



Reading Room: [Local Government](#)

A Good Practice Guide for Local Authorities in the Resourcing and Funding of Community Organisations: A Synopsis of Contents

This guide, produced by McKinlay Douglas Ltd for Local Government New Zealand, was publicly released on 4 February 2000. It is available from Local Government New Zealand by contacting bronwynb@localgovtnz.co.nz.

A synopsis of contents follows.

Overview

The guide sets out to provide local authorities with a comprehensive menu of suggested good practices to address the practical issues many deal with in the course of developing and implementing community funding programmes.

It places a strong emphasis on recognition of the complementary roles of local government and the community sector, the importance of making the best use of inevitably scarce resource and on having a 'culture of co-operation' to make these happen.

It also places weight on the role of local authority community funding in community development. For many local authorities the objective of community development provides the rationale for the funding of community organisations and community-based activities.

The Context for Good Practice

Almost all local authorities in New Zealand are involved in some form of funding for local voluntary organisations, by way either of direct financial provision or other support. Conversely, many voluntary organisations turn to local authorities for resources to help them to meet a diversity of needs within their local communities.

At the same time, local authorities must demonstrate their accountability and compliance with legal and audit requirements. They have the responsibility of managing community assets on behalf of the whole community.

The aim of the Guide is to provide a practical framework for the active and effective management of community funding, covering the spectrum of grants to formal contracts for services.

It has both:

- a strategic focus on the impact which different funding practices can have on the fabric of a community and the community development objectives of the local authority; and
- an immediate operational focus on the range of management tasks involved in funding.

The Guide is addressed to:

- officers responsible for managing community funding and the relationships with the community sector that go with that
- officers managing the council's strategic, financial and legal processes
- officers involved in the development of council policy on community funding.
- councillors, as a tool to help assess the extent to which the council's management of community funding is contributing to expected results.

The Community Funding Environment for Local Government

Local authorities and community organisations, while sometimes working towards similar ends, have very different roles and operate under very different sets of opportunity, response, pressures and constraints. Central to the Guide are the ways these differences can be recognised and reflected in good practice.

Other relevant factors in the environment for local government are:

- the drive for effective management
- the growing emphasis on effective relationships
- the growing emphasis on focusing on outcomes
- concern with the costs of funding administration
- the impact of central government policies
- debate on the social roles of local government
- financial accountability and the legislative framework for this.

How to Tell What is Good Practice

The guide sets out the characteristics of good practice, and critical success factors.

Good Practice at the Strategic Level

To reap the full benefits of applying good practice, it is necessary to begin with a sense of the council's strategic objectives and how management policies and relationships with local community groups link into strategic plans. The benefits of doing this include greater likelihood of community-wide interests being met, community groups better able to make effective funding applications and avoidance of ad hoc decisions.

While there is no one "right" set of objectives for community funding, the majority of local authorities have objectives that relate either to community development and building the capacity of local community organisations, or to service provision,

or a mix of these.

Approaches councils can take to ensuring their community funding is strategically well managed are:

- choosing the funding mechanism most suited to achieving objectives, eg using grants or contracts
- establishing relationships with other community funders, such as central government agencies, community trusts, private philanthropic trusts and business sponsors
- taking into account the need for funding to be sustainable and supportive of the viability of the funded community organisation
- having an overall policy statement (the guide suggests what this ideally would include).

The Maori Dimension

Recognising Maori in community funding policy is multi-dimensional. Local authorities respond in different ways, such as Maori representation on funding allocation committees and funding specifically for marae-based programmes and to benefit tangata whenua.

Good administrative practice would suggest that councils ensure staff well-informed of the preferred means of functioning of Maori groups in their community, funding processes that take account of these and appropriate ways to communicate funding opportunities.

Good Practice at the Management Level

Like every other manager in the council, the person responsible for community funding will be expected to see that council objectives are met (effectiveness), at least cost (efficiency).

Typical management tasks for the manager responsible for community funding fall into the following categories:

- planning for community funding
- management of internal systems
- management of external relationships
- providing for and managing monitoring, evaluation and reporting
- managing changes in council community funding policies and processes (transitions)
- ensuring necessary skills within the council.

The guide sets out good practices under each of these headings.

Working Relationships and Good Practice

Developing effective working relationships in any situation, in government or business, is a long and complex process requiring sustained effort and consistent behaviour. This is especially true working with community organisations because of the particular characteristics of the sector - its role in delivering social benefits to the community, the diversity within the sector, its independence, and the central role of volunteers.

A balance is required between this and the demands of financial accountability which have prompted moves towards more formal funding arrangements.

This section of the guide deals with key elements in relationships between the council and local voluntary community groups at the day-to-day working level, emphasising that effective working relationships are a two-way process. Topics covered include the culture of the relationship, understanding the community organisations and participation by the community organisation in the working relationship. It concludes by setting out expectations that the local authority might hold of the community organisations it supports.

Partnerships and Good Practice

The ultimate 'model' of an effective working relationship is the true partnership. This section describes the defining characteristics of successful partnerships: clarity of purpose, commitment to the partnership, clear allocation of responsibility, agreed ways of assessing results and recognition of the distinct and different perspectives each party brings to the partnership. As a particular example, it describes the use of "compacts" between government and the voluntary sector as adopted in the UK and mooted in New Zealand.

Administering the Funding Arrangement

This section brings together practices which have been adopted by local authorities in New Zealand, supplemented by good practice material and the growing experience of "relationship contracting" and of community funding in other countries, especially the United Kingdom. It deals with:

- clarifying the funding policy
- managing the funding process
- the application
- negotiation
- writing the funding documents
- reporting and accountability
- evaluation.

The good practices set out in this section emphasise that funding processes and compliance requirements should recognise that local authorities provide funding support to a wide variety of organisations, from large and established to very small. There needs to be a sensible relationship between the amount of the funding, the capability of the recipient, and what the council expects a group to go through in applying for a grant, putting in place systems to manage it, and reporting back.

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