

NCOSS Submission to the NSW Health NGO Program Review



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About NCOSS

The Council of Social Service of NSW (NCOSS) is an independent non-government organisation (NGO) and is the peak body for the non-government human services sector in NSW.

NCOSS has as its vision a society where there is social and economic equity, based on cooperation, participation, sustainability and respect. NCOSS works with its members on behalf of disadvantaged people and communities towards achieving social justice in New South Wales.

It was established in 1935 and is part of a national network of Councils of Social Service, which operate in each State and Territory and at Commonwealth level. NCOSS membership is composed of community organisations and interested individuals. Affiliate members include local government councils, business organisations and Government agencies. Through current membership forums, NCOSS represents more than 7,000 community organisations and over 100,000 consumers and individuals. Member organisations are diverse; including unfunded self-help groups, children's services, youth services, emergency relief agencies, chronic illness and community care organisations, family support agencies, housing and homeless services, mental health, alcohol and other drug organisations, local indigenous community organisations, church groups, peak organisations and a range of population-specific consumer advocacy agencies.

NCOSS' approach to health advocacy and policy

NCOSS convenes a number of forums and Policy Advice Groups to inform our work so that it reflects the expertise and views of the sector. One such forum is the Health Policy Advice Group (HPAG). The NCOSS HPAG is a forum of peak and state-wide consumer and community non-government organisations that advise NCOSS on health policy issues, particularly access and equity issues for low-income and disadvantaged groups.

NCOSS believes that health policy and systems need to be based on principles that recognise health as a human right, the social determinants of health, and the importance of strengthening the role of the community and consumers in the development and delivery of health services.

The World Health Organisation Constitution states that: "The enjoyment of the highest attainable standards of health is one of the fundamental rights of every human being without the distinction of race, religion, political belief, economic or social condition."¹

¹ World Health Organisation Constitution, available at:
http://www.who.int/entity/governance/eb/who_constitution_en.pdf

More specifically, the United Nations have explained that seeing health as a human right can be understood as:

“The right to... an effective and integrated health system encompassing health care and the underlying determinants of health, which is responsive to national and local priorities, and accessible to all. Underpinned by the right to health, an effective health system is a core social institution, no less than a court system or a political system.”²

Simultaneously, a social determinants of health approach recognises that the cultural, social and economic environment in which people live shapes their health, and that inequalities in these areas lead to inequalities in health. Recognising the social determinants of health as a principle in the development and delivery of health and other human services builds on the recognition of health as a human right, and facilitates a process of integrated service delivery.

NCOSS also believes that across health policy and service delivery the community generally, and consumers of health services more specifically, should be involved in all aspects of health care design, from individual to systemic levels. Consumer engagement is essential to the development and delivery of accessible, effective, appropriate and patient-centered health services that lead to positive health outcomes.

These principles form the foundation of the work NCOSS undertakes in relation to advocacy and policy in Health.

Introduction

Non-government community health services are an essential element of the overall health system. They provide a holistic framework for the promotion and maintenance of good health within community settings, whilst responding to and meeting the changing and diverse needs of local communities and priority population groups. Services delivered through this sector are an important alternative to the public health system for individuals and communities who may not access more formal institutional health settings, for a range of reasons, or who would otherwise default to an already overloaded acute care system.

² UN Special Rapporteur on the right of everyone to the enjoyment of the highest attainable standard of mental and physical health, 2006

When considering a review to the NGO Grants Program, the following principles are particularly pertinent and must be taken into special consideration by NSW Health

- NGOs are a core part of the entire health system; not simply complementary to NSW Health
- NSW Health funds services that address community health needs holistically across the full spectrum of health
- An integrated approach to health care delivery is achieved across the social determinants of health so that the conditions in which people are born, grow, live, work and age are all considered part of the health system.
- The strategic directions of NSW Health are better aligned with the NGO sector
- A wide range of diverse services are funded

It is also essential that Capacity Building of the sector must be considered an investment not a cost

If NSW Health wishes to achieve the greatest return on investment, capacity building of organisations to provide quality services must be considered an integral part of NGO Grants Program funding. This includes funding and support for;

- financial and accounting systems;
- human resource development and training (paid and volunteers);
- infrastructure development and maintenance;
- compliance, quality assurance and evaluation;
- knowledge and data management;
- network development;
- partnership development and maintenance;
- community strengthening and engagement activities;
- Governance;
- Stronger funding for peaks;
- Information and Communication Technology

STRATEGIC DIRECTIONS

Assess and report on NSW Health's NGO Grant Program's alignment to and complementarity with the NSW State Health Plan

Question 1: How should NSW Health ensure that the health funded NGO Program aligns with or is complementary to the NSW State Health Plan and other relevant NSW Health plans/strategic directives?

1.1 NGOs are essential not complementary to the health system

NGOs are not only complementary to, but essential to the health system as a whole, aligning themselves with the health needs of the community.

NGOs primarily target population groups that are either under-represented and/or over-represented within the health system, often with complex needs, to ensure they receive appropriate quality services across the full spectrum of health care delivery. These population groups often require holistic services that are specifically targeted to their individual needs, and are usually best delivered outside of a mainstream setting. In addition to this many of these population groups sit outside the objectives in the State Health Plan. Despite their key role in health care delivery and in providing services to disadvantaged and marginalised groups NGOs continue to be treated as a 'tack on' to the health system - as external rather than as key players. This must be addressed by creating a state health plan that is holistic and integrated across all aspects of health, and that recognises NGOs as core parts of the health system.

NSW Health must also recognise that the strategic direction of the sector often has a different focus to NSW Health, specifically concentrating on the health needs of disadvantaged people and communities. NGOs cannot be expected to align with the State Health Plan or NSW Health strategic directives if these plans make no consideration of the primary objective of the sector.

1.2 Good planning mechanisms based on continuous engagement and consultation with the sector

Good planning mechanisms are essential to developing a state health plan that meets the needs of the community and consumers. This must involve NSW Health, NGOs, Consumers and the community. Effective planning will ensure that NGOs are better able to understand the goals of NSW Health and conversely, NSW Health will understand the needs and priorities of the community and how the sector can help deliver the health services they need while meeting the aims of the State Health Plan and other health plans...

The planning process must adhere to the principles in the Working together for NSW (WT4NSW) *Good Practice Guide: NGO participation in integrated regional human services planning processes*³:

- The purpose of, and approach to planning should be clear to all participants and established from the outset
- Planning processes should be based on open communication
- Planning processes should include the creation/implementation of feedback mechanisms
- Participants to planning processes should have access to adequate information
- Planning process should be based on an ongoing dialogue between parties
- Planning processes should be flexible
- Planning processes should involve relevant Government representatives
- Planning processes should be as inclusive of NGOs members as possible
- Planning processes should maximise the opportunities for NGOs to participate
- Planning processes should be based on reliable evidence and be results focused⁴

1.3 Continuous Quality improvement (CQI)

Funding and supporting NGOs to undertake CQI is one of the first steps to ensuring alignment between the NGO grants program and NSW Health. CQI will ensure that organisations are actively aligning with NSW Health objectives, meeting the health needs of the community, services are appropriate and that funding is spent and acquitted appropriately.

1.4 Current reporting

The Department of Health NGO grant program 'Funding programs standard application form' already requires NGOs to assess how the objectives of the service provided by NGOs relate to NSW Health's objectives for the program. This is seen in question B7-1 and 2: *'List the Objectives for the service to meet identified needs. Relate the objectives to the NSW Health's objectives for the program. The objectives need to be expressed in terms that are specific, clear, and measurable and linked to service plan timeframes.'*

This existing process for measuring alignment should be utilised by NSW Health.

³ <http://www.ncoss.org.au/hot/compact/Working-Together-good-funding-jul06.pdf>

⁴ <http://www.ncoss.org.au/hot/compact/wtfnsw-good-practice-guide-ngo-participation.pdf>

Question 2: How should the NSW Health NGO Program ensure that the planning and allocation of resources reflects community demographics, emerging models of care, results of demand analysis and evidence of what will provide the greatest return on investment?

2.1 Strategic planning

Planning, as based on the principles in paragraph 1.2 should be undertaken with all stakeholders including the NGO community services sector and all government departments, at a federal and state wide level to ensure a holistic, integrated approach to health. Planning in partnership with the NGO sector will provide a number of advantages including: coordination of services to ensure better consumer pathways; the targeting of resources to emerging and priority issues; the prevention of duplication of services; ensuring that services are prepared for increased demand resulting from public health campaigns; greater involvement of local communities in determining the type and mix of services available and improved data collection by coordinating local NGOs and NSW Health data collection systems to support local planning and decision making.

2.1.1 Strategic planning will help inform the right mix of services

Strategic planning, based on a social health outcomes model and that factor in the intangible value adding benefits of NGOs, will ensure that decisions made about the kind of services provided by public health services and by NGOs is based on evidence. Under current processes programs which potentially could be more efficiently, effectively and successfully provided by the NGO sector are being provided by clinical services.

2.1.2 Strategic planning must be based on a social determinants model of health

Planning for the allocation of resources must involve a holistic approach to person and community, taking into account the social determinants of health such as access to education, finances, housing, appropriate nutrition, employment and social and emotional support.

In order for this to occur, horizontal planning involving all key agencies who provide these services and vertical planning involving NSW Health, AHS, community organisations and the community must be undertaken.

2.2.3 Planning based on strong consumer and community engagement

Whilst the setting of statewide directions and priorities is an important process, local planning processes based on strong consumer and community engagement should be a driving force

behind the delivery of health services. Currently there is a perception that it is NSW Health and clinicians who are determining what should be provided whether or not this meets local community need.

In order to achieve this, strategic links must be established that incorporate NGOs into service planning. NGOs are often linked more closely with communities, and as such need to be recognised as being able to bring vital knowledge and skills to the table when it came to providing health services. NGO involvement in planning appropriate and accessible services is vital for local communities.

2.2 Data collection

A strong evidence base, with data collection across the full spectrum of health care, is key to ensuring that the planning and allocation of resources reflects community demographics, emerging models of care, results of demand analysis and evidence of what will provide the greatest return on investment. Including:

2.2.1 Data collection on existing services

The collection of data on the range, type and role of services that exist across both the NGO and government sectors is the first step to planning and allocating resources. This will prevent service duplication and support the coordination of services to ensure better consumer pathways. It will also enable the identification of gaps in service delivery. Service mapping will provide NSW Health and NGOs with a strong understanding of existing services, population groups, geographic locations and models of service delivery. It will also enable the creation of effective policy and evidence based resource allocation.

Data is crucial to planning across all the branches of NSW Health, at an Area Health Service level and for the community services sector. It should be collected by and made available at a central point. All data should be made available to all, disseminated widely and updated to reflect both new and renewal of funding agreements.

2.2.2 Data collection of community need

Currently data is collected inconsistently across the full spectrum of health care delivery, with a predominant focus on the collection of acute care data.

Therefore funding allocation and policy development is based on incomplete data, which is skewed towards those entering the crisis end of the health spectrum.

A wide range of individuals and communities are absent from the data, in particular those from marginalised and disadvantaged backgrounds who predominantly access services provided by the NGO sector. NGOs have significant amounts of data that would help form an evidence base for the appropriate allocation of resources to emerging and current areas of need.

Thus the NGO grants program should be linked to community need and health priorities, with special attention to the under-represented and over-represented population groups across the full spectrum of health care delivery. The administration of grants must be based on strong evidence, developed by NSW Health in conjunction with the sector, so that funds are used in the most beneficial and efficient manner possible.

2.3 Agreed framework for data collection

An agreed framework for data collection is essential to this process outlining the type of data to be collected, the period of data collection, the mechanism to be used and how the data is to be reported.

2.3 The greatest return on investment

The greatest return on investment can be gained through the prevention and early intervention of illness; keeping people out of the acute care system. Not only does this ensure a health system that upholds the right to good health and wellbeing, as opposed to a focus on treatment of sickness, but it is much more cost effective in the long run.

NGO's have emerged as an alternative to clinical and medical models of health care and are recognised as providing a greater focus on health promotion and prevention.⁵ If NSW Health is serious about 'making prevention everybody's business', 'strengthening primary health and continuing care in the community' and 'making smart choices about the costs and benefits of health services'⁶ then investment in the NGO sector rather than cost cutting to the program is the first step to ensuring the greatest return on investment.

⁵ Eagar, K et al. 2008, *Community health at the crossroads: which way now? Final report of the NSW Community Health Review Centre for Health Service Development, University of Wollongong* p. 7

⁶ NSW Health 2007, *A New Direction for NSW: State Health Plan towards 2010*, NSW Department of Health, North Sydney.

SERVICES PROVIDED BY NGOs

Assess and report on the range and role of services provided by NGOs in each program area.

Question 3: What processes should be in place to ensure that grant funding is appropriately distributed across regions, program areas and service types?

3.1 Data Collection

As mentioned above (2.2) the type of data collected must be expanded to include data on existing services and data that captures community need at a state wide level and at a local level. This will ensure that grant funding is appropriately matched to demographic need.

In addition to this, service mapping should examine services at two levels; along the pathways of care for each stream and across population groups. An appropriate structure must be implemented to include organisations that do not belong to a stream of health, such as sexual health organisations.

3.2 Community consultation

Regular consultation with the community and NGOs would allow NSW Health to test whether data is an accurate representation of community need and to identify appropriate services and model of care to meet this need.

3.2 The value of diversity

Many government agencies, including NSW Health have a preference for lead agency or consortia models of service delivery that make it easier for them to deal with fewer agencies. However this may result in small services losing their voice, in more standardised approaches to service delivery, and in the loss of local community input to service planning and delivery.

Continual preference for particular types of organisations to deliver services significantly undervalues the diversity the sector can provide. In particular it undervalues different models of service delivery that meet different needs such as locally based services with local responses. It is also harder for small to medium sized organisations to participate in particular procurement processes such as full competitive tendering without support.

NSW Health and the sector must establish a relationship based on greater understanding of the strengths and diversity of the sector. Therefore NSW Health should work towards encouraging diversity so that a wide range of services is maintained and that no one type of service or service provider dominates the system. NSW Health should also take into account the difficulties of service provision in rural and remote areas of the State and aim to ensure more equitable provision of high quality services in all locations.

If diversity is to be retained then a measurement of diversity must be established and reported on.

3.3 The multiple roles of NGOs

A comprehensive and effective approach to health and social issues can be achieved if NGOs are recognised and valued for their role in systemic advocacy and policy development. Systemic advocacy is a crucial part of the democratic process as it provides opportunities for people to participate, influence decisions that affect them and provide feedback on current services and policies. NGOs typically provide a variety of mechanisms and forums for participation so that all population groups have an opportunity regardless of age, gender, culture, literacy levels or ability to contribute to the advocacy that the organisation undertakes.

A myriad of benefits to the wellness of the community and to the outcomes of Government can be achieved through this process, including:

- Identification of gaps and unintended perverse outcomes in policies and services. Through advocacy, the sector can develop policy responses and feed these gaps back to Government.
- Effective and successful delivery of services by enabling communities and individuals to be heard at a Government level through systemic advocacy

The advocacy role of NGOs must be recognised in conjunction with clinical service delivery.

Recognising this ensures:

- The NSW NGO Grants program appropriately funds a variety of services types
- NGOs are able to advocate for where funding is needed across regions, program areas and service types

3.4 A holistic approach to health

As previously mentioned, NSW Health is only a segment of the entire health system. Allocation of funding must be based on a holistic approach to health care delivery.

NSW HEALTH GRANT ADMINISTRATION AND GRANT MANAGEMENT PRACTICES

Assess and report on governance and management procedures within the NSW Health NGO Grant Program

Question 4: How can grant administration and grant management processes be improved?

4.1 Principles underpinning good funding in the Working Together for NSW agreement

Working together for NSW: Good Funding Policy and Practice outlines the principles that will 'enhance the quality of processes and outcomes in the funding relationship between the government and non-government organisations'. They are;

4.1.1 Value for money

Value for money is the "best mix of services to meet community needs within available funding and selecting the mix of resources that delivers the best possible outcomes to clients." It is not about purchasing the cheapest service or limiting the range of services to be provided.

4.1.2 Fairness, integrity and Transparency

Insufficient communication and lack of transparency on the funding process and arrangements between NSW Health and NGOs has reduced the fairness and integrity of the grants process. This principle is about ensuring that 'the government funding system is and is seen to be accessible, appropriate and fair.' NSW Health could overcome this by implementing the following recommendations:

- Involving stakeholders upfront in integrated planning for government programs;
- Implementing a better communication strategy with the community sector that clearly outlines the purpose of funding programs including the nature of the services required, who is eligible to apply, the information required from services if the process is competitive, clear selection criteria and how they will be weighted, and an information process with clear timeframes;
- Providing clear and relevant information and data;
- Transparency of population planning techniques to ensure services are delivered equitably and according to need;
- Providing clear, proportionate and non-burdensome performance and accountability procedures;

- Ensuring that all rules and processes are made available upfront in plain language and are understood by all relevant government officers as well as service providers.

4.1.3 Cooperation

The relationship between NSW Health and the sector should be based on cooperation, in recognition that both NSW Health and the NGO sector want to achieve the same outcomes for people and communities and are willing to work together to achieve them. Working towards a funding relationship based on cooperation and reciprocity can be achieved through:

- Joint planning exercises at all levels (State, regional, local);
- Joint research and training;
- Mutual respect for each other's ways of working;
- Sharing of information; and
- Working together to improve service delivery through planning, quality improvement, building service capacity and dissemination of information about practice issues.

4.1.4 Diversity

See paragraph 3.2

4.1.5 Consistency

This principle stipulates the need for funding administration procedures to be consistent 'within programs, across individual agencies, across government and as grant programs evolve'. In particular, a whole of government approach must be implemented to avoid duplication of reporting requirements for organisations who receive funding from more than one government source.

With respect to accountability for receipt and expenditure of government funds, each department has its own regime and there is no 'whole of government' approach to funding accountability and acquittal. This places a heavy and unnecessary compliance burden on NGOs who report to different Government departments, different levels of government, agencies with NSW Health and different Area Health Services. This burden also impacts disproportionately on small organisations. It is important to note, that the more time NGOs spend on reporting to government, less time is spent on service delivery.

Funding administration procedures, including applications for grants and performance measurement, must be made consistent within programs, across individual agencies, across government and as grant programs evolve. By the same token, any approach to consistency

must also recognise that not all NGOs are the same and that the grants administration and management process must allow for diversity.

4.1.6 Coordination

Coordination is about planning and the need to improve outcomes for people and communities “through better alignment of planning, program design and service delivery within and across both government and non government human services sectors.”

Good planning processes at the State, regional and local levels will impact on decisions regarding the types of funding practices that are most appropriate. Coordination should also include relationships with other levels of government, Commonwealth and Local as well as State.

Coordination is often cited as the solution to fragmented services and duplication. While this can be true, and integrated service delivery has been demonstrated to be effective, the mechanism by which integration is achieved is an important contributor to the outcome. Coordination is better achieved through integrated community services planning, consultation and negotiation that allow services to be tailored to local needs.

4.1.7 Probity

The integrity of funding practices is essential to the maintenance of trust between government agencies and funded services.

All funding practices should entail publicly available information in relation to program objectives, eligibility criteria, application processes if applicable, and performance monitoring systems.

4.2 Preferred supplier agreements

Preferred supplier agreements involve NGOs undertaking an accreditation process that examines risk management, governance and quality management. Upon receipt of preferred supplier status a head agreement is established between NSW Health and the NGO. Specific project funding would then be allocated through a separate but linked process and have more simplified annual reporting arrangements. There are a number of benefits to implementing this model, including:

- A reduction in the reporting burden as NGOs would only be required to report on specific programs. This includes reporting only on KPIs relevant to programs as the quality of the organisation is already established through accreditation.

- A reduction in routine tendering which will improve the stability and ongoing viability of organisations.
- The creation of a fairer funding system; NSW Health suppliers do not have to compete in tenders.
- Improved quality of services, as more services under go an accreditation process

The process to undertake accreditation must be proportional to the size and capacity of the organisation and be funded and supported by NSW Health.

4.3 The role of the Area Health Services

Given that AHS's have a large portion of the responsibility in the grants administration and grants management process, it is vitally important that the quality of the relationship between AHS's and NGOs is made consistent across all AHS. Currently, the quality of the relationship between AHS's and NGOs varies between each AHS, resulting in inequitable processes and outcomes in the negotiation of funding agreements and the formulation of KPIs.

A formalised framework at an AHS level that supports the role of NGO coordinators to better consult with the sector is crucial to improving the equity of this process. Currently, the role of the NGO coordinator predominantly focuses on managing the grants program, leaving little time to manage and foster the relationship between NSW Health and NGOs. Consultation should not be an 'addition' to the NGO Coordinator role, but rather a core part.

In addition to this, whilst it is logical that AHS's have responsibility for managing both the relationships with NGOs and individual projects, it is illogical for AHS's to have the responsibility for grant distribution. There is a distinct conflict of interest present when AHS'S have the power to chose between funding either their own services or outsourcing to NGOs to implement a program.

4.4 Adopting the recommendations in the Auditor General's report on grants administration

4.4.1 Recommendation 2: Transparency of the grants process

Improve transparency of the grants process by publishing in an accessible and timely way⁷:

- a rolling calendar of grants funding expected to be available in the next 12 months
- their procedures for making grant decisions
- Ministerial Directions to make or refuse grants outside of normal procedures
- evaluation of what grant programs achieved and how the distribution of funds has supported government objectives.

⁷ http://www.audit.nsw.gov.au/publications/reports/performance/2009/grants/grants_administration.pdf

4.4.2 Recommendation 4: Unsuccessful applicants

Unsuccessful Applicants must be informed of the reasons why their grant application was rejected.

Question 5: How can funding and performance agreements be improved?

5.1 Encourage better quality and performance improvement

Current approaches to monitoring and performance evaluation focuses too heavily on managing a service agreement and counting throughputs and outputs. Monitoring and evaluation should never be simply about compliance with the contract. It must be about encouraging better quality and performance improvement. Simultaneously, NSW Health must invest in the capacity of NGOs, including workforce, data collection mechanisms, skill development and governance to provide quality services.

5.2 Considering the assets of the community sector

Performance monitoring should include the assets that a community organisation can bring to service delivery such as relationships with communities, capacity to enhance existing service delivery, long term collaboration between local services, local knowledge, expertise in service delivery and an ability to promote equality and social inclusion.

5.3 Carefully considering the role of outcomes

Outcomes play an essential role in measuring the achievement of broad social objectives and should always be aspired to by both NSW Health and the NGO sector. Therefore outcomes should be reported on, measured across programs and disseminated back to the community.

However, linking outcomes directly to funding agreements needs to be a carefully considered process involving both NGOs and NSW Health. It should never be forced upon an organisation. There are numerous challenges to be faced when trying to link outcomes to funding agreements including;

1. Outcomes are often broad social objectives that are long term and difficult to measure.

2. Neither NSW Health nor the NGO sector has the infrastructure in place to measure the progress of these outcomes. Without adequate data collection it is inappropriate to connect funding directly to the achievement of outcomes. NGOs should be funded to develop the infrastructure to measure these outcomes.
3. NGOs often have more specific outcomes directly relating to improving the lives of the marginalised and disadvantaged that are different to the outcomes measured by NSW Health. The outcomes as defined by the sector must be considered by NSW Health.

Outcomes should be considered as part of the strategic direction of an organisation. To ensure the process is fair, a mechanism that measures an organisations contribution to achieving these outcomes, taking into consideration organisational capacity, should be developed. In addition to this, ongoing research should also form part of the evaluation process, particularly in those programs where outcome measures are difficult to assess in the short term. This should include the dissemination of research results and joint information and training sessions between government and NGOs.

5.3 A timely approval process

The sign off process for grants approval is often delayed, resulting in NGOs waiting beyond July 31 for funding. This significantly impacts on the quality and availability of services and undermines the planning process undertaken by the NGO. NGOs are very rarely able to carry over funds to cover the delay and without funds services stop.

The approval process should be completed in a timely manner so that funds are in the bank in time to start the project. This means that NSW Health has to ensure that funds are in the NGO bank account prior to the end of the financial year and that any increase in funding must be passed on within a month of its announcement. In terms of short-term project funding the funds should be provided to the NGO at least one month prior to the commencement of the project to enable the Ngo to cover the initial upfront costs that a project can entail.

5.4 Innovation

To better support the innovative capacity of NGOs, funding and performance agreements must include a degree of flexibility. Innovation is essential in our current health system where dependence on acute care is high and health outcomes for many populations groups are still low. NGOs have the capacity to trial new ways of addressing health needs and discovering innovative solutions that can be implemented in partnership with NSW Health. However, there are a number of significant restraints on the innovative capacity of the sector. These include:

- The lack of flexibility in government funding; tighter prescription of service specifications, outputs and outcomes to be achieved, can result in services limiting the work they do to meet these service specifications only.
- The administrative and regulatory burden limits the amount of resources NGOs can invest in innovation and program and policy planning.
- The lack of investment in capacity building through workforce development and infrastructure.
- The lack of structure, funding mechanisms or evaluation tools to support innovative and pilot projects delivered through NGOs. Programs that are innovative and successful can rarely access on-going funding.

NSW health should allocate a small percentage of program delivery costs to innovative approaches that can be delivered in partnership with government. In addition to this, information should be disseminated on what works and what does not work so that the sector and NSW Health can learn from each other.

NGOs should work in partnership with NSW Health to determine contract outcomes and key performance indicators that include a degree of flexibility on the manner in which outcomes are achieved.

Question six: How should reporting requirements be improved?

6.1 Standard reporting process

The reporting process must be standardised within NSW Health and across all government agencies to minimise duplication of information and to reduce the burden that excessive and variable reporting requirements place on NGOs.

6.2 Reporting pro forma

The development of a common reporting form that is used across all of NSW Health, including AHS's would significantly reduce the administrative burden experienced by NGOs filling out lengthy, repetitive documents. The pro forma could capture the essence of service delivery by NGOs in a small number of pages and include appendices to capture the specifics and diversity in services. This would also ensure that the type of data collected on NGOs is consistent, allowing for data to be compared across NSW.

6.3 Proportional regulatory framework

Accountability, reporting and performance measurements place a disproportionate burden on small NGOs. While it is important to have consistency in approaches to these measures, it is

equally important to be flexible and to match accountability and reporting requirements to the capacity/size of organisations as well as the amount of funding.

6.4 A reduction in reporting under preferred supplier status

As mentioned in paragraph 4.2, reporting requirements would be significantly improved under a preferred supplier model. Organisations would report on individual project grants, reducing the duplication of information that is currently reported on.

Question 7: How should key performance indicators be improved?

7.1 KPIs linked to identified community need

KPIs must be linked to identified health need as agreed upon collaboratively by NSW Health, NGOs and the community. The collection of data on community need, as mentioned in paragraph 2.2 is crucial to the success of this process.

7.2 KPIs must be developed in conjunction with the organisation

Program specific KPI's should be negotiated at an AHS level, in conjunction with the NGO and based on the specific service requirements and identified health need.

KPIs need to be actively managed, reviewed regularly and amended over the life of the contact to take into consideration emerging local needs or changes to the NGO.

7.4 Measure the value adding benefits

KPIs do not measure many of the assets the community sector brings to a project or service, ultimately undermining the true value of service delivery through the sector.

Value adding benefits such as the ones that exist in the Canadian Funding code “access to networks, knowledge of specific issues, expertise in service delivery, ability to promote equality and social inclusion”⁸ as well as the capacity to enhance existing service delivery, long term collaboration between local services, local knowledge, development of community relations

⁸ Voluntary Sector Initiative (Canada), A Code of Good Practice on Funding; Building an Accord Between the Government of Canada and the Voluntary Sector, October 2002

and input to management and provision of “best practice” models should be included in both performance reviews and funding agreements.

Question 8: How should the process for establishing and renewing grants be improved?

Good funding practices between NSW Health and the non-government community services sector have the capacity to enhance outcomes for the people and communities of NSW, assist government to achieve its social policy objectives, and strengthen the capacity of the sector to deliver high quality services to meet community needs.

8.1 The process for establishing grants

8.1.1 Grants should be based on data collected on community need

The establishment of a grant should be justified according to data collected on community need across the full spectrum of health care delivery by NSW Health in conjunction with the NGO sector(as mentioned in paragraph 2.2).

It is important to note the current mechanisms for data collection are inadequate and do not appropriately measure community need. NSW Health must invest in appropriate infrastructure for data collection that is long term, holistic and across the full health spectrum.

8.1.2 Based on the planning principles in Working Together For NSW

The process for establishing grants must be based on the principles in paragraph 1.2 of the Working Together for NSW agreement.

In addition to this, any planning framework must recognise that not all health care needs and priority population groups are represented in the current State Health Plan. Mechanisms must be in place to ensure that all members of the community are incorporated into planning health care delivery.

Whilst the setting of statewide directions and priorities is an important process, local planning processes based on strong consumer and community engagement should be a driving force behind the delivery of health services. Currently there is a perception that it is NSW Health and clinicians who are determining what should be provided whether or not this meets local community need.

In order to achieve this, strategic links must be established that incorporate NGOs into service planning. NGOs are often linked more closely with communities, and as such need to be recognised as being able to bring vital knowledge and skills to the table when it came to

providing health services. NGO involvement in planning appropriate and accessible services is vital for local communities.

8.1.3 One off or time limited funding (This can include non-recurrent and project funding)

One-off funding is commonly used to fund short term projects or outcomes. It is most usefully implemented in situations where there are no expectations of ongoing commitment or recurrent funding implications. Time limited project funding can enable services to undertake particular tasks or programs over the short term. It can be a useful adjunct, therefore, to recurrent funding.

However, issues arising from non-recurrent funding include:

- The increasing use of project funding as an alternative to recurrent funding, which impacts on the viability and performance of NGOs.
- The continuing practice of one-off funding for pilot programs that are successful but then are either not picked up (even when producing good results) or the NGO is expected to find ongoing recurrent funding from another source.

Non re-current funding should only be delivered in circumstances where there is no ongoing commitment. The funding of pilot projects must be accorded treatment that reflects its ability to provide alternative innovative solutions to health care delivery.

8.1.4 Competitive tendering

Expressions of Interest (EOIs) are seen by government as a process to ensure it has control of services being purchased in its name, fiscal responsibility is exercised (value for money) and that it is publicly and transparently accountable for public monies. EOIs are usually used in situations where there are large amounts of new money, completely new types of services are required to be provided, services are required to be provided differently; or where there are no obvious providers or different providers are being sought.

Competitive tendering can have perverse outcomes for NGOs and the community including:

- Contestability lowering the cost of service delivery, which can equate to the lowering of the quality of the service or reduced service delivery.
- The delivery of services through standard models that do not reflect local needs.
- The full value of small/medium sized NGOs not being taken into account because of assumptions that larger NGOs have better governance and finance arrangements.

- New, sometimes inexperienced or unfamiliar organisations receiving funding over existing, stable services.
- Loss of trust between service providers and government
- Loss of trust between service providers themselves
- Loss of local decision making over programs
- Loss of the “extras” that are not directly purchased (e.g. community engagement, advocacy, networking, volunteers);
- Funding may be given to the best written proposals from possibly less experienced or expert providers. The best written proposals do not necessarily indicate the most suitable applicant;
- Inefficiencies caused by the deflection of staff to writing funding proposals rather than providing services and the costs involved;
- The process **may** work against the purpose – in the search for integration, for example, a competitive process may result in more division than collaboration;
- Information and research may not be shared as easily or openly in a competitive environment.

Competitive tendering must be the exception to the rule. Alternatives, such as preferred supplier agreements, mentioned in paragraph 4.2 should be implemented.

Funding policy must be grounded in planning, collaboration and negotiation within local areas. This will add more value to recurrent funding arrangements than manipulation of partnerships or competition. When expressions of interest are pursued they should count an organisation’s history and demonstrated commitment in a local area or region, take into account existing relationships, network and community trust and cost some of the extras that local organisations bring such as volunteers, existing venues and services and community engagement.

8.1.5 Innovation funds

Programs that are innovative and successful can rarely access on-going funding as funding is tied up in existing programs.

NGOs are alert and aware of emerging needs within the community, in particular marginalised and disadvantaged communities who are often voiceless. Innovation funding that is available through a tendering process would be an extremely useful preventive measure to the escalation of illness within these communities.

The EOI component of the NGO Grants operational guidelines should be appropriately funded for innovative, creative and flexible services, new models of care and emerging demographics and areas of community need. This should be based on evidence collected by NSW Health in conjunction with the sector and assessed by the local area based advisory groups to determine funding allocation.

8.2 The process for renewing grants

8.2.1 Long term-recurrent funding

Recurrent funding on either a one year or three year basis has been the most common form of core funding for NGOs in NSW. Recurrent funding tends to sit underneath sets of program guidelines, service specifications and contract agreements that are negotiated between government agencies and NGOs. As a rule this funding tends to be ongoing unless an organisation performs poorly or client/community/needs change dramatically.

Recurrent funding has a variety of benefits including stability of service provision for clients and communities, development of expertise, development of long term relationships and partnerships and the ability to forward plan.

Longer term funding (3-5 years) would add value to these benefits. In the UK, HM Treasury has produced a set of guidelines for funding agencies that argues strongly for longer term funding on the grounds that it provides greater stability and often better value for money.

“Short term contracts can lead to the diversion of valuable third sector resources into bidding for government funds – often from multiple sources – and away from the development and delivery of better services... Annual funding means a considerable level of uncertainty for both funding bodies and providers, limits the ability of third sector organisations to engage in longer term planning, borrowing and investment, and can put third sector organisations into undesirable financial difficulties.”⁹

8.2.2 Indexation

A major problem with recurrent funding in NSW is the erosion of its value over time. This has resulted in increasing viability and performance issues for many services and programs.

⁹ HM Treasury, Improving financial relationships with the third sector. Guidance to funders and purchasers. May 2006, p.22

Without adequate indexation, the erosion of the value of allocated funds will result in organisations reducing service delivery. This is exacerbated by rising costs in salaries, insurance, infrastructure maintenance etc.

NSW Health must develop a more appropriate model of indexation that is guaranteed, automatic and consistent for program funding.

NGO SECTOR FINANCIAL MANAGEMENT, QUALITY IMPROVEMENT AND CAPACITY

Assess and report on the NGOs sector governance and management structures

Question 9: How can NGO financial management, quality management and capacity be improved?

9.1 Continuous Quality Improvement (CQI)

The NGO Health sector considers Quality improvement is essential to the delivery of services in a transparent, accountable and efficient manner. The NGO Operational Guidelines make it a condition of funding to NGOs in receipt of funding from NSW Health to aim towards accreditation status and partake in quality improvement processes. NGOs have been expected to absorb the costs incurred by CQI into grant overheads, another burden to an already over stretched budget.

It is estimated that external costs of CQI are equivalent to a minimum 1% of an organisations funding. Consideration should be given to enhancing NGO individual grants by 1% for the purpose of CQI or giving the equivalent amount of funds to the NGO Health Peaks for CQI sector development and coordinated CQI approaches.

9.2 Investment in the capacity of NGOs

NSW health is primarily focused with reforming the grants process towards efficiency and effectiveness. This can result in the defunding of organisations that provide quality services to the community but face difficulties as a result of old infrastructure, limited ability to train staff, inability to hire staff, poor governance structures etc. Rather than defunding these organisations NSW Health would be better placed (and it would be more effective and efficient) to reinvest in infrastructure, education and training or workforce development and improving the organisations capacity.

It is essential that NSW Health recognises the constraints that NGOs operate under that limit their ability to invest resources into infrastructure, education, workforce development and extensive grants applications. Instead of reducing funding, NSW Health should look towards investing in the capacity building of the sector, viewing this as an investment not as a cost. NSW Health must invest and support the following to ensure NGO financial management, quality management and capacity is improved:

9.2.1 Governance

NSW Health could assist NGOs by ensuring access to ongoing education and training in the following areas:

- Leadership: Leadership within the organisation is able to provide direction and strategies to ensure the organisation's goals are achieved.
- Legal and Regulatory Compliance: The organisation understands and complies with all relevant legislation and regulations and manages its contractual obligations effectively. Given that NFP organisations are governed by voluntary Boards of Management, they often lack the required skills to negotiate this complex maze of regulation.
- Policies and Procedures: Policies are developed both to guide the operation of the Board and to support the organisation's service delivery and administrative operations.
- Accountability: At every level of the organisation, there are appropriate accountability and probity measures in place.

9.2.2 Management Systems and Processes

- Planning, evaluation and service improvement: The service has processes in place to ensure planning, review and quality improvement.
- Financial Management: Funds received from both government and private sources are spent and accounted for appropriately and the financial management system is congruent with the goals of the organisation, ensuring an efficient and sustainable service. A business plan is in place to ensure that the organisations objectives are able to be addressed.
- Risk Assessment and Management: A comprehensive risk management process is in place.
- Knowledge Management: Knowledge management is the systematic way in which an organisation finds, selects, creates, distills, organises, presents and accesses internal and external information which is used to develop the organisation. NGOs require support to develop an effective knowledge management system to ensure its long term sustainability and development.
- Communication and Feedback: The organisation implements effective processes for communication and feedback from all stakeholders in meaningful and appropriate ways. NSW Health must fund the time NGOs spend in consultation with the community and NSW Health.

9.2.3 Workforce Development

- Human Resources Management: An effective process of human resources management (recruitment, performance management, performance review and delegations) is in place.
- Workforce Planning: Effective planning is in place to ensure that there is continuity and quality in service delivery.
- Training and Development: Opportunities are available in accordance with the goals of the organisation and the learning needs of employees.

9.2.4 Physical Resources

- The organisation's assets, equipment, facilities and resources are adequate to fulfill its objectives in a safe and effective manner.
- In conjunction with this, the property and asset policy must be amended so that NGOs are able to access capital funds allowing excess funds from government to be rolled over into improving the working environment.
- Workplace environment – the workplace environment is positive and conducive to the wellbeing of all stakeholders, especially clients and staff.

9.2.5 Capacity Building – Networks and Partnerships

- Collaboration: NGOs are adequately funded and supported to collaborate with internal stakeholders and external organisations to improve outcomes for clients, communities and the sector and shares knowledge.
- Research: Funding and supporting NGOs to undertake research into community need and sector development.

9.2.6 Information and Communication technology Infrastructure

- IT: The development and adoption by all NSW government human service agencies of a specific funding formula to provide additional resources to meet the on-going ICT requirements of NGOs within their funding programs. This formula should take account of the data expectations of the funding agency, the size of the NGO, as well the costs of maintenance and support, hardware and training.

Question 10: Should NGOs look for opportunities to share services such as financial administration and if so how?

There are a number of advantages to gain from shared services such as cost savings, improved governance and management processes, greater focus on direct services of NGOs and improved service delivery and the concentration of specialist skills to improve efficiency, effectiveness and sustainability.

Shared service delivery should never be forced upon NGOs. It is important to remember that shared services are not a suitable option for all NGOs. Nor are all other NGOs suitable partners.

Shared service delivery should always:

- Be a carefully considered process, with information from a variety of sources
- Involve all stakeholders in the decision making process
- Be based on a model that suits the needs of all stakeholders

Question 11: What is the role of NSW Health to assist NGOs develop shared service arrangements?

It is not the role of NSW Health to decide whether organisations should engage in shared service delivery. Instead, NSW Health can play a constructive and supportive role by:

1. Linking like services together so that organisations become aware of the existence of similar services.
2. Providing resources (financial and informative) to organisations who want to engage in shared service delivery
3. Financing workshops on the process of shared service delivery
4. Resourcing the shared service implementation process.
5. Recognising that some NGOs may begin the process of shared service delivery and later decide that this it is in fact unsuitable

Question 12: Should quality management in the NGO sector be made mandatory and is the current NSW Health approach to quality management appropriate?

12.1 Continuous Quality Improvement

Quality management should only be mandatory if accompanied by funding to support this process. See paragraph 9.1 for more detail.

12.2 Adequately funding service delivery, capacity building and infrastructure

Inadequately funding the full cost of service delivery is poor risk management, significantly decreasing the ability of the NGO sector provide quality service delivery or invest in its own capacity development. In particular, non-program indirect costs are an extra burden placed on already over-stretched funding resources. These can include:

- financial and accounting systems;
- human resource development and training (paid and volunteers);
- infrastructure development and maintenance;
- compliance, quality assurance and evaluation;
- knowledge and data management;
- network development;
- partnership development and maintenance; and
- community strengthening and engagement activities¹⁰

Funding for these indirect costs is crucial to the sectors ability to deliver sustainable, effective services. Government funding must factor the indirect costs in, in addition to the funds allocated for service delivery.

Question 13: How can the infrastructure capacity of the NGO sector be enhanced?

Refer to section 9 for more detail.

¹⁰ Victorian Council of Social Services, 2009, *VCOSS Submission to Contribution of the Not for Profit Sector, Productivity Commission Issues Paper*, accessed June 25, <http://www.vcoss.org.au/pubs/submissions.htm#CommunitySectorStrengthening>

BUILDING PARTNERSHIPS

Assess and report on communication between NSW Health and NSW Health funded NGOs

Question 14: How could partnerships, collaborations and communication between NSW Health and the NGO sector be improved?

14.1 Relationship between NSW Health and the non-government sector

A range of factors have inhibited the ability of a true culture of partnership and collaboration to be nurtured leading to an increasingly tokenistic partnership between NSW Health and NGO's. These include:

- increased outsourcing of service delivery through contractual arrangements rather than relationships that view NGOs as equal partners in health care delivery
- a lack of understanding of the autonomy and experience of the sector
- a culture of 'us' and 'them' between NSW Health and the NGO sector
- difficulties NSW Health may encounter in communicating and negotiating with a large and disparate sector
- Inconsistent planning, coordination and communication pathways between individual NSW Health divisions, branches, health services and the NGO sector.

A cooperative relationship should be established between NSW Health and NGOs based on mutual respect and mutual recognition of strengths and expertise in conjunction with a mutual recognition of the joint vested interest in improving health outcomes.

14.2 A relationship based on the principles in Working Together for NSW: An Agreement Between the NSW Government and NSW Non Government Human Services Organisations

The following broad principles are essential as the basis for a strong relationship between the Government and the non-government sector:

- **evidence-based approach:** policy, program development and service delivery should be based on reliable evidence
- **outcomes:** decisions should be informed by a focus on real outcomes for people and communities
- **accountability:** both Government agencies and non-government organisations must be accountable and transparent in the way in which they spend public funds, in a manner appropriate to the level of expenditure

- **respect:** both Government and non-government organisations must respect each other’s roles and acknowledge that these roles may lead to differences of opinion around particular issues
- **communication:** wherever possible, Government agencies and non-government organisations should make open communication and consultation a priority, particularly where changes to policies, programs or services are being considered or advocated
- **independence:** non-government organisations are independent agencies that are responsible and accountable for their own performance and management. They are accountable to their members in the operation of their organisation. Where NGOs receive government funding they are also accountable to Government for their performance in relation to the service or initiative being funded
- **inclusiveness:** the Government is obliged to balance the interest of all New South Wales citizens and has a responsibility to allocate resources accordingly. This may involve changes to policies, administrative and funding arrangements. The Government is accountable to the electorate for such changes.

14.2 Coordination and Planning

Coordination is about planning and the need to improve outcomes for people and communities “through better alignment of planning, program design and service delivery within and across both government and non government human services sectors.”¹¹

Coordination between NGOs and NSW Health is largely dependent on NSW Health branch and governance structures. Policy Areas in NSW Health are often siloed, resulting in inconsistent coordination and communication levels with NGOs across different branches, divisions or health services. NGOs are inconsistently engaged in the planning and communication process, with Peak bodies in the metro areas often being the main source of contact between NGOs and NSW Health. While NGO peak bodies represent the whole NGO Health sector to the best of their ability and capacity, there is a need to recognize that there is not always a single point of view across the sector and that different types of organisations may have different points of view. In particular NSW Health must engage in coordination and planning with service delivery NGOs and NGOs in regional areas.

Better integrated planning processes and coordination between NSW Health and NGOs would provide a number of advantages, including:

- The coordination of services to ensure better consumer pathways
- The targeting of resources to emerging and priority issue
- The prevention of duplication of services

¹¹ Working together for NSW

- Ensuring that services are prepared for increased demand resulting from public health campaigns
- Greater involvement of local communities in determining the type and mix of services available
- Improved data collection by coordinating local NGOs and NSW Health data collection systems to support local planning and decision making

NSW Health must ensure NGOs are included as equal partners in health service planning and development. This includes joint planning exercises at all levels, joint research and training and working together to improve service delivery through planning, quality improvement, building service capacity and dissemination of information about practice issues.

14.3 Development of a communication strategy

NSW Health must develop a communication strategy in consultation with the NGO Advisory Committee both at a central and local level. This strategy should identify key issues to be communicated, who will be communicated with, frequency of communication, and communication methods. It should be based on the Working Together for NSW principle; ‘wherever possible, Government agencies and non-government organisations should make open communication and consultation a priority, particularly where changes to policies, programs or services are being considered or advocated’.

NSW Health must develop a strategy to properly implement the principles and intent of the Working Together for NSW principles, including monitoring and reporting on compliance to these principles.

Question 15: How could communication practices between the NGO sector and NSW Health be improved, including enhancing the role and function of the NGO Advisory Committee?

15.1 Two way communication

Communication often flows in one direction; from community services to NSW Health. This impedes an environment of cooperation and participation. The mechanism for feedback on a grants process or performance review is either slow or non-existent. NGOs receive little or no feedback that would allow for benchmarking and service delivery improvements or explanation as to why they were unsuccessful in an application for recurrent funding or expression of interest.

The structure for communication between NSW Health and the Health NGOs must be based on partnership and two way communication across the full range of health service areas. The community services sector must be involved at the start of decision making processes, not for example after a document is published or policy formulated, so that the sector can communicate and identify the problems in particular health service areas, strategies to overcome issues and how to ensure the widest range of community organisations are consulted with prior to decisions being made. If communication between NGOs and NSW Health is working efficiently, than real improvements to the quality of the partnership and the manner in which policies and recommendations are implemented will be observed.

15.2 Consistency and transparency across all AHSs

Despite a requirement under the NSW Health Integrated Primary and Community Health Care Strategy Implementation Plan that Area Health Services “as part of their integrated service planning processes, establish consultative relationships between themselves and non-government organisations (et.al)...to improve the delivery of services to patients and the communities¹², there remains significant inconsistency between Area Health Services as to the inclusion and consideration of NGOs within planning processes. In the first instance, ensuring that NGOs are included as equal partners in health service planning and development should be a priority. Under the current ad hoc arrangements to NGO consultation, there is no transparency or accountability as to which organizations get consulted on what issues and when.

The NSW Health NGO Operational Guidelines states that AHSs have strategic plans which highlight the health priorities of the communities they serve and the specific policy responses developed in NSW to meet the needs of disadvantaged consumers and communities.

Therefore, NGOs and AHSs share a mutual interest in the health outcomes of those residing in geographically defined communities. It is vital that this mutual interest is recognised with regular consultation, information and data flow and cooperative planning mechanisms that are consistent and transparent, ensuring an integrated approach to service planning.

15.3 The NGO Advisory Committee

15.3.1 Increase the status of the NGO Advisory Committee

¹² NSW Health, 2007, *Integrated Primary and Community Health Policy 2007 -2012: Implementation plan*, p15

Overtime many of the Human Service Agencies have had high level committees (sitting at Director General or Ministerial level) consisting of representatives from the Department and the Non Government Sector. This has provided a clear message to these Departments of the important role that NGOs play in delivering services. However, within NSW Health, the NGO Advisory Committee, sits at a Branch level and therefore has very little ability influence and participate in NSW Health decisions.

Changing the positioning of the NGO Advisory Committee to reflect the importance of the health NGO sector to delivering health services would go some way to changing the current culture of the Department where NGOs are considered to be subsidiary to other health services.

15.3.1 Communication between the NGO Advisory Committee and the Health NGO sector

The NGO Advisory Committee is an important mechanism for communication, information sharing, planning and consultation between NGOs and NSW Health. However a number of concerns exist over the degree to which the community sector is involved in this process. To improve this process NSW Health must:

- Support AHS NGO Coordinators to attend NGO Advisory Committee meetings whilst simultaneously establishing consultative committees at an AHS level. The AHS committees will provide the opportunity for the NGO coordinators to receive feedback from community organisations for the NGO Advisory committee and conversely provide information from the Committee to NGOs.
- Establish a genuine mechanism for communication between NGOs who do not belong to a peak body and the NGO Advisory Committee ensuring the views of these organisations are included.
- Ensure peak bodies are appropriately funded to undertake consultation with their members, including those in rural and remote areas.
- Provide a minimum of two months for peak bodies to consult their members, especially for services with a small amount of staff
- Create a NGO Advisory Committee link from the NSW Health website that contains information from Committee meetings, upcoming consultations and contact details for NGOAC members
- Establish a once a year regional NGOAC meeting with a meeting beforehand that allows local NGOs to discuss local issues.

15.4 A stronger role for AHS NGO Coordinators

Supporting a stronger consultative role for AHS NGO Coordinators is crucial to opening up communication channels between NSW Health and NGOs. Currently, the role of the NGO coordinator predominantly focuses on managing the grants program, leaving little time to manage and foster the relationship between NSW Health and NGOs. Consultation should not be an 'addition' to the NGO Coordinator role, rather a core part.

Question 16: What should be the role, purpose and function of Peak NGOs in relation to the NSW Health System?

16.1 Recognise the important role peaks play

The presence of peak NGO bodies is invaluable to both the non-government and government sector, fulfilling an important communication, information provision and advocacy role between the NGO sector and NSW Health. Peak bodies play a coordination role that enhances the performance, the efficiency and the effectiveness of community organisations resulting in a stronger, coordinated non government health sector leading to better policy outcomes for both government and the community.¹³

In 2007, the Working Together for NSW Joint Human Services CEOs and FoNGA Implementation Committee developed a reference paper titled 'Service Outcomes for Peak Bodies'. The agreed Peak activities are:

- Capacity building contributing to sector development
- Promoting partnerships and cooperation
- Policy development and advocacy
- Consultation
- Research
- Provision of advice and information
- Demonstrating leadership and innovation.

Peak bodies should continue to maintain a strong relationship with NSW Health. However if NSW Health wants to maintain the important role that peaks perform, supporting the organisations that NSW Health funds, this needs to be accompanied by increased and ongoing funding to the agreed peak activities.

Question 17: How can communication practices with NGOs that are not affiliated with peak bodies be improved?

¹³ Industry Commission, 1995, *Charitable Organisations in Australia*, Australian Government Publishing Service, Melbourne p181

It needs to be recognised that NGOs that are not affiliated with peak bodies are often still able to access information, support and participate in consultation processes conducted by peak bodies. This is not always consistent, however.

Communication practices can be improved in the following ways:

- Create a NGOAC link from the NSW Health website that contains information from NGOAC meetings, upcoming consultations and contact details for NGOAC members. This website should invite organisations to contact NGOAC members
- Establish a once a year regional NGOAC meeting with a meeting beforehand that allows local NGOs to discuss local issues.
- Supporting a stronger consultative role for AHS NGO Coordinators, including attendance at NGOAC meetings. Currently, the role of the NGO coordinator predominantly focuses on managing the grants program, leaving little time to manage and foster the relationship between NSW Health and NGOs. Consultation should not be an 'addition' to the NGO Coordinator role, rather a core part.
- consultative committees should be established at an AHS level. The AHS committees will provide the opportunity for the NGO coordinators to receive feedback from community organisations for the NGOAC and conversely provide information from the NGOAC to NGOs.
- Fund NCOSS, as the peak body for the non government human services sector to coordinate and support non-peak affiliated NGOs.

Question 18: How could NSW Health improve its consultation practices with NGOs working in and with rural and remote communities?

Consultation practices with NGOs working in and with rural and remote communities can be improved by:

- Supporting a stronger consultative role for AHS NGO Coordinators, including attendance at NGOAC meetings. Currently, the role of the NGO coordinator predominantly focuses on managing the grants program, leaving little time to manage and foster the relationship between NSW Health and NGOs. Consultation should not be an 'addition' to the NGO Coordinator role, rather a core part.
- consultative committees should be established at an AHS level. The AHS committees will provide the opportunity for the NGO coordinators to receive feedback from community organisations for the NGOAC and conversely provide information from the NGOAC to NGOs.

- Establish a once a year regional NGOAC meeting with a meeting beforehand that allows local NGOs to discuss local issues. NGOs must be supported and funded to attend these consultations.
- Applying the planning process, described in paragraph 1.2, uniformly across metropolitan and rural areas.
- Ensure peak bodies are appropriately funded to undertake consultation with their members, particularly in rural and remote areas.
- Recognise that in some areas, peak bodies have regional or local structures and support peak bodies to further develop and strengthen these structures
- Utilise a range of communication methods including the internet, email, post and phone calls.

REDUCING THE ADMINISTRATIVE BURDEN FOR NGOS

Assess and report on ways that the administrative burden can be reduced for NGOs

Question 19: How can the administration burden be reduced for NGOs?

Most Government contracts require data collection, performance reports, financial reporting, service standards and audits. These accountability and performance measures are important to delivering quality services, however, they can also place unnecessary burden on NGOs, divert resources away from the primary focus of the organisation and in some cases do not adequately measure performance for performance improvement.

The Productivity Commission's draft report on the not for profit sector recommends current reporting requirements need urgent revision to improve their usefulness and comparability, reduce duplication, and improve accountability. NCOSS agrees with this recommendation.

19.1 Consistency and duplication

With respect to accountability for receipt and expenditure of government funds, each department has its own regime and there is no 'whole of government' approach to funding accountability and acquittal. This places a heavy and unnecessary compliance burden on NGOs who report to different Government departments, different levels of government, agencies with NSW Health and different Area Health Services. This burden also impacts disproportionately on small organisations.

Funding administration procedures, including applications for grants and performance measurement, must be made consistent within programs, across individual agencies, across government and as grant programs evolve. A whole of government approach must be implemented to avoid duplication of reporting requirements for organisations who receive funding from more than one government source.

19.2 Cover the cost of funding administration

NSW Health must recognise that NGOs often do not have the funds to cover a position dedicated to funding administration. Therefore every minute spent on reporting and grants applications is a minute removed from service delivery.

19.3 Proportional regulatory framework

Accountability, reporting and performance measurements place a disproportionate burden on small NGOs. While it is important to have consistency in approaches to these measures, it is equally important to be flexible and to match accountability requirements to the capacity/size of organisations.

Accountability and reporting mechanisms should be made proportional both to the size of the grant and the capacity and resources of the organisation.

19.3 Short term funding

The pronounced trend towards short-term project funding (as opposed to longer term core funding) has generated highly inefficient levels of transaction and compliance costs for both the NFP sector and Government funding agencies. Refer to section 8.3

Question 20: What initiatives should NSW Health adopt that would maximize the reduction in administrative burden for NGOs?

The implementation of recommendations suggested throughout this submission will reduce the administrative burden placed on NGOs. In particular preferred supplier agreements, discussed in paragraph 4.4 and reporting requirements discussed in paragraph 6.

20.1 Adopt the recommendations in the Auditor General's report on Grants Administration¹⁴:

The recommendations made in the Auditor General's Report, Performance Audit: Grants Administration would form a good basis for a reduction in administrative burden.

20.2 Education and training

¹⁴ http://www.audit.nsw.gov.au/publications/reports/performance/2009/grants/grants_administration.pdf

Any new model of administration needs to take account of the differing requirements and capacities of small and large organisations with respect to governance, management, standards and accountability.

Any changes should be accompanied by a comprehensive education program, particularly aimed at small NFPs.

Question 21: What initiatives or best practices from other government agencies should NSW Health adopt in its NGO program to reduce the administrative burden on NGO's?

NSW Health should actively support and be involved in the *NSW Generic Human Services Quality Framework* developed by the Human Service CEOs and the NGO sector. This framework aims to streamline the reporting and accountability requirements imposed on NGOs as a result of human service agency funding agreements.

Question 22: What delegation approval process should NSW Health adopt to ensure timeliness and probity in NGO Grant decision making?

In order to ensure a principled and transparent approach to the approval process, NSW Health must oversee the allocation of funds to NGOs with AHSs responsible for managing the project itself.

The allocation of funds at an AHS level causes difficulties due to lack of transparency (it is difficult to trace where funds allocated to AHS have been spent and how decisions about funding have been made). It also places the AHS in a conflict of interest situation in being both the provider and purchaser of services.

It should be noted that there is a wide range of opinions across the sector as to who should hold the power to approve and distribute grants. NSW Health must consult widely across the sector to ensure the most transparent, ethical and efficient approval process is implemented.

Question 23: What web based technologies and/or other government agency information technology communication best practices should NSW Health develop to improve the efficiency and transparency of the current NSW Health NGO grant program?

23.1 Adopt the recommendations in the Auditor General's report on Grants Administration¹⁵:

23.1.1 Recommendation Eight: Web based technologies

¹⁵ http://www.audit.nsw.gov.au/publications/reports/performance/2009/grants/grants_administration.pdf

Encourage agencies to use web-technology to:

- make it easier to apply for grants
- improve the information available to grant makers and recipients
- streamline interactions between grant makers and recipients.

23.2 Adopt recommendations in the NCOSS report *Community connexions: addressing the information and communication technology needs of the NSW NGO Human Services Sector*¹⁶

Information and Communication Technology (ICT) capacity is now integral to communications, research, knowledge management, funding and promotion as well as issues-based campaigns and advocacy processes. Consequently ICT capacity is also integral to effective service delivery, whether to clients, communities or members.

Statutory reporting, financial acquittals and funding applications also increasingly depend on ICT. Appropriate ICT applications and adaptations have the potential to bring improvements to financial and administrative processes, to reduce costs and to strengthen relationships. Strategies that build this capacity are therefore an essential part of the sustainability and vitality of the human services sector (the sector) and a significant cross-sector issue.

23.2.1 Recommendation 2: Substantially increased ICT training provision

Substantially increase the funding, provision and availability of relevant ICT training for the sector.

23.2.2 Recommendation 5: Comprehensive adoption of Common Data Sets

The adoption by all NSW government human service agencies of core and common data sets in relation to NGOs funded via their respective programs. These data sets should include but not be limited to:

- The full adoption of a standard/common chart of accounts;
- Generic common components for minimum data sets across programs;
- Generic common components for funding proposals and acquittals.

23.2.3 Recommendation 8: Realistic ICT component in funding formulas

The development and adoption by all NSW government human service agencies of a specific funding formula to provide additional resources to meet the on-going ICT requirements of NGOs within their funding programs. This formula should take account of the data expectations of the funding agency, the size of the NGO, as well the costs of maintenance and support, hardware and training.

¹⁶ http://www.ncoss.org.au/projects/ITStrategy/downloads/Ex_Sum_ICT.pdf

