Australian Government
Department of Social Services

Relational Contracting

Flexibility Policy

Purpose

Flexibility in relational contracting helps DSS and Providers to change how services are delivered when needs change.

Providers use evidence and data to show what is changing in the community. This policy gives them a clear way to respond, so services can improve and better support people and communities.

Flexibility helps to:

- Respond to changing demands and local needs
- Improve services over time
- Act quickly when there is disruption (such as disasters or workforce shortages)
- Achieve better outcomes for people and communities

Flexibility has clear limits and must not change government policy, laws, funding, or official decisions.

Flexibility is not informal or ad hoc – it follows clear rules and decision processes. Under relational contracting, flexibility is built into agreements so low risk changes can be made without changing the contract, but only within agreed limits and processes. This ensures services can adapt and improve without reducing access or disrupting system balance.

What flexibility means in practice

Flexibility allows Providers to adjust how services are delivered, not what the government has approved. Flexibility can apply to the following aspects of a grant agreement and Delivery Plan:

- service delivery approaches (e.g. activities, workforce, delivery methods)
- outcomes and performance measures or ways to track progress
- implementation approaches (e.g. timing, sequencing)
- partnerships or referral pathways
- reallocating resources within agreed financial and contract limits

Providers can make low-risk changes quickly using existing data, experience, and client feedback. They should not need complex evidence or approvals for routine decisions, especially when responding to urgent needs.

Financial flexibility must:

- support agreed outcomes
- remain within agreed program purposes
- comply with policy and legislative requirements
- demonstrate proper use of public funds

The following are not routine flexibility and require formal variation:

- Changes to:
    - the purpose of the agreement
    - agreed outcomes
    - total funding
    - contract term
- Any change that:
    - conflicts with policy, legislation, or government decisions
    - significantly affects service availability or coverage

Relational contracting also supports shared learning, where Providers share insights and good practice to improve outcomes across the system.

How to use flexibility

1. Use evidence

- Use evidence to show why a change is needed
- The amount of evidence should match the level of risk
- For routine, low-risk operational changes, use existing information (data, service experience, client feedback, local knowledge)
- For significant, higher-risk changes, particularly those with broader service, financial, or system impacts, provide more detailed evidence:
    - service demand data
    - service quality, performance, and outcomes information
    - impacts on clients and priority groups
    - service coverage and accessibility information

2. Make or request a change

Providers may make routine, low-risk changes without formal DSS approval where changes:

- stay within agreed program settings and funding limits
- do not reduce service access, continuity, or fairness
- do not create major system impacts
- are documented appropriately.

Changes that involve higher risk, larger or broader system impacts should be considered through agreed governance arrangements, taking into account:

- progress towards program outcomes
- service coverage across regions and communities
- ongoing access for clients
- balance across service types and cohorts
- fairness, especially for priority and place-based communities
- emerging and future service needs across the system

Processes should be quick and practical, especially during disruption or emergencies. This may include:

- partnership governance forums
- scheduled reviews or reviews triggered by emerging risks, issues, or opportunities

- clear decision pathways, setting out which changes Providers can make directly, and which require governance consideration or formal approval.
- agreed change provisions within Relational Agreements
- streamlined processes for low-risk or time-critical decisions

3. Record decisions

All flexibility decisions must be:

- documented and transparent
- based on evidence appropriate to the level of risk and potential system impact
- clearly linked to program outcomes
- made through agreed governance arrangements

All flexibility decisions must align with:

- the agreed purpose and program outcomes
- the Public Governance, Performance and Accountability Act 2013
- Commonwealth Grants Rules and Principles 2024
- relevant DSS policies, including risk, probity, data governance, assurance and evaluation requirements

Considerations

Flexibility decisions should support the whole service system, not only individual organisations. Decisions should consider:

- **Outcomes** – Will this help achieve the agreed outcomes?
- **Access and coverage** – Will people still be able to access services across all communities?
- **Fairness** – Are priority groups still supported fairly?
- **Continuity of services** – Will services continue without interruption?
- **System impact and balance** – Will this affect other services, upset the balance across services, cohorts or regions, or lead to bigger issues when combined with other changes?
- **Future needs** - Does this respond to future demand or emerging needs?

Safeguards

No flexibility decision should create a service gap unless:

- another suitable service is available and accessible, and
- a clear transition plan is in place

Changes that significantly affect service availability, including withdrawal of services, must be formally assessed and approved through appropriate governance processes.

Rules that always apply:

- Base services must continue to be delivered (no service disruption)
- Changes must stay within the agreed scope unless formally varied
- All changes must be documented
- Mandatory reporting requirements still apply
- Flexibility does not change policy, legislation, or funding authority

Appendix - Decision Categories, Authority and Safeguards*

The categories below are indicative only. Governance, evidence and approval requirements should be proportionate to the scale, risk, urgency, complexity, and potential system impact of the proposed change.

Type of Adjustment	Examples	Primary Governance Authority	Required Evidence / Checks	Key Safeguards
Routine service delivery adjustments	• Tailoring delivery approaches • Changing activity mix or sequencing within agreed services • Workforce or delivery method changes	Grant Manager / Partnership Governance Forum	• Service demand and outcomes data • Confirmation services remain available as agreed	• Must not reduce service availability • Must not reduce progress toward agreed program outcomes • Must maintain or improve service coverage, access and equity
Cohort or effort rebalancing	• Increasing/decreasing focus on an agreed client cohort • Shifting effort across cohorts	Partnership Governance Forum	• Service demand and outcomes data, including service and cohort coverage	• Broader client needs must continue to be met • No cohort is unintentionally underserved
Material service mix changes	• Significant changes to services delivered • Introduction or reduction of service types	Partnership Governance Forum (escalate if system impacts are identified)	• Service demand and outcomes data • Analysis of cumulative impacts across the system	• Must not result in effective service withdrawal without approval • System balance must be maintained
Location scaling within footprint	• Scaling delivery up or down across locations • Adjusting service intensity by location	Partnership Governance Forum	• Service coverage mapping • Service demand and access data	• Services continue to be delivered within the approved service coverage area
Financial adjustments within limits	• Reallocating funds across agreed purposes or activity areas • Adjusting the timing of payment arrangements	Partnership Governance Forum (depending on materiality)	• Financial analysis • Alignment with agreed outcomes and delivery plans	• Must not change the total funding amount • Must not impact the ability to deliver agreed program outcomes
Complete withdrawal from a location or region	• Ceasing delivery in a region • Exiting a service location entirely	Senior executive (per Governance Framework) via formal variation	• Assessment of alternative service availability • Accessibility analysis • Client transition and handover plan	• Must not create service gaps • Continuity of support must be maintained, including warm handovers • Formal variation is required
Changes outside routine flexibility	• Changes to core purpose, outcomes, funding, contract term or risk profile	Senior executive (per Governance Framework) via formal variation	• Client impact assessment • System-level analysis • Executive advice	• Formal variation is required and may include adjustments to funding, delivery obligations, and service coverage arrangements. • Appropriate assurance processes must be completed

* Repeated or cumulative adjustments across agreements may require escalation where combined impacts affect the broader service system, even if individual changes are low risk.