![Lutheran Care logo]

Department of Social Services: A Stronger, more diverse and independent community sector Issues Paper

Lutheran Care responses

Lutheran Care is a community services organisation (CSO), providing a range of services both in South Australia and the Northern Territory, including financial counselling and capability, community development, family and relationship counselling, NDIS support, foster care, and homelessness support.

Please find below Lutheran Care's responses to the questions outlined within the *DSS Community Sector Consultation Issues Paper.*

Focus Area One: Giving the sector the voice and respect it deserves through a meaningful working partnership.

1.1   What would a partnership between CSOs and the government that achieves outcomes for Australians being supported by the community sector look like?

There are a number of factors that Lutheran Care sees as valuable in creating stronger partnerships between government and CSOs to achieve better outcomes. These include:

▪ *A holistic approach to partnerships that takes into account every aspect of the project, and not just the outcomes and staffing.* This includes considering the costs associated with marketing and communications of projects, and the corporate infrastructure (pre- and post-project needs). Smaller CSOs generally have limited internal infrastructure, and are often unable to meet the cost of additional corporate support for a new project, which may lead to smaller CSOs not taking on additional programs or stretching existing resources too thin. This leads to a net loss within the system, where smaller CSOs are not competitive in the market, and the opportunities for innovation are lost. Additional infrastructure support would take the pressure off organisations to supply additional infrastructure and allow them to focus more on service delivery and service excellence, resulting in better outcomes for clients. This will also reduce administrative undercutting by larger organisations, which can foster unfair competition and mask the true cost of running programs.

▪ *Consideration of an organisation's reputation and influence beyond individual tenders.* In particular, recognition of community connection and goodwill, and a holistic view of what an organisation can provide beyond the confines of a single program.

▪ *Sharing of data between government and CSOs.* There are opportunities for better feedback in a format that is accessible to services and provided in a timely way. This would help CSOs better understand their client base, and facilitate better discussions between government and CSOs on operational and strategic matters.

▪ *System-level connection and facilitation between service providers.* Rather than pushing services into competition and duplication of services, DSS could lead a whole-of-system change that facilitates true connection and cooperation between CSOs. Competition and duplication lead to inefficiencies and detract from services providing genuine support to clients. Interconnectedness leads to better outcomes on the ground. This also requires an understanding of unique community needs. Lutheran Care provides services in Alice Springs, which holds a number of unique challenges that differ from our services in South Australia. Consideration of the differences in regional locations means DSS can tailor funding and service requirements to take account of place-based needs.

▪ *Government tools for services.* Rather than asking services to build their own tools, DSS could provide standardised tools to ensure data collection is consistent across the sector, in order to better measure outcomes.

1.2   How can CSOs and government streamline the sharing of information, particularly through utilising technology to effectively engage, distribute, share, influence and inform in a timely and efficient manner?

The streamlining of information and data between government and CSOs can be achieved in a number of ways:

- *Sharing and contextualising the data.* The timely and accessible provision of client data between government and CSOs would support a better understanding of the needs of clients and gaps in service delivery. The data, however, needs to be accompanied by the narrative, with the context for data and outcomes being provided by services. The data should not be presented in isolation.

- *Standardised data definition and collection.* There is a need for consistency of data collection across different CSOs, and better matching of systems. Data between CSOs need to be comparable, and provide government a systems-level understanding of client need.

- *Using data for change, rather than for judgment.* A shift away from contract focused data to data for service improvement would better support understanding client outcomes and service needs and gaps.

- *Using data for the measurement of longitudinal outcomes and the identification of emerging trends.* Moving towards a community-based shared data system tracking the client journey, and provides a broader overview of community trends, needs of priority populations, and emerging needs.

- *Creation of a meaningful 'live' data platform.* By creating a singular sector based data platform CSOs can directly input data into a sophisticated system i.e. using raw data to inform dashboards which shows growth. The system could populate data into various measures thus reducing the duplication of reporting, maintain consistency across the sector as to how raw data is defined / used, and offer a live data retrieval function for CSOs.

- *Influence Government policy.* A singular sector based data platform promotes strength across CSOs in advocating for policy change, as the data is objective (in that if is collectively sourced from across the state as opposed to agency based) and will provide a greater representation of the population.

- *Establishing shared understandings across CSOs.* Authentic engagement and consultation for what data is collected, why it is collected, how the data can be used and what outcomes will be achieved.

- *Bridging the role of Contract Managers and communities.* By implementing a CSO sector wide data system, Contract Managers will have access to streamlined, state-wide data readily, thus creating efficiencies which are not afforded by the traditional data entry process, Contract Managers can then focus their efforts into analysing the data in relation to the client's narrative, thus providing opportunities for a deeper understanding of our communities health. It is the understanding of client narratives, balanced with data analysis, which promotes meaningful program / service delivery design and creates co-design opportunities across the CSO sector.

1.3   How can government ensure the community sector, including service users and those not able to access services, have an opportunity to contribute to program design without imposing significant burdens?

Ways in which opportunities can be provided to CSO service users to contribute to program design include:

- *Providing safe spaces for clients to have a voice in the process.* It is vital that there is a space for clients to provide reflections on services they have received, the impact, and any gaps. It is through these conversations that CSOs are able to develop a genuine understanding of positive changes made, and ongoing needs.

- *Additional time and funding for engagement with clients to inform program design.* Building rapport with service users takes time and resourcing. The ability to undertake pre-tender stakeholder engagement, supported by government, would be beneficial for not only individual CSOs but also for the community services sector overall.

- *Small grant opportunities for CSOs to undertake client engagement.* The provision of specific grants for organisations to use stakeholder engagement to inform program design would enable CSOs to better embed lived experience into all areas of service design, delivery, and governance, and ultimately better client outcomes.

Focus Area Two: Providing grants that reflect the real cost of delivering quality services.

2.1   What would adequate and flexible funding look like?

Flexible funding for CSOs would have the following properties:

- *Ability to use funding for co-design with service users and stakeholder engagement.* This would enable CSOs to better develop outcomes that align with client needs, and support the development of reporting frameworks that are focused on client need, rather than availability from government. Focusing on client need would ensure programs are responsive to the needs of communities.

- *Funding opportunities that include consideration of program infrastructure costs.* Currently, there is an overreliance on brokerage, and on the goodwill of agencies (through stretching existing resources and relying on volunteer labour). Where government requires innovative models, these need to be adequately funded, with an understanding that they may incur additional human resource needs, and asset costs.

- *More flexibility and discretion for CSOs in allocating funding.* CSOs need more ability to move funding within services, without requiring permission to change budget lines, within clear parameters. Lutheran Care's experience with the homelessness Alliance funding in South Australia has demonstrated the value of flexible funding arrangements, where the Alliance has been able to move funding to scale resources up and down based on need, and to invest in innovation, without needing to ask State Government for permission to move funds.

- *Adequate coverage in service funding.* There is an overreliance on co-funding from CSOs, most of which have limited discretionary income. There is also a need to understand that different geographic areas have different needs (eg recognising some areas may require higher staffing rates, food costs, or more travel allowance).

2.2   What administrative and overhead costs are not being considered in current grant funding?

A number of key costs are not being considered in current grant funding:

- *Recruitment costs for staff.* This is particularly challenging in geographical or service areas where staffing is competitive or difficult.

- *Management oversite to the program.* Administrative cost percentages don't take into account how time-consuming and labour intensive management of programs can be, and the inability to share administration between different services.

- *Physical resourcing.* This includes the cost of marketing resources, physical tools and materials required to carry out the service. This also includes vehicle costs, particularly in remote areas, where travel for service delivery is more expensive, and more necessary.

- *Professional development.* There is a need to provide training and support, including specialised training, for staff to continue best practice in services, which necessitates not only funding to cover the cost, but also resourcing to ensure services can continue while key staff members are offline.

2.3 How are rising operational costs impacting the delivery of community services?

There are a number of ways in which operational cost increases have impacted service delivery:

- *The need to do more with less.* The increase in cost has not led to an increase in funding, which means that in real terms service delivery has decreased, as resourcing is not keeping up with need, nor with the previous service delivery model.

- *Difficulties with staff retention.* The increased cost of living has meant wages have not kept up with needs of staff, leading to staff moving on to better-paid roles. Remaining staff are taking on more work as others leave, and often have less access to professional development, due to increased cost and increased workload. This further leads to lower staff morale, which also impacts retention and recruitment. Some staff may choose to leave the CSO sector altogether due to these challenges, impacting on the system as a whole.

- *Over-reliance on a smaller pool of charitable funding.* CSOs are becoming more dependent on charitable donations (goods and money) to make up the shortfalls caused by rising operational costs. This is particularly difficult during a cost of living crisis, where charitable donations are falling, as individuals are unable to afford to donate, alongside an increase in need for services.

- *Reduced options for outreach and other intensive support.* Rising operational costs mean that CSOs need to find efficiencies in service delivery, which may mean engaging with clients more remotely, or through reduction in intensity of support. This results in risks for clients of increased stress and isolation.

2.4 What have been your experiences with and reflections on the supplementation and change to indexation?

The experiences of Lutheran Care regarding the changes to indexation are:

- *Poor communication and coordination of the change.* The process has not been as transparent as it should have been. A lack of stakeholder engagement has left staff feeling isolated from important discussions.

- *Indexation has not met CPI in cost for food relief in particular.* The increased cost of consumables in Lutheran Care's Emergency Relief (ER) program has added additional pressure to an already stretched service, alongside an increase in demand for ER due to cost of living pressures.

2.5 How can CSOs and the department work together to determine where funds are needed most to ensure equitable and responsive distribution of funds?

Ways in which CSOs and the department can better work together:

- *Genuine stakeholder feedback and mutual commitment*. CSOs and the department can communicate better to understand the pressures CSOs are facing, and forge better connections, between individual CSOs, and between CSOs and government. This includes active stakeholder engagement through the identification and planning stages (i.e. establishing a priority of where funds are needed and establishment of funding parameters).

- *Making data more accessible to CSOs*. More active provision of data to support evidence based decision making.

- *Taking a solution focus*. Identifying how CSOs and DSS can deliver specific programs where a community need has been identified.

- *Embrace and welcome creative solutions from the sector by making funding parameters flexible*. Acknowledging that CSOs know how to engage their client groups and potential barriers, how to execute successful and meaningful service delivery (i.e. for the client not just for 'data' purposes).

2.6   How can government streamline reporting requirements, including across multiple grants, to reduce administrative burden on CSOs?

Refer to Lutheran Care's responses to question 1.2 above.

Focus Area Three: Providing longer grant agreement terms

3.1   What length grant agreements are CSOs seeking to provide certainty and stability for ongoing service delivery?

Ideally, service agreements should be either a five (5) year minimum, with the potential for ten (10) years for more enduring services. The current best practice is considered 3+3+3 contract length, which would allow for:

- *Flexibility in focus over time*. Longer term contracts with inbuilt flexibility would allow CSOs to pivot service models over time, where the core services remain stable, but can be undertaken in new and innovative ways, without the need for expensive re-tendering processes.

- *Shared responsibility in delivery*. A longer term investment would allow the department to work with the CSOs in delivery of services. It would allow for a deeper level of commitment and collaboration between CSOs and government.

- *Avoiding one year contract rollover*. The inherent instability of single-year rollovers leads to staff leaving the workforce due to insecurity of their work, and leaves CSOs unable to plan longer-term for service delivery. Longer-term contracts would allow forward planning, both for CSOs and government.

3.2   What timeframes should the government aim for, at a minimum, to provide final outcomes on grant variations/extensions before the current grant ceases?

To support CSOs in managing grant variations / extensions, Lutheran Care suggests:

- *A time counted back from end of contract*. There needs to be pre-planning for the end of contracts, with the department aware of when contracts are ending, and sufficient time to set up new arrangements. A lack of pre-planning leads to new grants being provided after the expiry of previous grants, creating gaps in services, and the loss of staff, requiring additional resourcing to recruit replacements. Ideally, notifications should occur a minimum of six (6)

months before the end of the contract, and signing of new contracts should be at minimum three (3) months before the end of the current contract.

- *The provision of bridging funding where necessary.* Where there is a delay in extension of contracts, or where there is a transition to a new provider, there needs to be additional funding to enable handovers, or to ensure services and staffing are retained during periods of change.

3.3   What funding flexibility do CSOs require to enable service delivery and innovation?

Refer to Lutheran Care's responses to questions 2.1 and 2.5 above.

3.4   What flexibility is required by CSOs in acquittal processes to support and encourage sector innovation?

The following flexibility would support innovation:

- *Avoid micromanaging.* CSOs will report in different ways, and providing flexibly in reporting fosters trust and allows for a more outcomes and narrative focus.

- *Carrying over of underspends without a lengthy processes.* It would be beneficial to allow CSOs to be responsible for the contract, which includes the ability to carry over unspent funds without lengthy / complex processes.

3.5   How can government improve the variation process, with consideration that CSO's must demonstrate alignment with the grant agreement and provide evidence of value-for-money outcomes?

There are a number of ways in which government can improve the variation process, including:

- *Considering existing reporting.* When making decisions on varying contracts, department have a wealth of information from reporting, and asking CSOs to re-provide existing information, or to continually justify their service is inefficient and erodes trust.

- *Ensure ongoing communication.* Keeping CSOs informed in variation processes is vital to ensuring services are ready for change. It allows CSOs to retain positive relationships with contract managers and the department as a whole when there is a shared understanding of expectations and of upcoming changes.

Focus Area Four: Ensuring grant funding flows to a greater diversity of Community Service Organisations.

4.1   How can the government ensure opportunities are available for new and emerging organisations to access funding?

There are a number of ways in which government can support new and emerging organisations:

- *Openness to culture change.* This includes being willing to hear from new and emerging CSOs, rather than simply relying on existing relationships and from larger organisations.

- *Facilitating mentoring between CSOs.* Establishing a mentorship relationship between the larger established organisations and the newer / smaller organisations, such as support for Aboriginal Community-Controlled Organisations (ACCOs). Forming these relationships may also promote increased co-program / service delivery designs.

- *Formalising partnerships.* Partnering with larger non-government organisations for upskilling of staff before moving funding to smaller organisations (for example, has been used in the ACCO space in the Northern Territory).

4.2 What programs, supports and information are already available for smaller CSOs to help build capacity of the organisation? Are these working?

There are a number of avenues for supporting smaller CSOs, such as:

- *Partnering with larger non-government organisations*. This has occurred for ACCOs in the Northern Territory, which has been used to facilitate upskilling staff before moving the funding to the smaller organisations.

4.3 How could larger CSOs support smaller CSOs? What are the barriers to providing this support?

There are a number of ways in which larger CSOs can provide support for smaller CSOs, including:

- *Auspice arrangements*. Linking larger organisations to provide some additional infrastructure support and capacity building allows for mentorship and leadership. This would facilitate the building of trusting relationships. However, the competitive nature of funding may make this difficult, particularly when it comes to sharing processes and proprietary information between CSOs.

- *Collective pushback against undercutting by larger CSOs.* The ability of larger CSOs to absorb administrative overheads has led to smaller CSOs being unable remain competitive in the market. Moving away from this behaviour could better support smaller CSOs, but requires a change in practice from government.

Focus Area Five: Partnering with trusted community organisations with strong local links

5.1 What is your experience with and reflections on place-based funding approaches?

Lutheran Care has experience with place-based funding, having operations in regional South Australia as well as Alice Springs. Some of the main learning from these experiences are:

- *Place-based funding does not adequately take account of regional differences*. This is particularly the experience in Alice Springs, where every aspect of service delivery is more expensive than in South Australia. Place-based funding needs to include a deep understanding not only of the needs of service delivery in a geographic area, but also the cost of that service delivery, and the unique challenges associated with it. For example, Lutheran Care provides outreach to remote communities in the Northern Territory, which requires more planning, resourcing, and staffing than outreach in regional areas of South Australia, or support within Alice Springs.

- *Government needs to be aware of unmet need*. CSOs will often strive to deliver 'more with less' and work to fill gaps above and beyond their contract. Government needs to be able to interrogate and understand the unmet need, and not expect CSOs to continue to fill these gaps.

5.2 What innovative approaches could be implemented to ensure the grant funding reaches trusted community organisations with strong local links?

A number of approaches could be implemented by government to ensure grant funding better reaches local organisations:

- *Establish links with local organisations.* This includes proactive engagement with smaller organisations who might otherwise be unable to seek time with government. Community engagement can help government identify trusted local organisations.

- *Offer additional flexible funding.* Smaller CSOs may not have the infrastructure to take on even larger grants where there is limited provision for administrative costs. As per many of the responses above, the provision of additional funding for administration and other costs will encourage smaller CSOs to apply for funding.

- *Be open to creative responses to local needs.* Take account of the local knowledge of CSOs who have development service delivery models based on their work in specific communities.

5.3 Which areas do you consider have duplicative funding or gaps you think need to be addressed, and what is the evidence?

There needs to be macro-level planning and bi-partisan agreement on social services. There is a need for a longer-term planning beyond political cycles, to understand where duplicate funding and gaps exist. In particular, there is a need to understand:

- *Gaps in areas outside the control of CSOs.* For example, there are currently gaps in the provision of housing in the open market, including affordable housing. There are also challenges for households to meet needs for health, mental health, and basics such as cost of living pressures. It needs to be understood that these are factors that are outside of CSO influence, but that government holds the levers on many of these.

- *Changes in who is using services, and how.* There needs to be more understanding that the cohorts of people using services have changed considerably over time, and that government needs to continue to identify emerging trends, and to work with CSOs to be flexible in service delivery as needs change.

5.4 Where there is a community-led change initiative, could share accountability to community and funders (government) strengthen service delivery?

Shared accountability between government and community requires:

- *A flexible approach to change initiatives.* This would promote inclusive and responsive service delivery models, driven by changes in community need.

- *An understanding of the power imbalance.* Government needs to trust both communities to understand their needs, and CSOs to respond to these needs.