OFFICE OF THE MINISTER FOR THE COMMUNITY AND VOLUNTARY SECTOR

Cabinet Social Policy Committee

Reprioritising COGS Funding to Support Community-led Development

Proposal

1. This paper seeks Cabinet approval to a fiscally-neutral transfer of $1.5 million per annum in 2011/12 and outyears from the Community Organisation Grants Scheme (COGS) to the Community Development Scheme. This will enable more significant and effective longer-term investment in community development.

Executive summary

2. One of my medium-term priorities for the Community and Voluntary Sector portfolio is structuring for effectiveness. I asked the Department of Internal Affairs (the Department) to review the Crown-funded schemes within Vote Community and Voluntary Sector to consider if these schemes are appropriately targeted to meet today’s and tomorrow’s community needs.

3. The review found that the existing schemes in their present form will not meet current and future needs. The individual schemes have a shared focus on increasing community capability, but were established in an ad hoc way in response to separate issues. The review concluded that the Department could achieve greater change and more enduring outcomes for communities, hapū and iwi through further investment in community-led development.

4. The underpinning philosophy of community-led development is one of community empowerment, and is typified by broad community engagement to identify shared issues and concerns, and to generate local solutions. The approach focuses on communities as a whole, rather than on specific programmes or activities. There is an emphasis on participatory processes that develop local leadership, enhance social capital and personal networks, and strengthen institutional capacity at the local level.

5. I wish to see a shift of focus in my portfolio away from small grants for individual projects and/or service organisations towards a community-led development approach which invests more directly and more strategically in communities as a whole to achieve better outcomes for those communities.

6. To move in this direction, I am seeking Cabinet approval to transfer $1.5 million per annum from COGS to the Community Development Scheme, this being the model more closely aligned with community-led development. This transfer is fiscally neutral, but I am required to consult with a number of Ministerial colleagues on any proposed changes to COGS [CAB Min (03) 17/5 refers]. The Department will carry out a monitoring and evaluation programme in parallel with implementation to track progress and inform ongoing development and implementation. I am not considering major reform of the Crown funded schemes in the short term.
Background

7. The Department has been actively engaged with local communities for many years. Over this time the Department has built-up considerable community development knowledge and experience. This has shaped its work as community development practitioners, grant administrators, and the development of community sector policy.

8. A significant portion of non-departmental funding in Vote Community and Voluntary Sector is distributed by the Department to community and voluntary organisations through grants schemes. Funding is shown in the table below.

<table>
<thead>
<tr>
<th>Crown funded scheme</th>
<th>Appropriation 2010/11 $million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community Organisation Grants Scheme (COGS)</td>
<td>14.000</td>
</tr>
<tr>
<td>Community Development Scheme</td>
<td>2.560</td>
</tr>
<tr>
<td>Community Internship Programme</td>
<td>0.331</td>
</tr>
<tr>
<td>Youth Worker Training Scheme</td>
<td>0.200</td>
</tr>
<tr>
<td>Support For Volunteering Fund</td>
<td>0.402</td>
</tr>
<tr>
<td>Digital Literacy and Connection¹</td>
<td>2.782</td>
</tr>
<tr>
<td><strong>Total Non-Departmental Other Expense Appropriation</strong></td>
<td><strong>20.275</strong></td>
</tr>
</tbody>
</table>

**Community Organisation Grants Scheme**

9. COGS is a community-driven grants scheme. The National COGS Committee distributes funds to 37 Local Distribution Committees, which make decisions on grant applications from organisations within their areas. In 2009/10 Local Distribution Committees assessed 4,834 eligible applications, and allocated 4,143 grants, an increase of 540 on the previous funding round. Most grants are for $3,000 or less.

10. The COGS priority sectors are: Māori, women, Pacific and other ethnic communities, older people, the rurally isolated, people with disabilities, families, youth and children, and unemployed people. The Department is unable to collect data on grants made to particular priority sectors for the reasons set out in paragraph 15.

11. COGS funds on an annual basis services or projects that:
- are initiated by community organisations;
- respond to locally identified priorities established through community consultation at COGS public meetings held in April each year;

¹ The Digital Literacy and Connection Fund established through Budget 2010 provides funding to selected communities to improve their access to digital tools and improve the capability of those communities in the use of digital tools.
• have limited access to other government funding; and
• will benefit one or more of the COGS priority sectors.

12. COGS makes a contribution to:

• the running costs of community organisations that provide social services or projects, for example personnel, operating or programme costs; and
• services or projects that encourage participation in the community, promote community leadership, and promote social, economic and cultural equity.

13. An evaluation of COGS was undertaken by Martin, Jenkins & Associates Ltd in 2010. The evaluation found that, “COGS grants are being distributed locally, to meet local needs, to a diverse range of organisations supporting the community – the majority of them volunteer based and with low incomes. COGS is clearly meeting its intended goals at this level.” However, the evaluation also found that community engagement and participation is not operating optimally. In particular, it showed that the wider community does not participate in the setting of local priorities, stand for election to the Local Distribution Committees or vote in elections.

14. Given the small grant amounts, it is rare for a community organisation to be totally reliant on COGS funds. The evaluation clearly demonstrated that most community organisations were dependent on a wide range of income and voluntary support and many also had other government contracts. However, a small number of COGS recipients (17% per cent), reported a high degree of reliance on COGS funding – these organisations were mostly small and highly reliant on volunteer labour.

15. The evaluation also noted that identifying which COGS priority sector an organisation benefits is difficult as the majority of respondents indicated they worked across a wide range of groups. “As such there is little ability to differentiate if any key sectors are benefiting more or less from COGS grants.” Over half of the groups said that new migrants/refugees, women, people with disabilities, and the unemployed accessed their services, but as the evaluators noted: “The case studies found that community organisations believed that the more groups they could tick, the more likely they were to receive a grant.”

16. The Department has already responded to me separately on the findings from the evaluation and has begun work to address them. This paper has arisen as a result of a separate review of Crown-funded schemes (as discussed in paragraphs 18 to 22). It is informed by, but does not directly address the COGS evaluation findings.

Community Development Scheme

17. The Community Development Scheme enables communities to be innovative and to determine their own development priorities. The Scheme funds communities to employ community development workers to work on community-driven projects

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3 Ibid p44.
over three years.\textsuperscript{4} Priority in this contestable fund is given to projects which enable communities/hapū/iwi to:

- seek appropriate solutions together;
- provide people with a sense of belonging and purpose, shared vision and common values;
- have capable and enterprising leadership;
- have proactive, inclusive organisations;
- be resilient and resourceful; and
- manage their own self-determined, sustainable development.

Review of Crown funded schemes

18. In 2009, the Department undertook an environmental scan and identified a range of significant changes that are likely to take place in and impact on New Zealand in the next five to 20 years. The key challenges identified for communities were:

- managing increasing diversity and maintaining community cohesion;
- preparing for the impacts of climate change;
- developing and maintaining community sustainability in an environment of significant fiscal constraint; and
- responding to and supporting hapū and iwi development.

19. One of my medium-term priorities for the Community and Voluntary Sector portfolio is structuring for effectiveness. I asked the Department to review the Crown-funded schemes within the Vote (except for the Digital Literacy and Connection Fund)\textsuperscript{5} to consider:

- if the schemes are appropriately targeted to meet today’s and tomorrow’s community needs; and
- whether a reprioritisation of the resources within the Vote would result in a better use of resources, as well as improved and enduring outcomes for communities, not just community groups.

20. The review found that continuing the existing funding schemes will not meet present and future needs. While the individual schemes have a shared focus on increasing community capability, they were established in an ad hoc way in response to separate issues. As a result, the focus has been on advancing specific initiatives, rather than the development of cohesive funding support. The review concluded that the Department could achieve greater change and more enduring outcomes for communities, hapū and iwi through further investment in community-led development.

21. The Department has since canvassed and sought my agreement to advance work on this. Their analysis has been informed by their own history of work with

\textsuperscript{4} A 2005 evaluation found that the Community Development Scheme was contributing to outcomes at the community level.

\textsuperscript{5} I did not include the Digital Literacy and Connection Fund secured in Budget 2010 in the review, as it is a specific future-focused, targeted and time-limited fund.
22. The Department's focus is to deliver a comprehensive community-led approach to build on its core skills in community development and advisory services, and over time move community funding from small grants for a range of diverse community groups into significant and deliberate investments into some communities - so as to make a significant positive impact.

Community-led development model

23. Community-led development is typified by broad community engagement to identify shared issues and concerns, and to generate local solutions. The underpinning philosophy is one of community empowerment, and self-determination.

24. This approach focuses on communities as a whole, rather than on specific programmes or activity, with funding directed at a systems level, crossing sector and programme boundaries, so that community priorities can be addressed in a comprehensive way. It recognises the interconnections between community well-being (social, economic, cultural, environmental) and that of individuals, families, hapū, iwi and communities as a whole - rather than respond to presenting issues or priorities in a piecemeal way.

25. Communities will be encouraged to work in collaboration and partnership, share resources, skills and expertise, and grow their own capability to meet current and future challenges. A community-led development model is consistent with the Department's current work, which may be best described as a community-driven and 'bottom up' approach focusing on a community's strengths. The model will mean a change to business practices. The Department will build on its core expertise by strengthening its role as community development enablers in local communities, consolidating its funding base to make larger more deliberate investment in communities, and taking a strategic longer-term partnership approach to working with communities.

26. It is envisaged the model will include provision for the following key elements:

- a broad-based community visioning and planning process to identify and prioritise community needs and aspirations;
- a three to four year funding focus – recognising that community development takes time and that it can be resource intensive;
- grant funding for activities identified through the planning process (such as development of infrastructure, provision of and improved access to health, employment and youth development services, environmental projects); and
- identification of a suitable existing organisation within the community that can act as a fund-holder, the employer of a community worker with strong links to the community, and to potentially house a 'steering group/community governance group' or similar structure to oversee the development and implementation plan.
27. The model will ultimately provide for a localised cluster of initiatives within the community that aim to respond to needs, identified through the community visioning and planning process.

**Implementation of community-led development model**

28. Of the existing Crown-funded schemes, the Community Development Scheme is most closely aligned with a community-led development model. The Community Development Scheme supports communities to work together to generate solutions to local issues. Under the current policy, the scheme funds communities at $80,000 per annum for three years to employ a community worker and to cover project expenses.

29. The key elements of the community-led development model are described in paragraph 26 above. Under the Community Development Scheme, communities do not receive additional funding from the Department to implement any activities identified by the community and the community worker. The community-led development model goes a step further by investing larger amounts to enable communities to fund priority activities identified through the planning process. The types of activities funded will vary by community depending on their own needs and priorities. It is likely that this change in focus will require some change in the Community Development Scheme criteria, but this can be managed within the Department. There is no need to change the scope of the appropriation.

30. The Department has begun to identify, assess and select four preferred communities to work alongside in the first year, but a final decision has not yet been made. Some preparation work will likely commence in March 2011 between the Department’s community advisors and community leaders, with funding released from 1 July 2011. The focus will be on social, economic, cultural and environmental development within an area such as a suburb of a city or a small rural community. These will be harder-to-reach communities that traditionally experience difficulties accessing support and resources. In the implementation sites, particular efforts will need to be made to reach and hear from all the diverse groups within that community. Developing effective local leadership is vital for ensuring that all groups within the community are heard.

**Resourcing**

31. I am not seeking new funding to undertake this initiative, but a reprioritisation of funds within the Crown-funded schemes. My preference is to reprioritise $1.5 million per annum from COGS. It is the largest Crown-funded scheme within the Vote and is the only one with sufficient funding to resource this initiative. COGS accounts for 70 per cent of total community-based schemes’ funds. My proposal to transfer $1.5 million per annum represents approximately 11 per cent of the total COGS appropriation, which is $14 million per annum.

32. I accept that my proposal will have some impact on community groups that currently receive funding from COGS. Some may miss out, or receive a smaller

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6 This is a new way of working for the Department and the initial four communities will not be selected through a contestable process. Regional staff working with communities are involved in the selection process. If any decision is made to implement the model more widely, the selection process would be reviewed at that time.

7 The paper defines harder-to-reach communities as those that have traditionally found it difficult to engage with government, this including Māori, Pacific, ethnic and rural communities, and people with disabilities.
amount. However, a loss of $1.5 million when spread over the 37 Local Distribution Committees will be a relatively small decrease in each location. As noted earlier, it is rare for a community organisation to be totally reliant on COGS funds, although a small number of recipients report a high degree of reliance. I would expect this to be taken into account when grant allocations are being considered in the reduced funding environment.

33. I would also expect the Department will work with community groups to seek funding from other sources, if possible. This will be included in the Department’s communications strategy. It is a difficult trade off: small COGS grants going to a diverse range of community organisations versus the opportunity to make significant and deliberate investments into some communities, with a more effective and enduring impact. I accept the international evidence that larger, longer-term, more strategic investments have the potential to achieve better outcomes for communities.9

34. I am therefore seeking to transfer $1.5 million per year from COGS to the Community Development Scheme in 2011/12 and outyears, to begin four initiatives at $0.375 million each (on average) per year. As noted in paragraph 29, I envisage my proposed transfer will require some change in the Community Development Scheme criteria. However, this can be managed within the Department, and there will be no need to change the scope of the appropriation.

35. A Cabinet minute on the COGS scheme requires me to consult with a number of Ministerial colleagues on any proposed changes to the scheme – Social Development, Youth Affairs, Māori Affairs, Women’s Affairs, Pacific Affairs, Ethnic Affairs, Rural Affairs,10 Senior Citizens, and Disability Issues [CAB Min (03) 17/5]. Given the large number of Ministers, it seems appropriate to seek Cabinet approval.

**Monitoring and Evaluation**

36. Although I believe the community-led development model can deliver better and more enduring outcomes for communities, I am not seeking more funding at this stage, as I want to test and refine the model in four locations first. The Department will carry out a monitoring and evaluation programme in parallel with implementation to track progress and inform ongoing model development and implementation. This continuous improvement approach can also be described as ‘action research’.

37. I do not anticipate there will be any major reform of the current schemes in the short term. However, should the community-led approach show significant promise at the first independent evaluation planned at the eighteen month project mark, I may seek Ministerial support to implement and expand the model more widely. In that case, I may seek more funding from COGS, or the Community Development Scheme itself may have sufficient funds once some of the current

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8 Based on grant allocations in 2009/10, this may be a decrease of 500 grants across the 37 Committees.
9 As part of the Crown-funded schemes review, the Department reviewed approaches to grant making for community development in selected countries. A review of the United Kingdom’s Big Lottery Fund highlighted sustainability issues for projects that are reliant on short-term grant funds. Big Lottery Fund (2007) Answering BIG questions: Impacts and lessons learned from our evaluation and research.
10 The rural affairs portfolio no longer exists. Responsibilities now sit with the Minister of Agriculture.
three-year funding projects come to completion. The implications of this would be fully canvassed at that time.

Alignment with Government priorities

38. The Government wants a sharper focus on improving the quality of its spending to deliver better, smarter services for less. I consider the proposals in this paper are in line with this.

39. The Government has also expressed a desire to make sure that individuals and communities have the opportunities they need to make the best choices for themselves.\(^{11}\) There is a concern to ensure that harder-to-reach communities, such as Māori, Pacific, ethnic and rural communities, and people with disabilities, are able to fulfil their potential and attain economic independence.

40. A number of government social sector agencies have recently developed service delivery programmes that draw on the knowledge and skills of communities (including community and voluntary sector organisations) to guide purchasing decisions. Improvements in service delivery across the social services sector are also being sought through changes in the way that services are contracted and delivered so that they are better integrated and more responsive to family, whānau and community needs.

41. I launched the Code of Funding Practice in October 2010 which helps government funders and non-profit organisations work together when using public funds to benefit communities. This was developed in consultation with the community and voluntary sector, and is based on principles including respect, transparency, open communication, and flexibility and innovation. The community-led development approach is consistent with, and complements, these funding principles.

42. The community-led model is also consistent with initiatives across government that seek to work in partnership with, and empower, communities, improve service integration and build community capability, including, for example, Whānau Ora, the Community Response Model, the Better, Sooner, More Convenient Primary Health Care initiative, and the cross-agency Trialling New Approaches to Social Sector Change Project\(^{12}\). In particular, the Community Response Model has the following aims:

- encourage communities to work together to eliminate service overlaps, address gaps in services and ensure the available resources are fully maximised;
- give communities a say in what the Government funds in their area; and
- better support community based providers to develop organisational and workforce capability and encourage operational efficiencies and mergers.

43. While the proposed community-led development model is likely to have a wider focus than the Community Response Model (i.e. not only social services), they have some elements in common. As the Department develops its new community-led model it will ensure that the model fits with, and complements,

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\(^{11}\) Speech from the Throne, 9 December 2009.

\(^{12}\) A new way of working with service delivery for 12 to 18 year old young people in specific locations.
other initiatives across government to increase community involvement in shaping the services and supports available to them.

44. The Department typically works with communities and organisations at the start of their development journey, and funds grants as opposed to contracting for services.13 As a result of increased capability, and identification and prioritisation of needs, some communities will go on to secure service contracts from other agencies. Funding partnerships, where relevant and appropriate, will be fostered and encouraged.

Financial implications

45. There are no financial implications from this proposal, as the changes to baselines being sought are fiscally neutral.

Human rights, gender and disability implications

46. The proposals in this paper are consistent with the New Zealand Bill of Rights Act 1990 and the Human Rights Act 1993. As the Department does not currently collect data on the number of grants made to particular sectors, it is not known what the impact, if any, of the proposed reprioritisation of COGS funding would be on particular sectors. Information on people with disabilities will be collected through the evaluation. Baseline data will need to be set, for example, including a question about whether a person has a disability.

Legislative implications and regulatory impact analysis

47. There are no legislative implications arising from the proposals in this paper. No regulatory changes will be made as result of the proposals in this paper.

Publicity

48. The Department will develop a communications strategy to manage sector expectations. The National COGS Committee has already been informed and was accepting of the rationale for the transfer. I plan to proactively publish this paper on the Department's website. This will align with announcements on the community-led development approach, after the Budget is announced in May and decisions have been made regarding the four communities the Department will initially work with to implement this approach.

Consultation

49. The Treasury, Te Puni Kōkiri, the Ministries of Pacific Island Affairs, Social Development, Youth Development, Health, Agriculture and Fisheries and Women's Affairs, the Office of Ethnic Affairs, the Office for the Community and Voluntary Sector, the Office for Disability Issues, and the Office for Senior Citizens have been consulted. The Department of the Prime Minister and Cabinet has been informed.

Recommendations

13 The Treasury Guidelines for Contacting with Non-Government Organisations for Services Sought by the Crown, acknowledge that contracting or funding arrangements can range from full or partial funding of agreed services, to full or partial devolution of decisions on the allocation and use of funds to a community organisation.
Recommendations

50. It is recommended that the Cabinet Social Policy Committee:

1. note that the Department of Internal Affairs reviewed five Crown-funded schemes and concluded that better outcomes could be achieved for communities, hapū and iwi through community-led development;

2. note that community-led development focuses on communities as a whole, rather than on specific programmes or activities, and is typified by broad community engagement to identify shared issues and concerns, and to generate local solutions;

3. note that I wish to see a shift of focus in the community and voluntary sector portfolio away from small grants for individual projects and/or service organisations towards a community-led development approach which invests more directly and more strategically in communities as a whole, to achieve better outcomes for those communities;

4. approve the following changes to appropriations to fund, more significant, and more effective, longer-term investment in community development, with no impact on the operating balance:

<table>
<thead>
<tr>
<th>Vote Community and Voluntary Sector</th>
<th>2010/11</th>
<th>2011/12</th>
<th>2012/13</th>
<th>2013/14</th>
<th>2014/15 and outyears</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minister for the Community and Voluntary Sector</td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Non-Departmental Other Expenses:</td>
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<td></td>
<td></td>
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<tr>
<td>Community Organisation Grants Scheme</td>
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<td>(1.500)</td>
<td>(1.500)</td>
<td>(1.500)</td>
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<td>Community Development Scheme</td>
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<td>1.500</td>
<td>1.500</td>
<td>1.500</td>
<td></td>
</tr>
<tr>
<td>Total Operating</td>
<td>--</td>
<td>--</td>
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</tbody>
</table>

5. note that I am required to consult with a number of Ministerial colleagues on any proposed changes to the Community Organisation Grants Scheme [CAB Min (03) 17/5 refers];

6. note the National COGS Committee has been informed and was accepting of the rationale for the transfer; and

7. note that I plan to publish this paper on the Department of Internal Affairs’ website after the Budget is announced in May and decisions have been made regarding the four communities the Department will initially work with.

Tariroa Turia.

Hon Tariana Turia
MINISTER FOR THE COMMUNITY AND VOLUNTARY SECTOR

24/1/2011