

## Consultation on Anglicare's delivery of welfare and support services

(A report from the Standing Committee.)

### Key Points

- Under clause 23A of the *Anglican Community Services Constitution Ordinance 1961* Anglicare is required to consult with the Standing Committee at least annually in respect to the pursuit of its object under clause 5(b), namely welfare and support services for the vulnerable, the marginalised, the disabled and those in necessitous circumstances
- The Ministry in Socially Disadvantaged Areas Committee (the "MSDAC") has undertaken the 2017 consultation with Anglicare on behalf of Standing Committee
- From 2017 Anglicare has increased funding through its Community Services Division for its services towards socially disadvantaged people through its "own programs", with further increases in funding planned for following years
- This increased funding capacity has allowed Anglicare to develop a rationale as to how it allocates resources to the socially disadvantaged

### Purpose

1. The purpose of this report is to provide the Synod with information about the consultation between the MSDAC and Anglicare pursuant to clause 23A of the *Anglican Community Services Constitution Ordinance 1961* (the "Ordinance").

### Recommendations

2. Synod receive this report.

### Background

3. The MSDAC met with the Chief Executive Officer of Anglicare, Mr Grant Millard, and Anglicare's Chief Financial Officer, Mr Grant Muddle, to undertake the consultation required by clause 23A of the Ordinance. Clause 23A requires an annual consultation with Anglicare, concerning its pursuit of its object under clause 5(b) of the Ordinance which provides –

*The Body Corporate is established as a public benevolent institution to further the work of the Anglican Church of Australia, Diocese of Sydney by promoting and proclaiming the gospel of the Lord Jesus Christ while undertaking works of public benevolence that reflect the love of God as shown in Christ including –*

.....

*(b) welfare and support services for the vulnerable, the marginalised, the disabled and those in necessitous circumstances;.....*

4. In undertaking this consultation, the MSDAC had regard to Synod resolution 2/16 by which the Synod approved of the merger between Anglican Retirement Villages and the old Anglicare. Paragraphs (b), (c) and (d) of resolution 2/16 specifically addressed the need for Anglicare to continue its work of public benevolence to those in necessitous circumstances following the merger. The terms of the resolution are –

Synod, noting the report of the Standing Committee in relation to the proposed merger of Anglican Retirement Villages Diocese of Sydney ("ARV") and Sydney Anglican Home Mission Society ("Anglicare") together with accompanying draft ordinances and other documents in relation to the proposed merger received at this session, approves in principle the merger of these two organisations on the basis that –

- (a) the indemnity provided by ARV to Anglicare is intended to ensure that survivors of child abuse have at least an equivalent level of recourse as if Anglicare had continued to operate in its own right,
- (b) the merged organisation will actively aim to continue to deliver services provided by Anglicare and ARV to socially disadvantaged people at an enhanced level,
- (c) the merged organisation will actively aim to continue the work undertaken by Anglicare with Aboriginal and Torres Strait Islander Peoples at an enhanced level,
- (d) the merged organisation will actively aim to continue to alleviate necessitous circumstances through the provision of education at an enhanced level,

- (e) the legal name of the merged organisation is "Anglican Community Services",
- (f) consideration is given to making provision in both the Anglicare and ARV constituting ordinances for a gift fund for both entities,

and requests the Standing Committee to pass such ordinances and take such other action it considers necessary or desirable to give effect to the merger on this basis.

### Overview

5. The Community Services Division of Anglicare is the main area where work is directed explicitly towards disadvantaged and marginalised people (so-called "welfare" work). Other areas of Anglicare's work, such as the extensive Aged Care work, address the frail aged who are sometimes in necessitous circumstances, but not necessarily in disadvantaged communities. Anglicare has a keen focus on extending the aged care work into these areas through various initiatives and development activities.

6. The old Anglicare had a long-standing commitment to funding work in the community services area but this commitment was largely constrained by the need to carefully husband resources in a smaller, capital-constrained organisation. With its larger scale, the new Anglicare is committed to directing more Anglicare funds to its "welfare work", in a responsible way and as its balance sheet allows.

### Rationale for application of funds towards those in necessitous circumstances

7. The MSDAC sought to understand the rationale for Anglicare's allocation of resourcing and funds to "welfare" ministry. In other words, what is the policy that informs the decision making process?

8. Previously, Anglicare's presence in the community, through the Community Services Division, was largely driven by the success (or lack of) in tendering for Government contracts. A consequence of this was that Anglicare's welfare services were often fragmented as the particular regions that were successful in obtaining Government contracts did not coincide with diocesan boundaries. More substantially, Anglicare did not have the financial capacity to deploy any new services without redirecting existing services.

9. Prior to the merger, Anglicare's decisions regarding the allocation of resources to welfare work tended to be reactive: deciding whether particular funding opportunities (substantially government contracts) would be pursued. These decisions were made based on missional alignment, organisational capability, financial sustainability and parish partnership opportunity. Given that welfare support services were largely tied to available (and successful) government contract tenders, there was not any significant proactive assessment that prioritised socio-economic disadvantage.

10. The increased capacity of the new Anglicare has meant that it can now meaningfully determine appropriate rationale for the allocation of resources to "welfare" ministry, and beginning in a small way, has been able to allocate more resources to disadvantaged people. As an example, the Mobile Community Pantry initiative was developed in late 2015 and has significant impact with relatively small capital cost. This program was devised to address physical needs of disadvantaged persons (providing affordable, healthy food) in collaboration with parishes located in areas of more acute socio-economic disadvantage and who are able to provide a small amount of volunteer hours on site.

### Allocation of surplus funds

11. Anglicare has determined two key priorities to guide the allocation of surplus funds from the organisation.

12. First, Anglicare continues to seek to make an appropriate investment in chaplaincy, pastoral care and theological thought leadership in the social services space. This investment aligns with the purpose of the organisation: "*Jesus Christ honoured, lives enriched and communities strengthened*". This entails not only expenditure in employing a larger number of theologically trained workers, but also running programs and preparing materials that embed the vision, mission and values of the organisation in its staff and their work. Approximately \$6m (net of any subsidies) of Anglicare's funds are invested in pastoral care and mission (including the net un-reimbursed cost of institutional chaplaincy) making this Anglicare's largest financial welfare allocation.

13. Second, in regard to expanded funding in ministry to those socially disadvantaged, there are three main objects –

- (a) Expand ministry to the disadvantaged, in partnership with local churches (e.g., Mobile Community Pantry expansion from one van to three vans)
- (b) Undertake trials of new ministry options primarily aimed at expanding parish partnership options (e.g., Family skills workers)

- (c) Support the Community Services division during a significant transition from a mainly “block funded” government funding model to a “client directed” model. This radical change requires a transformation in the Community Services structures and processes in order to ensure future viability for the work (project workers, training, workshops).

#### Funding for the socially disadvantaged

14. Community Services work is funded from three main sources –

- (a) government funding,  
 (b) client fees (mostly Shop income), and  
 (c) donations and supporter funds.

15. Prior to the merger, Anglicare’s own funds (derived from investments and donated funds) were applied to chaplaincy, emergency relief, advocacy and social policy research (including NCLS). The real value of the investments were maintained as a capital base for Anglicare, to reinvest in the maintenance and improvement of aged care operating assets.

16. Following the merger, Anglicare has the means to free up funding for programs in a way that has not in recent history been possible. Whereas previously Anglicare needed to set aside funds for the renewal and replacement of its aged care assets, the operating profit from the consolidated aged care is sufficient to maintain the assets on an ongoing basis. Similarly, the legacies which previously needed to be accumulated in order to provide a growing capital base for a growing organisation, can now be utilised for services as a result of the return from the consolidated operations.

17. It is important to note that there is no cross transfer of aged care surpluses into the Community Services work nor any plans for that approach to be implemented. But since June 2016 an additional \$1.6m per annum has been progressively made available from Anglicare funds to allow for the growth of ministry for the disadvantaged.

18. The Community Services budgets for the 2017 and 2018 financial years are presented in the following table –

<b>Community Services Budget \$'000</b>			
	<b>2016/17</b>	<b>2016/17</b>	<b>2017/18</b>
	<b>(Pre merger)</b>	<b>(Post merger)</b>	
	<b>\$'</b>		
<b>Revenue</b>			
Government funding	28,215	28,215	25,341
Service income	6,890	6,890	6,481
Donations & supporter funds	1,268	1,268	1,579
<b>Total Revenue</b>	<b>36,373</b>	<b>36,372</b>	<b>33,402</b>
<b>Expenditure</b>			
Service delivery	(37,286)	(38,037)	(37,002)
Management & support	(2,702)	(2,702)	(2,975)
<b>Total Expenditure</b>	<b>(39,988)</b>	<b>(40,739)</b>	<b>(39,978)</b>
<b>Net Position</b>	<b>(3,615)</b>	<b>(4,367)</b>	<b>(6,576)</b>

19. Government funding has decreased for the upcoming year from \$28.2m to \$25.3m. The main factor in this change is the introduction of the NDIS and Anglicare’s associated decision to exit from its significant disability work. Further reductions in funding for the disability and carer support work will occur in the 2018/19 year which will bring that work to close. However, Anglicare has indicated that plans are in place to grow other aspects of the government funding in areas such as foster care.

20. It is anticipated that in 2018 financial year that Anglicare funded community service programs will total \$6.1m in expenditure.

21. The capacity to fund ‘own program’ expenditure in Community Services has historically been based on a combination of program-specific donations (e.g. Syrian Refugee Appeal) and investment income “earned” on internally established funds. However, Anglicare has now been able to commit an additional \$1.6 million over the 2017 and 2018 financial years (beginning with \$750,000 in the 2017 financial year) to deliver effective and sustainable programs that will begin to provide services to socially disadvantaged people at an enhanced level.

22. The following table shows how the additional \$1.6 million is allocated over the 2017-18 financial years –

Area	Budgeted Expenditure in 2017/2018 \$'000	Nature
Short term funding for expansion of Adoptions work	85	Short term seed funding
Additional funding for Syrian / Iraqi Refugee Response and ESL	172	Short term project
Expansion of mobile community pantry to three vans	381	Ongoing program
Grow Project to build strong foundation for future ministry	310	Short term project
Expansion / consistent funding of “Food and Financial Assistance”	200	Ongoing program
Family Skills position	100	Initial position – potential expansion
Domestic Violence Advisor	98	Ongoing program
Short Term funding for expansion of mental health / Family Support work	254	Short term seed funding
<b>Total</b>	<b>1,600</b>	

23. In addition to increasing funding, Anglicare has developed new metrics to ensure that service delivery is both enhanced and sustainable. Enhancement of service delivery is measured by annual spending growth, as an average over three years (to allow for timing differences and other short term variances in the result). Sustainability is measured by expenditure as a percentage of the surplus generated across all Anglicare’s operations *before* the net outflow on Community Services and Pastoral Care & Mission programs (again as an average over three years).

24. The following table sets out the metrics Anglicare has used for delivering services to socially disadvantaged people and delivering pastoral care and chaplaincy services.

Spending metrics	FY15	FY16	FY17	FY18B
<b>Community Service resources</b>				
Amount spent (\$m) <sup>1</sup>	4.1	4.3	5.4	<b>7.0</b>
Spending growth (annualised)			6.5%	<b>23.8%</b>
Spending as a % of Net Surplus generated	14.0%	17.5%	20.9%	<b>30.7%</b>

<sup>1</sup> This measures the amount spent. This differs from the budget figure (FY18 \$7.0m v Budget net expenditure \$6.1m) as the net figure offsets some funds transferred from prior periods)

<b>Pastoral Care &amp; Mission resources</b>				
Amount spent (\$m)	4.6	4.2	4.7	<b>6.1</b>
Spending growth (annualised)			8.2%	<b>11.5%</b>
Spending as a % of Net Surplus generated	15.8%	16.7%	18.2%	<b>27.0%</b>

25. These numbers measure the cost of services delivered through Community Services channels only. Anglicare also provides other welfare services, such as our Housing Assistance program, that also reach out to socially disadvantaged people. Housing Assistance currently provides re-developed accommodation for approximately 60 seniors who would otherwise potentially be homeless, and this service will expand to 200 people in 10 locations over the next 4 years.

### **Conclusion**

26. From its consultation with Anglicare, MSDAC is confident that the financial benefits of the new Anglicare in providing services to socially disadvantaged people are being realised. Initially this may be seen in relatively small improvements, but there is strong expectation that it will grow over time.

27. Going forward, Anglicare intends to focus on the provision of services to the areas of greatest need within the Diocese, in a manner that can assist and sustain local ministry. To this end, the scope of activities that may be undertaken within the public benevolent institution construct are being investigated. Anglicare is also reviewing its capacity to employ "community chaplains" and it is expected that more information about this will be available in due course. Anglicare remains convinced that it cannot participate as a grant funder to parishes, due to the real risk that such funding will be seen (or could be construed) as distributions to members, prejudicing the legal status of the organisation.

For and on behalf of the Standing Committee.

**BISHOP PETER HAYWARD**

*Chair, Ministry in Socially Disadvantaged Areas Committee*

20 September 2017