



**Community
Legal Centres
Queensland**

'Blood from a stone'

Trying to reduce costs in an
underfunded community legal sector

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Background

The project

In 2016, the Queensland Department of Justice and Attorney-General provided Community Legal Centres Queensland with funds to “produce a report on identified cost savings opportunities within the legal sector and with the broader community sector”.

This project was funded against a backdrop of the National Partnership Agreement on Legal Assistance Services whereby Commonwealth funding to community legal centres (CLCs) reduced by 30%.

This report identifies:

- the types of costs incurred by community legal centres in operating a community based legal service;
- any relevant benchmarks that could be applied to costs in CLCs to assess whether there are opportunities for cost savings;
- any strategies that can be employed to capitalise on existing investment;
- any existing opportunities or schemes that may assist in the costs of operating a community legal centre;
- any new, developing or suggested future initiatives for cost savings for community legal centres.

The project developed a resource that collated free, low cost or discounted services or resources that might assist CLCs to alleviate or supplement operating costs. The resource is available at www.communitylegalqld.org.au/costsavings.

Findings

Few cost savings

Overall the project identified limited areas for costs savings for CLCs in their operating budgets due to the underinvestment in expenditure not specifically related to providing direct services. This underinvestment is consistent with benchmark research across the social and community sectors.

Group Buying

This project found that group buying schemes are generally not viable unless the scale is greater than the Queensland CLC sector or the Queensland sector can join an existing scheme. Examples where this is successful includes national schemes for insurances and State government procurement schemes for stationery and office supplies. Other opportunities for developing new group schemes were explored, but the level of CLC interest is not sufficient to improve retail prices from suppliers.

Actions

Structured Volunteering

There is possible future scope for law firms to provide non-legal support to CLCs in the form of structured volunteering. For example, large law firms have dedicated resources and expertise in human resource management and ICT and early indications are that some firms are

interested in providing free support to CLCs in areas of non-legal work. Further work would be required to set up a coordination role to enable requests for assistance by CLCs to be disseminated to volunteering firms who are interested in providing structured volunteering experiences to their staff.

Capacity Building and Sector Sustainability

There is a clear indication from the sector that they most require assistance to build capacity in the operational side of running a CLC. This reflects the broader community sector research that there is an under-investment in many aspects of operating not-for-profit organisations with resources prioritised on providing direct community services. Some of the areas for support and capacity building include: non-government funding sources, communications, human resource management, and internal policy and procedures. An ongoing sector sustainability and capacity building strategy is key to ensure there is value added to existing and reduced CLC budgets.

Professional Development and Training

Free or highly subsidized training and professional development has been key to CLCs being able to access CLC appropriate training for staff and volunteers. There is an ongoing need for sector lead and run training and development activities at free or highly affordable costs.

ICT

The project identified specific CLC ICT development work being commenced by Community Legal Centres New South Wales in partnership with National Association of Community Legal Centres. The ICT tools being developed include:

- A unique CLC Customer Relationship Management System (CRM);
- Replace the BBS for email and calendaring functions;
- Investigate effective ways to transition to a paperless office.

Community Legal Centres Queensland should identify future opportunities to contribute to and leverage off CLC specific ICT projects occurring in other jurisdictions, and in particular the work starting in New South Wales.

Community sector benchmarks

The costs of running a community legal centre (CLC) are most closely aligned with the costs of providing other types of human services by not-for-profit (NFP) community services, albeit with some exceptions that are specific to running a legal practice.

The unique features and costs of operating a community legal centre from other NFP community services include:

- Additional regulation associated with running a legal practice, such as the need for particular types of professional indemnity insurance and identified and responsible supervisors of legal practice (ie. Principals);
- Particular training and support needs in conducting a legal practice that are different from for profit legal practice; and
- The challenges of attracting and retaining suitably qualified lawyers where CLC salaries can be well below market rate.

The Productivity Commission in its report on “*Contribution of the Not-for-Profit Sector*”¹ indicated that the validity of measuring productivity in the NFP sector by benchmarking is problematic eg. targeting disadvantaged clients may require a more costly set of outputs. The Commission² noted that the usual business incentive (generating profits) was not relevant to productivity improvements in the NFP sector and that changes came with extra challenges and costs such as extra costs due to voluntary contributions that are more sensitive to change.

There is little recent research on the benchmark costs of running a community based service. In 2009, research³ investigating the funding of services by NGOS funded by Disability Services and Department of Communities in Queensland found the proportion of total expenditure spent on organisational costs (non-service delivery costs) were consistent at an average of 15% of total expenditure. Fifteen percent (15%) was consistent with other states in Australia.

The research analysed financial data from the 2006/2007. It should be acknowledged that after 2006/2007 the costs of running a community service significantly increased as a result of the Queensland pay equity wage increases. Despite the dated nature of the data there were findings that are still consistent with the contemporary CLC experience:

- Organisations identified that funding was less than the full cost of services and so some quality aspects of service delivery and organisational management were compromised such as:
 - staff conditions (wages and conditions, staff continuity, training and qualifications); and
 - compliance and quality assurance.
- Organisations outside metropolitan areas reported higher expenditure on transport, staffing and maintenance which had a direct impact on service delivery and management quality.

Not-for-profits cut budget corners on the non-service delivery side of operations in order to fund the cost of labour. A Deloitte Access Economics report commissioned by the Community Services Industry Alliance on the future profile of the Community Services Industry in

¹ January 2010 p227

² Productivity Commission Research Report (January 2010) *Contribution of the Not-for-Profit Sector* pp228 - 229

³ Fisher, K R, Maynard, D Rajkovic, M. and Ableson, P. (2009) *Cost of Providing Specialist Disability Services and Communities Services in Queensland Summary Report*, SPRC Report 08/09, report prepared for Disability Services Queensland and Department of Communities

Queensland found that nationally, the community services industry spends 56.4% of revenue on wages and 2.0% of revenue on capital. This means that the labour-capital spend is approximately 6-times higher than the average across the rest of the economy⁴. The profit margin on community services national is only 3.3%, more than 3 times smaller than the economy as a whole which limits an organisation's ability to invest in business improvements⁵.

Overheads/ Administrative Costs

There is also ongoing tension for NFP organisations when investment in the organisation in "overheads" or administrative costs are seen as distinct and separate from investing in quality services. The Productivity Commission⁶ identified a range of intermediary services that engage with the NFP sector including specialist organisations that offer services on a fee for service basis on training, financial services, record management, planning and evaluation. The commission found that Australian NFPs used fewer intermediary services compared to international sectors due to a reluctance to spend on overheads, driven by the perceptions of the media, some donors and parts of government that this type of expenditure was 'bad'. While this attitude to these types of overheads needs to be challenged, the Commission concluded that peak bodies could play a pro-active role in vetting intermediaries to ensure financial probity and service quality.

Within a charitable giving context there can be a donor focus on using the size of administration or overhead costs of a not-for-profit as an indicator of whether charitable donations are "making a difference". The Australian Charities and Not-for-Profit Commission (ACNC) refute that this a useful metric for gauging the effectiveness of an organisation⁷. There are no standards or guidelines for identifying administrative costs so comparisons between organisations can be misleading and is an unreliable indicator of the impact a donation has in the community.

Dr Tessa Boyd-Caine in her report "Lead or be left behind: Sustaining Trust and Confidence in Australia's Charities" calls for a sector-led agenda on transparency and accountability in Australian charities. An example of being transparent and accountable is for not-for-profits to directly address what it takes to run effective organisations which includes expenditures considered to be "overheads". "Overheads" are key to the capacity and capability of the organisation to have an impact eg. training and professional development of staff. However to effectively combat the biases of administration/overhead costs not-for-profits need to measure impact and effectiveness⁸.

Community Legal Centre sector in Queensland

Benchmarking or input/output ratios across the Queensland community legal centres sector is beyond the scope of this project. However the research indicates that this analysis will not necessarily assist services to achieve better outcomes with less. In an environment where there is generally under-investment in operating costs, cost savings within existing operational budgets will be challenging to identify and are likely to be limited. The limited nature of savings will also mean that it won't impact on the amount of services that can be provided to the community.

⁴ Deloitte Access Economics (2016) Forecasting the future: Community Services Industry Alliance p40

⁵ Deloitte Access Economics (2016) Forecasting the future: Community Services Industry Alliance p41

⁶ Productivity Commission Research Report (January 2010) *Contribution of the Not-for-Profit Sector* pp233 -

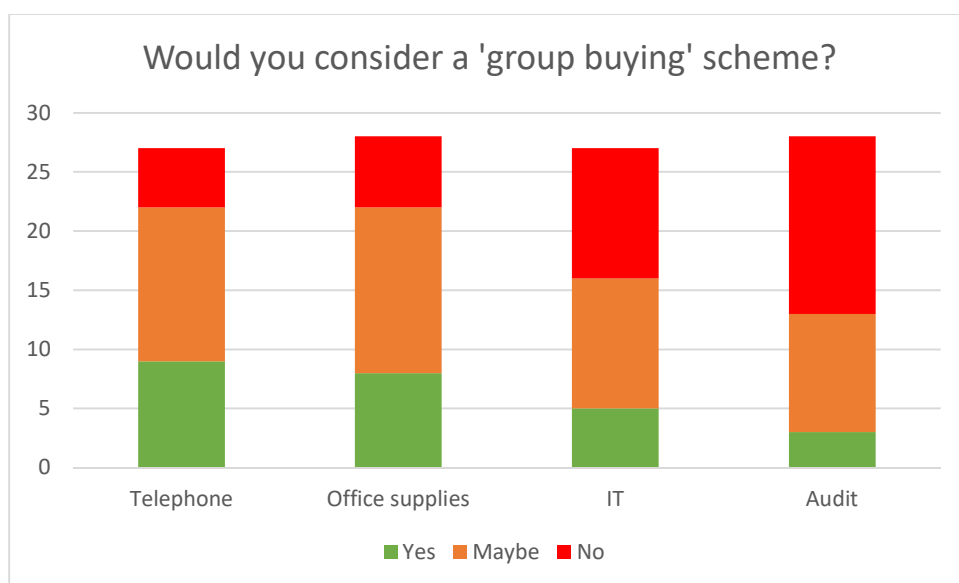
⁷ https://www.acnc.gov.au/ACNC/Pblctns/Factsheets/ACNC/FTS/Fact_administration.aspx

⁸ http://www.originfoundation.com.au/sites/default/files/ORI2414_FullbrightScholarReportScreen_02.pdf

Needs of the Queensland Community Legal Sector

Community Legal Centres Queensland (CLCQ) surveyed its members on 2 separate occasions about aspects of their operating costs. In the 2014 National Association of Community Legal Centres Census 28 member CLCs responded to questions about operating costs. In particular, whether CLCs would be interested in joining group buying schemes.

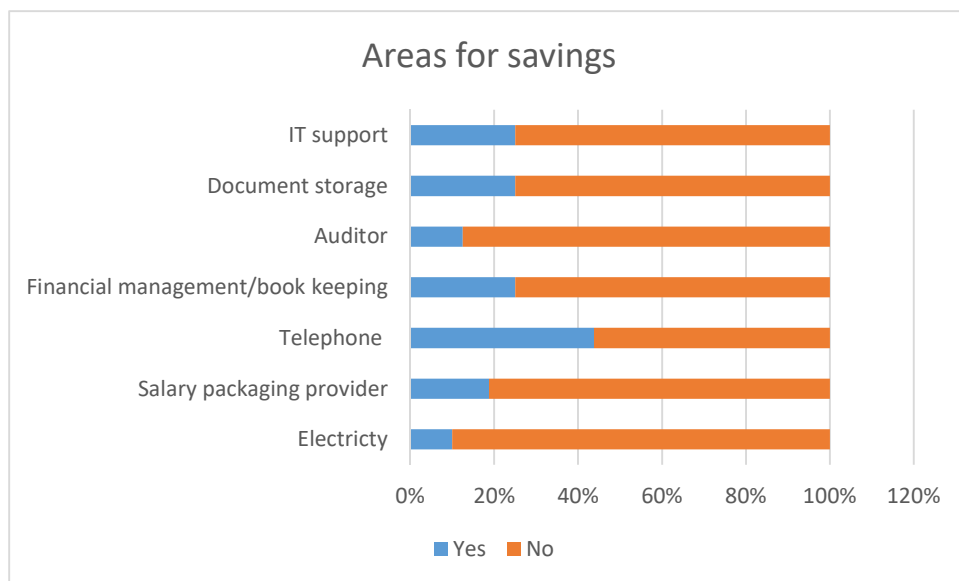
Fewer than a third of Queensland CLCs positively identified their interest in group buying in telephone, office supplies, IT support and auditing services. About a third of respondent CLCs indicated that they may be interested in a group buying scheme if they had more information about it.



As part of this project, Queensland CLCs were surveyed about a range of operational costs. CLCs were asked whether they had recently considered or had started shopping around on:

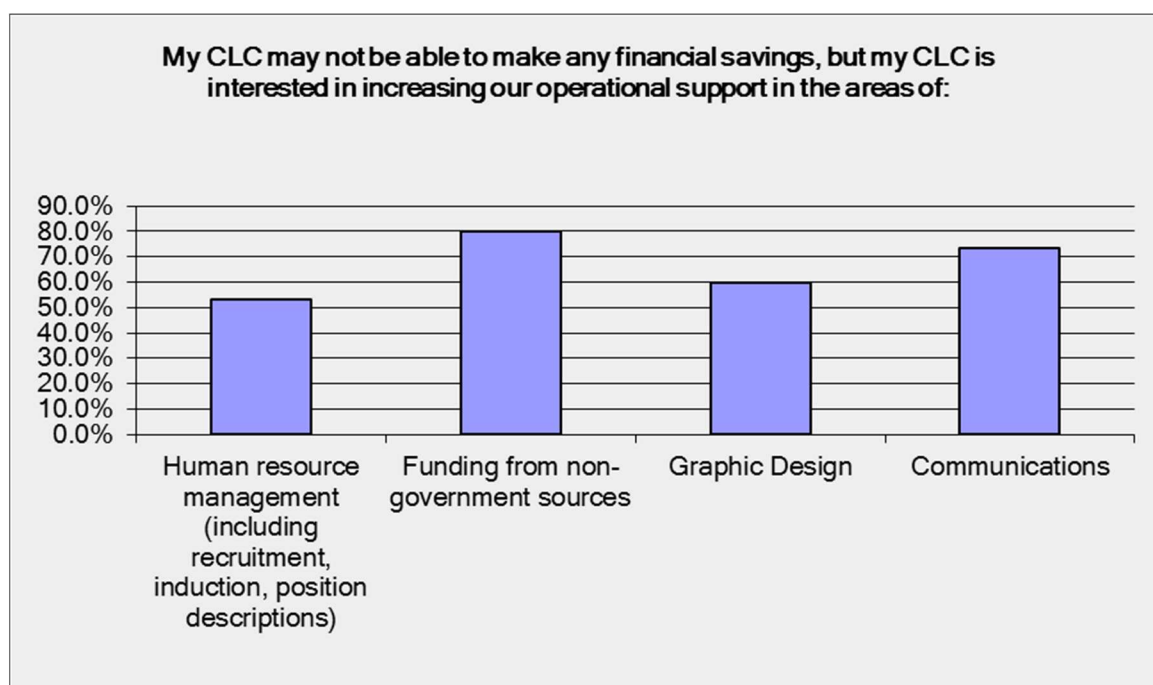
- electricity costs
- packaging salary benefits for employees
- telephone costs
- financial management or book keeping services
- auditor services
- off-site document storage and management
- IT support

Almost two thirds of the membership responded to the survey and generally there was no clear area of cost savings identified by a majority of respondents. This level of interest potentially impacts upon the ability of CLCQ to obtain more favourable rates on the basis of buying as a group.



Members were also asked whether they were seeking support in operational areas, irrespective of whether this would involve costs savings to the CLC. These areas included:

- Human Resource Management
- Funding from non-government sources
- Graphic Design
- Communications



Some of the survey respondents indicated other areas where they were looking for support or savings including:

- Office supplies and equipment
- Motor vehicles
- Website development

- Training for managers and administration staff
- On-line library resources
- Insurances
- Document production
- Marketing and promotion

Overall members are indicating that they require more support and capacity to meet the challenges of operating a community legal centres, rather than identifying areas as a sector for cutting costs.

Action: An ongoing sector sustainability and capacity building strategy is key to ensure there is value added to existing and reduced CLC budgets.

Operational areas

The project tested a range of expenditures for potential cost savings in the areas of:

- Human Resources
- Service Delivery
- Office Overheads
- Governance
- Alternative Funding

Human Resources

An analysis of 16 CLC annual financial statements indicate a significant part of the operational budget is spent on the employment and support of suitably qualified staff to provide services to the community. This significant investment is worth protecting.

While there is little research on the profile of the community legal centre sector workforce, there are likely to be strong parallels with the profile of the paid work force in the Queensland community services industry more generally. The key features being:

- 75.4% of employees are female, compared to 47.1% of the overall Queensland workforce;
- Over half of employees work part-time, compared with 32.5% of the overall Queensland workforce;
- The largest age group of the paid workforce is between 45 and 54 years;
- There is more likely to be gender parity in the manager positions.

The 2015 NACLC Census asked Queensland CLCs about the staff composition in their CLC. The employee profile was:

- Over 62% of employed staff were full-time;
- Over 31% of staff were part-time;
- Over 6% of staff were casual.

In particular staff turnover has been identified as having an impact on the efficiency and effectiveness of community service organisations⁹. By reducing staff turn-over organisations spend fewer resources on recruiting, onboarding and training.

Staff turnover can be addressed by identifying the causes of turnover and developing human resource initiatives to reduce it. Strategies to reduce turnover include:

- Analysing what causes turnover through exit survey processes
- Establishing an employee value proposition (EVP) eg. meaningful work, positive culture, flexible work practices; fair wage agreements
- Hiring the right people to ensure staff are a good fit
- Measuring the impact of an organisation
- Providing employee training and support
- Providing performance feedback
- Thanking employees

Any strategies targeting the capacity or the costs of human resources in community legal centres need to take into account the unique features of its workforce and may require

⁹ Insync Surveys: *Employee Retention in community services organisations* (November 2014)
<http://www.insyncsurveys.com.au/resources/research/2014/11/employee-retention-in-community-services/>

additional resources to ensure effective human resource management that has staff retention as its goal.

An ongoing sector sustainability strategy can provide ongoing support to CLCs on human resource management issues and strategies.

Staff Recruitment, Support and Retention

Managers in CLCs usually have human resource management functions such as staff recruitment, support and retention as one part of their role description, along with a range of other functions. This means there are few dedicated resources to the area of human resource management in CLCs.

The project examined whether there are any opportunities to provide specialist human resource management support to CLC in a cost effective way.

Discussions have been held with a pro bono law firm partner about the scoping of the “structured volunteering” scheme with law firms that are in a position to provide “non-legal support” to CLCs. Developing a pilot scheme would involve:

- Identifying a group of law firms that are willing to contribute non-legal support;
- Negotiating the terms on which law firm would provide non-legal support;
- Developing a clearing house function that would connect CLC requests for assistance with available law firm support; and
- Monitoring the scheme with CLC sector and law firms to fine tune the relationships.

Action: Further scoping work to be undertaken to set up a pilot coordinated structured volunteering for law firms to assist CLC in non-legal areas such as human resource management.

Staff Training

Access to affordable training and professional development for CLC staff and their volunteers is a key operational expense. There is also the challenge of ensuring that training opportunities inform the types of work undertaken by community legal centres.

In recent years Community Legal Centres Queensland has focused on ensuring the sector has affordable and accessible training including:

- At least 50 free webinar trainings every year on a diverse range of topics relevant to the delivery of services in CLCs;
- An annual conference for member CLCs with non-members and sponsors enabling discounted registration fees to CLCs attending;
- Community Legal Centres Queensland provides fortnightly information to CLCs about free or low-cost training opportunities; and
- Negotiation with other training providers such as Queensland Law Society for free or subsidized access to conferences.

The Community Legal Centres Queensland Training and Development project (December 2015) highlighted that cost and time were significant barriers to workers being able to meet their training and development needs and as a result was likely to result in training “going down the list of priorities”¹⁰. As a result of feedback obtained during this project, CLCQ adjusted its free webinar series to meet these sector challenges.

Action: Community Legal Centres Queensland maintain a strategic focus on the training needs of the CLC sector and in particular provide no-cost or low-cost training opportunities that are suitable for staff and volunteers working in CLCs.

Salary Packaging

Community Legal Centres with Public Benevolent Institute tax status can offer employees the opportunity to package pre-tax wages, up to the allowable limits, against third party debts. Many CLCs offer this benefit to employees and can be an additional financial incentive in a sector where many wages are below market rate. Some CLCs administer packaging internally as part of their payroll process and other CLCs outsource to external packaging providers.

Internal management of packaging can be time consuming and require specialist financial expertise. A bar to some CLCs outsourcing this work is the small size of the workforce of the employing CLC. As a result, packaging employee wages happens on a limited basis, eg. confined to small categories of debts or the full range of benefits cannot be offered eg. entertainment benefits are not offered.

A proposal was sought from an external provider for salary packaging services across the CLC sector in Queensland. CLCs were surveyed about their interest in an external provider providing packaging services. Of the 20 respondents to the survey, only 3 were interested in connecting with an external provider. A group scheme in the area of salary packaging is unlikely to be viable in the Queensland CLC sector.

¹⁰ Meeting the training and development needs of workers in legal assistance services - Final report, December 2015.
http://communitylegalqld.org.au/sites/default/files/downloads/pages/final_project_report_0.pdf

Service Delivery

Legal Practising Certificate Fees

CLCs across Queensland spend approximately \$35,000 per annum on the cost of legal practicing certificate fees for employee solicitors. These practising certificate fees are paid as part of the CLC operating budget. Some CLCs also pay for their employees to be members of the Queensland Law Society (QLS) to maintain access to member benefits including professional development and training.

CLCs in other Australian jurisdictions enjoy free or discounted fees for employed solicitor practising certificates.

While QLS provides free practicing certificates to solicitors who volunteer at a CLC, there may be future work with the QLS to provide discounted practising fees for CLC employees.

Partnerships/Collaborative Relationships

CLCs are able to maximize and integrate their service delivery for clients by forming effective collaborative relationships with other organisations in the community. A number of CLCs have sought assistance with documenting working relationships with others to strengthen the relationships and to demonstrate their value for money to external stakeholders. Smaller CLCs have limited resources in undertaking this community development work and writing documents that support these working relationships.

As part of this project, CLCQ worked with Justice Connect's Not-for-Profit Law to develop a CLC specific resource on documenting Collaborative Relationships. This resource is available on the CLCQ website at:

http://communitylegalqld.org.au/sites/default/files/downloads/pages/documenting_collaborative_relationships_edited.pdf

Evaluation and Feedback

The current system of data collection across CLCs is output focused, so it can be difficult for CLCs to demonstrate their outcomes using this data alone. Some CLCs use separate, time consuming, and expensive additional evaluation and feedback processes to better understand the outcomes of providing services to the community. Many CLCs need assistance to do this evaluation work.

CLCQ has been separately funded to develop a self-evaluation toolkit for CLCs. In order to ensure the tool kit is user-friendly in a range of CLC settings, 3 diverse trial sites have been chosen ie. a small CLC, a specialist CLC and a regional CLC. Suitably qualified consultants have been engaged and the framework and toolkit is being developed through a collaborative sector process. The project will take into account the data collections opportunities that might be available to CLCs in the transition to the CLASS data base.

Use of technology to deliver services

In 2014, Community Legal Centre Queensland (known as QAILS at the time) undertook a literature review of the efficacy of using technology to deliver community legal services. The

review considered the use of telephone, video conferencing and internet-based technology to provide access to legal services for the general community and disadvantaged clients¹¹.

While technology supplements face-to-face services delivery it was found that for some disadvantaged clients and types of legal services it can't be a substitute for face-to-face service delivery. The findings included:

- Telephone based services are best limited to information, referral, advice or “brief services”, but have limited efficacy for groups of vulnerable and disadvantaged clients such as people with low education levels, mental and learning disabilities and non-English speakers;
- Video-conferencing was no cheaper than face-to-face service delivery and that both lawyers and clients preferred face-to-face meetings to video conferencing;
- There are limitations to the use of technology as a method of providing services for disadvantaged clients such as those who experience mental health issues and homeless clients.

The report also identified a need for a shared knowledge management system for CLCs to share resources that could enhance the operation of all CLCs.

Technology will not provide a substitute to the labour intensive costs of providing direct legal services, but potentially enhances those services, subject to the nature of the client base and the types of services. Investment in ICT infrastructure will be an ongoing and necessary expense of building the capacity of CLCs to provide services.

(See also the ICT section in Office Overheads)

¹¹ Queensland Association of Independent Legal Services (August 2014) *Queensland community legal centres' use of technology: Literature review and discussion paper*. <https://law.uq.edu.au/files/1260/Qld-CLCs-and-technology-August-2014.pdf>

Office Overheads

Office Stationery

Office stationery and other supplies are minor but ongoing costs and many CLCs rely on retail arrangements to source these items.

The Queensland government procurement scheme through the Department of Education and Training offers cost savings through their preferred suppliers of Officeworks, Staples and OfficeMax. It has been confirmed that all CLCs in Queensland are eligible for the discounted rates by the suppliers. This has been communicated with the sector with step-by-step instructions for Officeworks and OfficeMax and further assistance has been provided to CLCs who wish to use Staples. CLCQ will regularly remind CLCs that this is available and seek their feedback.

Telephone costs

Telephone costs can be significant for CLCs and telecommunications are potentially an area for group buying as a sector. A number of CLCs have transitioned to Voice Over Internet Protocol (VOIP) which can result in considerable savings, provided that CLC premises are connected to high speed internet.

Queensland CLCs have been surveyed about their interest in reducing their telephone costs. Seven (7) of the 20 survey respondents have indicated that there are considering shopping around on telephone costs. There is unlikely to be sufficient interest to warrant a group buying scheme.

Electricity Costs

Electricity costs can be significant for CLCs and savings maybe able to be found as a sector

A review of 16 CLC annual financial reports indicate that electricity costs for some CLCs are included in the cost of office premises and therefore some CLCs are not in a position to change provider.

CLCs have been surveyed about their interest in reducing electricity costs. Three (3) of the 20 respondents indicated that they were considering shopping around on electricity costs, so there is unlikely to be sufficient interest to warrant group buying with just members of CLCQ.

However the project identified a possible opportunity with Fair Go Group that might assist some CLCs in Queensland to engage in group buying electricity. FairGo Group are a new buying alliance for the not-for-profit and community sector. Their aim is to unlock the collective buying power of some of Australia's largest charities to ensure not-for-profit and community organisations like ours receive a better deal on operational items. Last year FairGo Group conducted a pilot with Australia's largest charities (Red Cross, Anglicare etc) and as a result, were able to successfully negotiate a competitive offer on electricity (covering rates, service and no-lock in contracts) for community organisations in Victoria, NSW and Queensland. CLCQ has been working with FairGo Group to identify how Queensland CLCs may be able to join the electricity group buying schemes and will continue to liaise with them about future opportunities.

Document Storage and Management

Many CLCs have historic client and organisational paper records stored at their office or off-site storage sites. On-site storage can restrict space for other functions of the service and can be a significant cost, relative to a cost-effective off-site solution.

Three providers were approached for multi-CLC quotes. The best quote was no more competitive than a deal that could be obtained by an individual CLC.

Members were surveyed on their need for off-site document storage. Of the 20 respondents to the survey 4 were interested in investigating off-site storage options. The most likely course of action is for CLCQ to share information with CLCs who are investigating off-site storage to reduce the time on them doing the leg work on obtaining quotes.

The NSW ICT project outlined below has a focus on moving to a paperless office which may be beneficial to the Queensland sector in the future.

Information and Communication Technology

In November 2016, Community Legal Centres New South Wales (CLCNSW) commissioned Price Waterhouse Coopers (PWC) to undertake a review of ICT needs in the NSW CLC sector¹². The review looked at the areas of:

- IT Services Procurement and Provision;
- Client and Stakeholder engagement;
- Communications and Networks;
- Hardware; and
- Software.

The problems that were identified by PWC including:

- CLCs do not have in-house ICT expertise, and are unlikely to ever be sufficiently well-funded to retain IT staff.
- CLC currently create and manage their own websites differently, with there being a variance in quality, maturity and customer experience.
- CLCs are unable to effectively manage and expand their base of members, supporters and donors.
- CLCs are using Excel to manage their volunteers in isolation from each other and from other data bases.
- Lack of resources to delivery CLE online.
- CLCs are reliant on IT “experts” both in the scoping, choice, design and implementation of IT systems which is costly and results in CLCs constantly re-inventing the wheel.
- Reliance on the ageing BBS as an email and calendaring system.

As a result of the PWC ICT review and other feedback from CLCs about their ICT needs, CLC NSW in partnership with Tenants Union of NSW and NACLC are developing ICT tools including:

- A unique CLC Customer Relationship Management System (CRM);
- Replace the BBS for email and calendaring functions;
- Investigate effective ways to transition to a paperless office.

While this project has not conducted a similar ICT reviews in Queensland, CLC Qld is confident through consultation with its member CLCs, that similar ICT problems exist in

¹² Community Legal Centres NSW (November 2016) IT Services Review Findings

Queensland, and that Queensland could benefit from the ICT projects being developed in other jurisdictions. Queensland should consider future sector funding opportunities to capitalize and contribute to ICT projects being undertaken in NSW and nationally.

Action: Community Legal Centres Queensland identify future opportunities to contribute to and leverage off CLC specific ICT projects occurring in other jurisdictions.

Financial Management

Financial management, book keeping, pay roll and auditing functions are critical to the efficient and effective operation of CLCs.

CLCQ has been closely liaising with CLCNSW in their establishment of a financial services social enterprise to provide financial services to the CLC sector.

The early findings of the work in NSW is that CLCs generally underinvest in financial services and to provide a viable, comprehensive package of financial services to CLCs, some CLCs would need to increase their current spend in this area. In the current funding environment, greater investment in these functions is unlikely to occur.

CLCQ will continue to monitor the NSW work in this area, and any opportunities for Queensland CLCs to use the service.

Queensland CLCs were surveyed about whether they were considering shopping around on financial management services or auditor services. Of the 20 respondents to the survey, 2 CLCs were considering auditor providers and 4 were considering financial management or book keeping services.

Should a NSW sector financial service be available to Queensland CLCs, the early indications are that Queensland's take-up rate of this new service would be limited.

Governance

Mergers/Co-locations

The Productivity Commission¹³ noted that smaller agencies may be better placed to meet particular social needs while noting that bigger organisations have some advantages including:

- Greater recognition by funders which can in turn increase the organisation's reach;
- Scale is generally associated with average costs as overhead costs such as training, IT and office space are "lumpy" in nature.

The Commission didn't judge whether small or large organisations were better as this was contingent upon different circumstances, but recommended that the NFP sector should be more open to the possibilities of restructuring and finding new ways to collaborate to achieve community outcomes.

The Productivity Commission identified that collaboration through joint ventures or sharing service platforms poses less of a risk and that peak bodies can provide a mechanism for coordination. Sharing of premises and services such as back office systems offers potential to reduce costs¹⁴.

The Australian Institute of Company Directors 2016 NFP governance and performance study reported high levels of collaboration in the NFP sector and over a third of the NFP organisation surveyed reported that their organisation had discussed a merger in the last twelve months.

The reasons for merger discussions included:

- Better meeting the mission of the organisation;
- Broadening the range of services that could be offered;
- A lack of financial sustainability ie. one NFP approaching the other on the basis that merger was necessary to viability.¹⁵

The research indicates that mergers are best undertaken when all parties are willing and engaged participants. This project investigated some recent decisions to merge or not merge by CLCs in other jurisdictions and the full engagement of organisation was a necessary and consistent pre-condition of successful mergers. Mergers also required extra resources to ensure a successful process of consultation and negotiation.

Savings are likely to manifest as a long-term consequence of merger but a merger process is likely to put budget pressure on CLCs in the short term to effectively undertake the process. CLCQ as the peak is best placed to help facilitate and support possible future mergers of CLCs, but the necessary pre-condition is for CLCs to self-select as seeking to merge. This is also an area where CLCQ can facilitate sector-wide conversation and debate through as part of a sector sustainability strategy.

¹³ Productivity Commission Research Report (Jan 2010) *Contribution of the Not-for-Profit Sector* p229

¹⁴ Ibid

¹⁵ Australian Institute of Company Directors 2016 *NFP Governance and Performance Study* accessed at: <http://aicd.companydirectors.com.au/advocacy/research/2016-nfp-governance-and-performance-study-raising-the-bar>

Alternative Funding (non- government)

The alternative to finding savings in CLC budgets is to increase the size and diversity of the sources of funding. CLCs are relative late-comers to the area of development and fundraising. Fundraising are the strategies and tactics of requesting money and development being the cultivation and stewardship of donor (individual or corporate) relationships¹⁶.

To date CLCQ has provided training and support in this area and will continue to do so. The challenge for individual CLCs is dedicating specific human and other resources in their budget to cultivate and grow this work. Additionally, many CLCs in the regions of Queensland will have finite opportunities to seek broader community support. A minimum of 3 years is required to start this work and see a financial return on investment.

The increase and development of this work in the sector is outside the scope of a “cost savings” project, but given the limitation to the costs that can be saved by CLC in back office and other operational line items, increasing the pool of funding is the only option when government funding is not growing.

Eighty (80%) percent of CLCs who responded to the survey were interested in getting operational support in the area of non-government funding. Providing support to CLCs in this area is potentially an area of an ongoing sector sustainability and support strategy.

Conclusions

The cost savings project found that there are very few genuine savings that community legal centres can make in their operating budgets, but gains to be made in supporting CLCs to undertake the operational side of running a modern not-for-profit community legal practice. This project highlighted the vital role of continuing to build the capacity of CLCs to meet their future sustainability challenges.

¹⁶ Rosslyn Monro, The Winston Churchill Memorial Trust Report (2015) *How the Community Legal Centre Sector can be sustainable by proactively diversifying funding streams*
https://www.churchilltrust.com.au/media/fellows/Monro_R_2015_The_community_legal_sector_and_pro-actively_diversifying_funding_streams.pdf



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