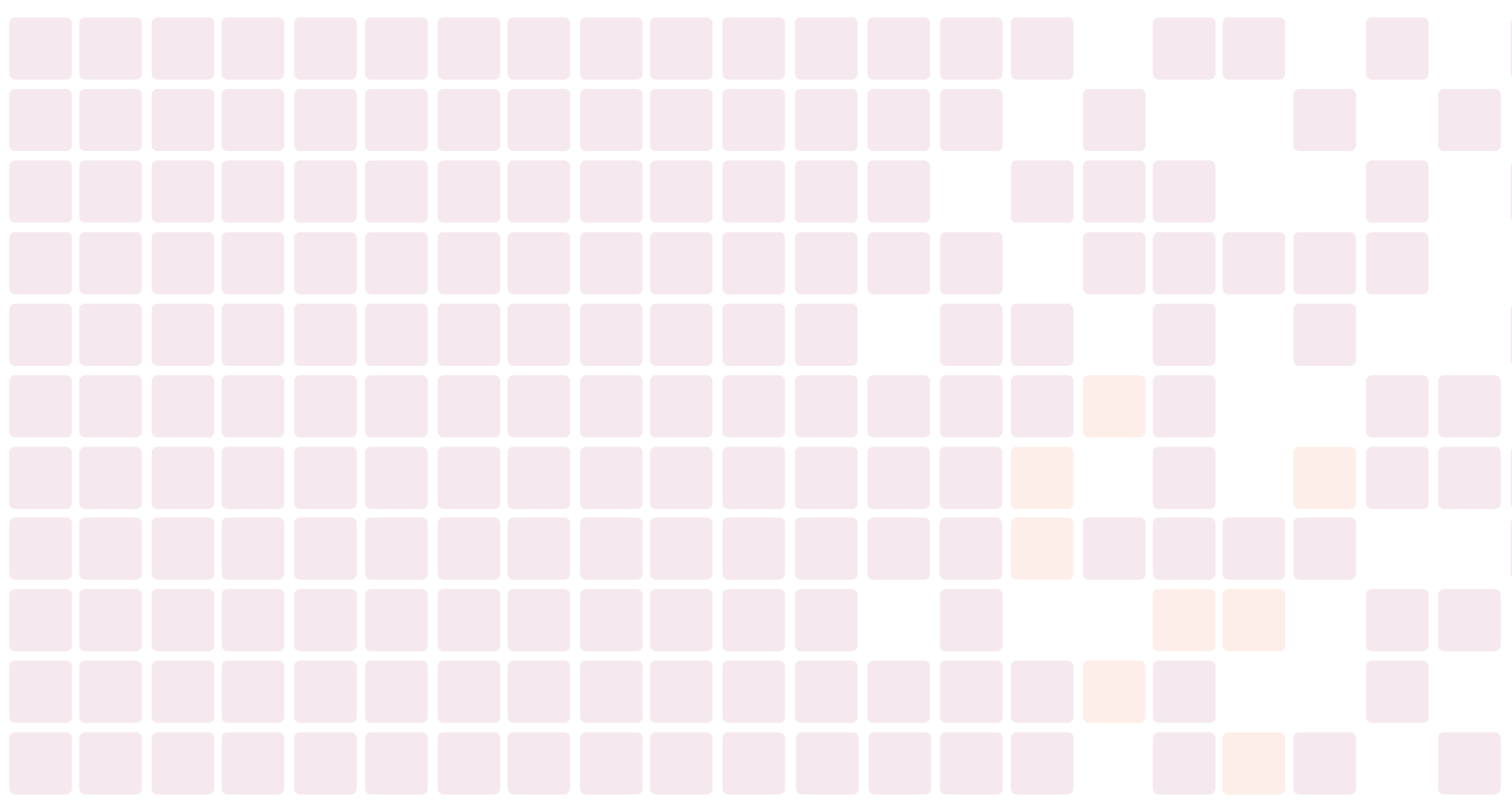
Interviews with both sector leaders and funders indicated that there is not enough local coordination at the funder level. Funders can do more to communicate their plans and to work with other funders to co-ordinate across the sector. Furthermore, engaged funders working with local planning initiatives contribute to a stronger knowledge base from which to inform program planning and strategy.

EXAMPLE

TORONTO NFPs SERVING SENIORS

Over the past ten years, NFPs serving seniors have been implementing a continuum of care through service and funding coordination. These organizations have coordinated to create tools such as Community Navigation and Access Program (CNAP), a web based navigation tool developed to support service coordination for over 30 NFPs working with Local Health Integration Networks (LHINs) to deliver seniors services.

The website enables seniors and their advocates to more easily access the system of services available to them (<http://www.cnap.ca/content/aboutus/aboutus.aspx>). CNAP's shared map and agreements on catchment areas enable these organizations to coordinate and plan programs, services and funding applications. The result is limited program duplication, fewer service gaps, and a system of service providers that is easily navigated by the community.



SERVICE DELIVERY HUBS

Service delivery hubs consolidate administrative functions and/or provide wrap around services to meet the multiple needs of service users. This level of integration involves formal agreements or contracts between organizations to exchange or share administrative services, share space, and make decisions.

The balance between organizational autonomy and coordinated service delivery is an important factor in the success of service delivery hubs. Service delivery hubs minimize duplication and gaps in service through long-term planning of on-site services. On-site services are easier for users to navigate and enhance program outcomes through improvements to accessibility. Administration may be streamlined through shared functions, and cost savings may be found through shared on-site procurement.

These initiatives are not without challenges. Extensive planning and negotiation is necessary to ensure the arrangements provide value and community benefit. Navigating complex legal agreements, privacy issues, and strategic planning requires significant investment in time and resources. Equally important is finding the right organizations to develop client-centred wrap around services. Without proper strategic thought, service delivery hubs could fail, resulting in significant costs to all involved.

EXAMPLE

WELCOME CENTRE IMMIGRANT SERVICES

Emerging from a regional planning initiative that defined the service delivery challenge facing York Region, five agencies coordinated to provide multiple services to new immigrants in shared locations across the Region. The idea evolved into a holistic, seamless, broad range of services that put clients' needs first.

Extensive planning and development in partnership with three orders of government resulted in a unique and complex service delivery model. Onsite management, administration and IT are shared among the agencies to provide easier on-site service coordination. Each agency claimed a particular service delivery offering, creating a non-competitive environment. When a client walks through the door, the goal is that they should not have to negotiate the various systems to find the right service – the pathway is set for them, without the red tape. The enhanced accessibility has created a benefit for newcomers in the Region.

FUNDING THROUGH LEAD AGENCIES: A HUB AND SPOKE MODEL

Funding through lead agencies, also known as a hub and spoke model, refers to a funding approach that reduces the number of transfer payment recipients, thereby creating reductions in cost to the funder and more streamlined accountabilities. That is, a lead agency responsible for service delivery and coordination in a particular area, receives a transfer payment from government to deliver those services, but may also contract others to deliver some of the services.

Funding through lead agencies has significant potential. Increased local coordination of services may result in enhanced knowledge sharing, broader reach into new or existing communities, and reduced duplication and gaps in service. Coordination may further result in a more accessible and easy to navigate system of services for communities, as well as the development of service standards across networks.

Further research is needed to understand the impact and value of the hub and spoke model and to answer questions about the cost benefit and program outcomes that result from this approach. Research will be required to understand real cost savings at the funder level and to identify whether those savings have been transferred to lead agencies, newly responsible for accountability and contract management.

Client access to services will also require evaluation to know whether coordination and access have been enhanced and what is the net result for the overall eco-system of providers. Lead agencies will have to be accountable for the availability of niche programs and services essential to protecting program diversity.

Implementing widespread system transformation requires caution. Systems transformation will be challenging to implement at the organizational level and executive directors will need support to move their organizations toward the new model. A strong vision for fundamental reform should be paired with detailed planning to avoid an implementation gap. To this end, meaningful partnership with sector leadership will be essential.

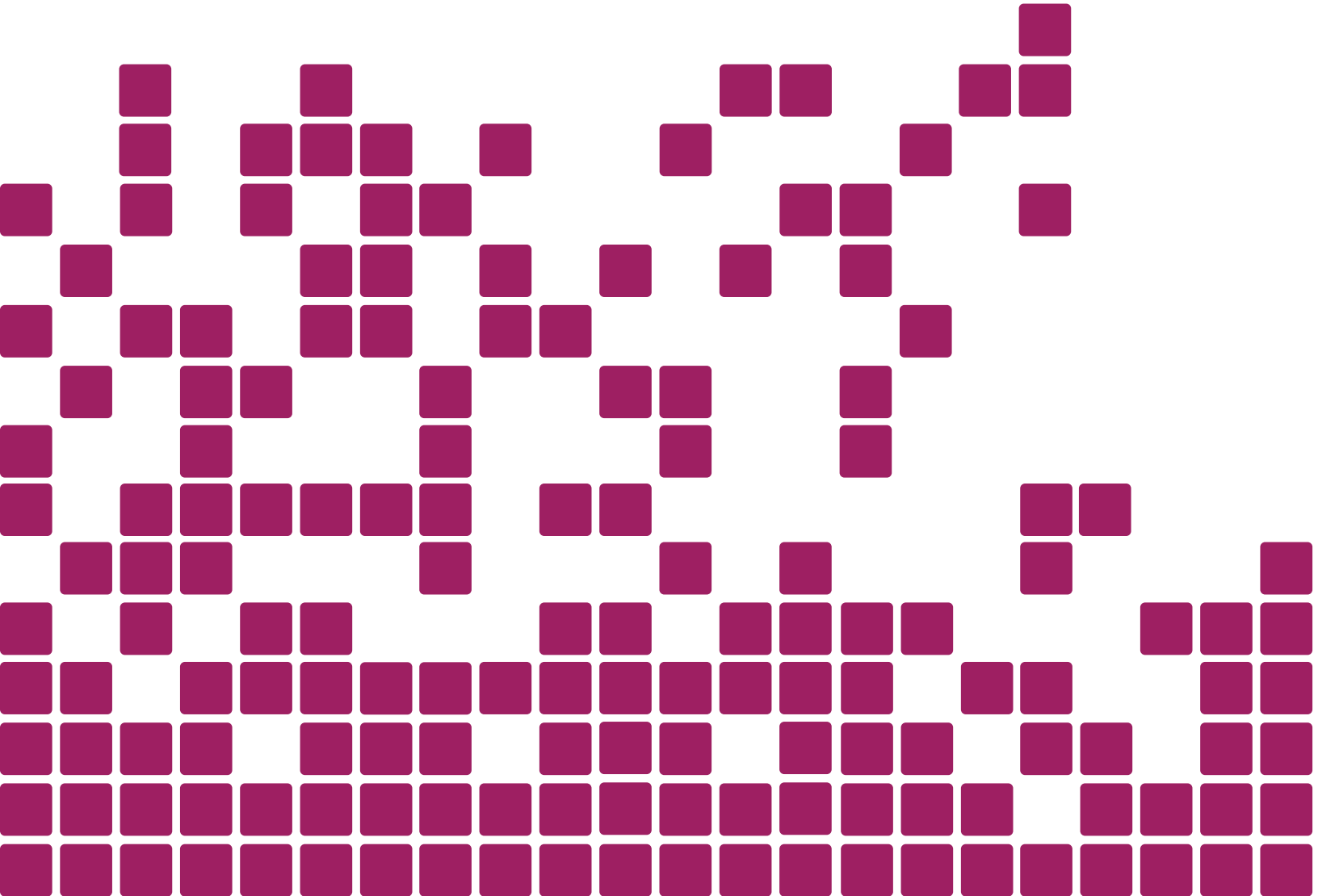
Together, sector leaders and government funders must ask practical planning and implementation questions on issues such as community benefit, human resource planning, relationship with unions, and the effect the transformation will have on multiple funding arrangements.

EXAMPLE

CHILDREN'S MENTAL HEALTH

The Ministry of Child and Youth Services (MCYS) has recently begun a transition to a hub and spoke funding model. 440 organizations currently funded through MCYS will be reduced to 60 lead organizations with the capacity to contract service delivery. The goal is a system transformation to provide better community access to care, enhance service outcomes and develop more efficient funding processes.

The road to this reform has been years in the making, with extensive system review and consultation, including a 2008 Auditor General's Report examining the service delivery system. The challenge that lies ahead will be implementation and effective change management in the process. Executive directors will need structure, information and direction to begin the process of successful transformation. It will be important to evaluate both the process and the outcomes of this transformation and share findings for future learning.



MERGERS

When mergers are mission driven, successful outcomes are more likely. Mission driven NFP mergers bring together two or more organizations to create a stronger single agency, and may provide a wide array of opportunities to enhance service delivery through coordinated and standardized programs and services. Efficiencies and improved organizational effectiveness may result in enhanced accessibility by coordinating service delivery through the newly merged organization.

A key concern with mergers is that they may result in more bureaucratic organizations. New processes necessary for larger organizations may result in loss of innovation, flexibility and responsiveness to the community as provided by smaller organizations. At a system level these losses could have negative impacts if there is less capacity to meet community needs, especially those of vulnerable populations with particular needs.

At the front end, mergers produce substantial costs to involved organizations. Cost savings, if any, are unlikely in the near term as the larger organization takes on new responsibilities and inherits new costs. At an organizational level, there is value to understanding the longitudinal changes in cost efficiencies and programmatic outcomes.

In addition, there is a need to look at the systemic effects of multiple mergers within a region. Do larger organizations have an impact on the vibrancy of the sector? Are there implications to the balance of power among NFPs?

EXAMPLE

UNISON HEATH AND COMMUNITY SERVICES

In 2009, New Heights Community Health Centre commissioned a study to identify ways to enhance its impact and grow its mission. It was told that increasing the size of the organization would enable it to achieve these goals, and improve access to programs and services. The larger organizational model would also enable greater research and policy capacity, which would further grow organizational impact.

Ultimately, New Heights merged with York Community Services. Key success factors included close attention to strategic opportunity, mission alignment, organizational culture, and effective stakeholder engagement. The eventual cost for finalizing the merger was \$1 million.

SECTION V

THE WAY FORWARD

The provincial government has identified a need for change to achieve more cost efficient delivery of public services that produce better results for communities in Ontario.

However, change implemented too quickly may cause instability. Many NFPs are experiencing multiple transformation initiatives at once without a coordinated approach to change.

The pressure to do more with less has led to explicit conversations about “integration” in the NFP sector. However, it is not yet clear what this means, or how it will be implemented. There are many questions that remain unanswered.

Collaboration among NFPs, the provincial government and other funders is necessary to ensure that the sector is ready for transformation. To do this, the sector must lead the conversation about what it wants and needs to be effective, and must be a full partner in the process.

RECOMMENDATIONS

I. PROVINCIAL COORDINATION

As the integration agenda unfolds at the provincial level, there is need for much stronger coordination. There is also need for a change management strategy that recognizes the cumulative impact of multiple ministries implementing transformations in funding and systems change. The Ontario government should ensure that ongoing transformations in various ministries are coordinated, outcomes-based, and include thorough consultations with the NFP sector.

II. FUNDER COORDINATION

Provincial ministries fund service delivery systems that are also supported by other orders of government and other funders. There is a need to develop a mechanism that supports coordination of all funders, leading to effective community outcomes.

III. PARTNERSHIP TO STRENGTHEN COMMUNITY OUTCOMES

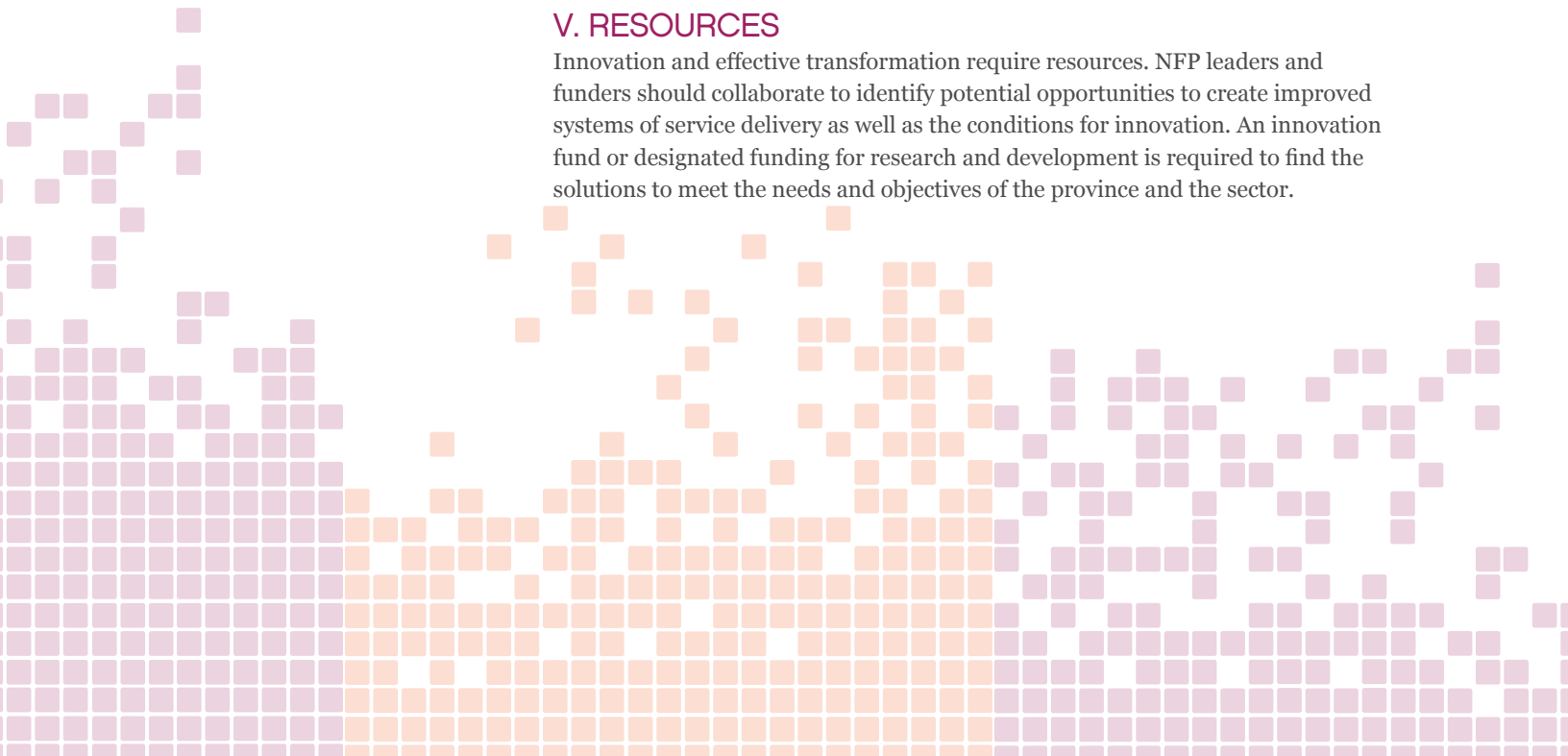
NFP leaders, government and other funders need to collaborate to prioritize community outcomes. When change strategies and implementation plans are being developed, the process must include the active participation of the sector. The process must consider the sector as partners with valuable and essential insight into the effective management and provision of services.

IV. RESEARCH

In-depth, comparative and longitudinal analysis is required to provide an evidence base of the outcomes of local service coordination, service delivery hubs, lead agency funding models, corporate mergers and other models of integration. This evidence base should provide a cost-benefit analysis, along economic and social dimensions, that can inform future directions in integration strategies.

V. RESOURCES

Innovation and effective transformation require resources. NFP leaders and funders should collaborate to identify potential opportunities to create improved systems of service delivery as well as the conditions for innovation. An innovation fund or designated funding for research and development is required to find the solutions to meet the needs and objectives of the province and the sector.



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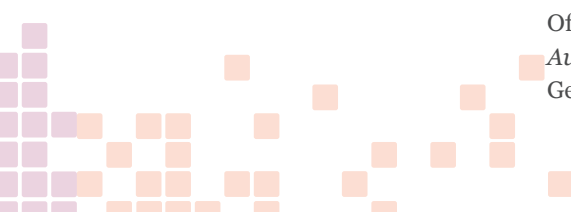
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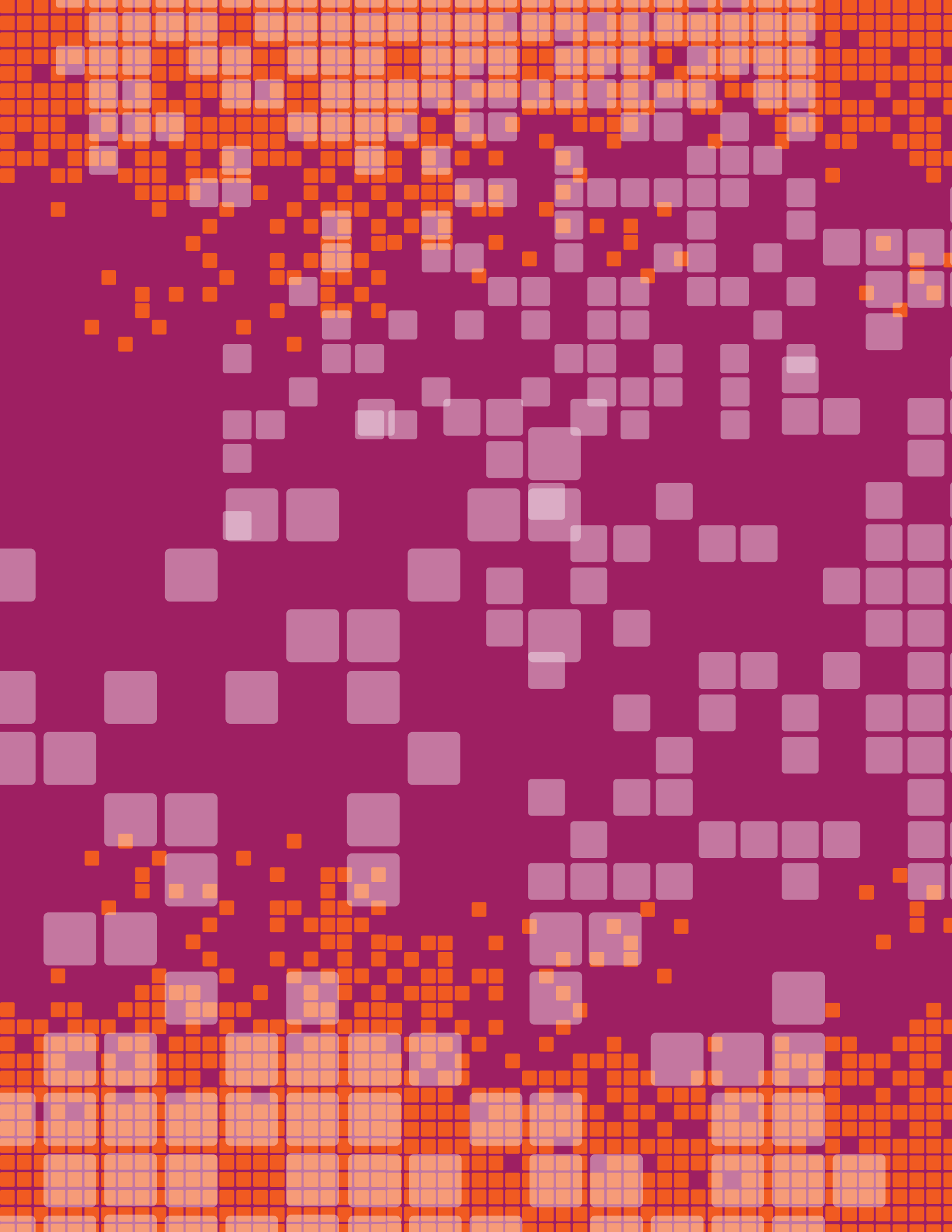
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ABOUT MOWAT

The Mowat Centre is an independent public policy research centre located at the School of Public Policy & Governance at the University of Toronto. The Mowat Centre is Ontario's non-partisan, evidence-based voice on public policy. It undertakes collaborative applied policy research, proposes innovative research-driven recommendations, and engages in public dialogue on Canada's most important national issues.

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