

A Quick Guide to Renegotiating Your Service Contract

NCOSS has drafted this guide to provide you with tips and reminders in the renegotiation of your service contract. Systemic issues such as inadequate indexation, alongside the pragmatic issues of increasing demand and stagnant funding will impact organisations' economic sustainability if not factored into future service contracts.

This is a guide only and should not be taken as legal advice. If you require legal information you can find resources on the [basic principles of contract law](#), the [NSW Human Service Agreement](#) and the TEI schedule on the Justice Connect website. Alternatively, your organisation may be [eligible](#) for pro bono legal assistance through the Justice Connect Not-for-Profit Law service. To apply for pro bono legal support fill out the [Legal Enquiry Form](#) on the Justice Connect website.

Step 1: Understand and demonstrate the level of need in your service area

It is important to support your negotiation with data that demonstrates the level of need in your service area. Has there been significant population growth or demographic change in your region? Does your local data profile demonstrate a need?

Data is available via the [NCOSS Mapping Economic Disadvantage in NSW](#), or you can access the [TFM Forecasting Future Outcomes – Stronger Communities Investment Unit 2018 data](#), or specifically for TEI services refer to your [local district data profiles](#).

Step 2: Factor in all costs of service provision, including but not limited to:

Safety issues and quality assurance

Are two staff members required for certain types of support? Do you need to factor in more supervision because of increasing complexity? Are you required to provide out of hours support?

Travel expenses

Are travel costs adequately captured in the funding attached to your contract? If you have to extend or change your area of coverage does this change your travel expenses?

Training and development

Are there particular requirements for your organisation over and above what would normally be required because you now have to service a different or particular target group or you have a new service type?

Back office expenses

Are there costs associated with implementing DEX? What are the efficient costs associated with back office functions? For example, reporting, evaluation, data collection, outcomes measurement and governance.

Step 3: Factor in activities that may not be considered direct service provision

Does your organisation engage in activities that are necessary but not considered direct service provision? For example, does your organisation hold community events to build trust and relationships, liaise with other organisations to build collaborative approaches and strengthen referral pathways? Does your organisation attend departmental meetings? All of these activities require resourcing and should be factored into your contract.



Step 4: Equal Remuneration Order

If you have been receiving Equal Remuneration Order (ERO) supplementary payments, it is important to note that these finish in June 2021. You need to ask that beyond the final payment, the ERO supplement should be factored into the baseline funding that will be covered by your service contract. For information on cuts to ERO see [NCOSS letter to the NSW Treasurer](#).

Step 5: Adequate Indexation

Lower indexation will have an impact on your resources and overall ability to deliver services. If indexation is set on a year by year proposition it creates uncertainty, affects resources and the level of services that can be provided each year. Ask how indexation will be dealt with and make it clear that reduced indexation will result in a reduced level of service delivery.

Step 6: Managing changes to services provided

If your organisation will no longer be able to provide the same level of service in a particular location because it is required to extend service coverage or focus on a different cohort, who will be impacted and how will they be informed? Factor in the resources required to inform clients, other service providers or key referrers. Do other arrangements need to be put in place, for example referral to another service? Does there need to be a transition period so that people have time to adjust? All of these factors require resourcing and should be considered in your negotiations with your funding body.