



## Is the writing on the wall for small community organisations?

### How can small organisations compete successfully in funding programs which favour large organisations providing a range of services across broader geographic areas?

#### Background

Over the last five years the funding environment has changed to favour larger organisations who can provide a range of inter-connected services across a regional, state or even national area.

We have seen this shift in both federal and NSW funding programs.

In 1997 the federal Job Network contract, overlooked a large number of efficient and effective locally based SkillShares in favour of organizations that could offer national or state tenders.

A current funding program from the NSW Department Ageing, Disability and Home Care DADHC is a purchasing model rather than a grants program. The Community Participation tender specifies the services DADHC will purchase from NGOs. DADHC specifies the funding available and identifies the results it expects. Services may be delivered by a

consortium. DADHC will consider only those tenders which provide services across a region. The Southern Illawarra region consists of Kiama, Shellharbour, Shoalhaven and Wollongong. The South West Sydney area is Bankstown, Hawkesbury, Camden, Penrith, Campbelltown, Fairfield, Liverpool, Wingecarribee, Wollondilly.

The NSW Department of Community Services DoCS announced a new funding policy in August 2005. One example is the DoCS Early Intervention Program which encourages partnerships among community organisations.

At the end of 2005, a number of appropriate but small organisations missed out in the second round of DoCS Early Intervention funding even though many had formed formal or informal partnerships with other small local community based organisations as required in the expression of interest.

#### Options

Small community organisations need to position themselves favourably in the new funding environment. The options include:

**Mergers:** A new legal entity bringing together small community organisations to manage funding.

**Partnerships** etc: Formal agreements between members, including small community organizations, which define the cooperative arrangements in their relationship and responsibilities to manage funding. The partnership usually has a lead agency. Other structures similar to partnerships are consortia and alliances in which the members retain their original legal identity.

## Why?

To succeed in getting funding small community organisations may need to consider a merger or partnership because:

- Funding bodies may perceive small organisations to be less viable in administration and financial management.
- Funding bodies may perceive small organisations as less able to provide a diverse range of services to clients.
- Small organisations may not be able to provide services across a wider geographical area.

There are potential gains for small community organisations in a merger or partnership. These include:

- A larger organisation may have staff with a wider range of expertise as well as diversity in language and culture.
- Staff might have more options for professional development.
- A larger organisation may provide more services to a more diverse range of clients across a wider geographical area.
- There may be savings and efficiency in administration, financial management, IT, database development, insurance, and so on.
- A larger organisation may be more resilient financially with a mix of funding from a range of programs and government departments.

There are potential losses for small community organisations in a merger or partnership. These include:

- Loss of identity as a “grass roots” organisation affecting relationships with clients
- Loss of culture as a local organisation with less opportunity for local people to work on management committees and boards.
- Less participation in local community networks
- Reduced contribution in community capacity building and social capital.

## How to build a partnership

Key issues include:

- Defining role and purpose- what is the partnership actually supposed to do?
- Agreeing membership - who should be on the partnership and how are they selected?
- Establishing protocols - what structures and procedures underpin partnership working?
- Behaving properly - setting standards for behaviour and language to build trust and respect
- Sharing power and engaging minority interests- making sure the 'big boys' do not dominate
- Capacity building – supporting community based organisations, community leadership and skill development
- Communication and accountability - letting those outside the partnership know what is going on

Taken from renewal.net (UK) <http://www.renewal.net/toolkits/buildpartnership/>

## Casestudies

### A consortium

The Consortium of Neighbourhood Centres CONC in Lismore was set up in 2004 as a 'strategic alliance' to:

- Actively seek resources to address common needs/ issues in the region
- Encourage regional planning to have a collaborative approach in the placement of resources
- Generate social capital
- Seek recognition from other NGO's and government departments
- Attract funds for regional initiatives
- Include all Neighbourhood Centres in the region

CONC has defined its statement of purpose, aims and objectives. Members sign a Memorandum of Understanding that outlines the structure, terms of reference, membership, meetings and conflict resolution protocol.

Taken from the Local Community Services Association NSW website  
[http://www.lcsa.org.au/Newsletter/BackIssues/2004/july2004\\_1.htm](http://www.lcsa.org.au/Newsletter/BackIssues/2004/july2004_1.htm)

### An incorporated alliance

Job Futures was established as a new legal entity in 1997 by not-for-profit community employment and training organisations. The Job Futures network is a large provider of employment, training and support services across Australia. Job Futures receives funding from the Commonwealth Government and distributes funds under contract to locally based member organisations, who effectively are franchisees of Job Futures. Member organisations provide employment, training and support services. Member organisations retain their own local identity. Job Futures is responsible for contract performance and member organisations have reporting and accountability obligations. Job Futures Ltd (JOB *futures*) is a public company limited by guarantee registered under Corporations Law. [www.jobfutures.com.au](http://www.jobfutures.com.au)  
Taken from the Council of Social Service NSW NCOSS website  
Examples of *Partnership Options* that could be considered under the Early Intervention Program  
[http://www.ncoss.org.au/hot/docs\\_eoi/EIPExamples.pdf](http://www.ncoss.org.au/hot/docs_eoi/EIPExamples.pdf)

## Resources

NCOSS Resources: Early Intervention Program

Tool 1 Options for creating partnerships ; Incorporated alliances; Un-incorporated alliance; Service partnership through Memorandum of Understanding; Joint venturing; Mentoring  
<http://www.ncoss.org.au/hot/docs-early-intervention-program/DOCSEOtools1.pdf>

Tool 2 Checklist for small and medium sized NGOs in forming partnerships

<http://www.ncoss.org.au/hot/index.html>

Examples of *Partnership Options* for the Early Intervention Program

[http://www.ncoss.org.au/hot/docs\\_eoi/EIPExamples.pdf](http://www.ncoss.org.au/hot/docs_eoi/EIPExamples.pdf)

Department of Community Services (DoCS) Resources

DoCS Funding Policy August 2005

[http://www.community.nsw.gov.au/documents/funding\\_policy.pdf](http://www.community.nsw.gov.au/documents/funding_policy.pdf)

DoCS Early Intervention Program: Integrated Service Delivery, guidelines for non-government services (May 2005):

[www.community.nsw.gov.au/documents/EOI/int\\_service\\_delivery.pdf](http://www.community.nsw.gov.au/documents/EOI/int_service_delivery.pdf)

renewal.net (UK)

An on-line guide to what works in neighbourhood renewal. Documents on the site include how to guides, case studies, project summaries. <http://www.renewal.net/toolkits/buildpartnership/>