

**REPORT 1***(1215/52/03/IM)*

---

**REVIEW OF THREE YEAR FUNDING CONTRACTS**

---

**1. Purpose of Report**

To seek the Committee's agreement for the changes to either the level of funding or to the recipient organisation for 3 year contracts currently under review.

**2. Recommendations**

It is recommended that the Grants Subcommittee:

- 1. Receive the information.*
- 2. Consider Officers' recommendations (appendix three) and decide whether or not it is appropriate to fund the applicants and at what level*

**3. Background**

Grants are included in the Annual Plan to provide an appropriate mechanism for the Council to respond to community groups that are undertaking projects that:

- Meet a need identified by the community.
- Align with council's strategic goals and community outcomes.
- Rely to some extent on participation and engagement by community organisations.

Organisations and projects are funded through contracts and contestable grants pools. The contestable pools provide grants that are discretionary, short term and project based in nature. The Council also enters into three year contracts when it has an interest in ensuring particular activities occur that contribute to Council's strategies or policies. For example, community centres are seen as an important part of community infrastructure and their activities are important in building strong communities (the overarching theme of the Social Strategy). In addition, the Council has an ownership interest in many of the community centres.

The Strategy and Policy Committee agreed to a re-configured grants framework (April 2005) in which organisations whose activities directly contribute to Council's strategic or policy goals would be funded through a *detailed* contractual arrangement with 3 year reviews of the funding.

Three year funding support is of particular benefit for community organisations working towards building strong communities through strengthening capacity in Wellington's Social and Cultural sectors. There are some organisations that are critical to Wellington, contribute to Wellington's sense of place and are part of the city's infrastructure. These are organisations that are sustainable in the long term but need some financial support and some certainty. An example might be Vector Orchestra or Wellington Free Ambulance.

Organisations funded by the Council through three year contracts need to meet the general grants criteria and also that:

- The organisation is well-established and with some Council funding is sustainable in the long-term.
- The organisation is generally regarded as a feature of Wellington's infrastructure or unique sense of place.
- The Council does not wish to influence its day to day activities but has a strong interest in the outcomes of the organisation.
- A partner relationship is beneficial.

As part of the implementation of the grants framework contracts are fully reviewed every three years. It was also agreed that in some cases a long term project that is facing serious financial or governance challenges would be moved to the contestable pool while solutions are found.

There are 52 organisations that are funded through contracts for service with 24 currently being reviewed as their contracts expired 30 June 2009 (Appendix 4) This paper makes recommendations as to which organisations should be funded through negotiated agreements for 2010-2013 financial years.

## **4. Discussion**

### **4.1 *Rationale for decision making***

The following principles and criteria have been derived from the framework and its rationale. They have been developed as a guide for the recommendations contained in this paper, officers applied the following rationale in their decision making.

#### Health Check

The organisations completed a self-assessed health check as part of the application process. Officers ratified this self-assessment by reviewing the supporting documentation provided by the applicants and through asking questions at a meeting with each organisation. Before recommending an organisation for contract funding, officers satisfied themselves that each organisation scored a rating of at least '3' in each assessment area. Officers also looked to see that organisations were addressing any areas that they had identified as weaknesses.

#### Contract funding criteria

In November 2005, Council reviewed and made changes to its Grants Framework. One of those changes was to establish the provision to fund

organisations on the basis of a three-year contract. A number of organisations that the Council had an existing funding relationship with were invited to enter into such a contract. These came into effect from July 2006 and would be reviewed in 2009. Under the Grants Framework, the rationale for funding an organisation on a three-year contract centres on the following two criteria:

- Activities that represent core business of the Council or directly contribute to Council's strategic or policy goals.
- This includes activities that the Council has an interest in influencing

#### **4.2 Application Assessment**

Officers assessed whether the each organisation qualified for contract funding using the above criteria. (Appendix 2)

##### Meeting strategic priorities

In the application form, organisations were asked to specify the activities that they would deliver with Council funding over the period of the three year contract. These activities were assessed against the Council's three-year priorities in its 2009-19 Long Term Council Community Plan.

##### Other criteria

In the application form, organisations were asked to demonstrate how they do or will work in partnership with other organisations and the Council, how they evaluate their activities and their commitment to the Treaty of Waitangi.

#### **4.3 Allocation of funding**

Officer's recommendations are listed in Appendix 3

There was no increased funding to the contracts pool for distribution in this contract round and significant changes in the level of funding for organisations were not possible. In distributing the available funds, officers took the following approach:

1. Firstly, organisations needed to pass the health check, meet the criteria of contract funding and be requesting funding for activities that have a strong fit with Council's strategic priorities.
2. Secondly, for the remaining organisations, officers recommended funding levels that they believe was appropriate for each organisation, given the total funding available. In some cases, organisations were funded to the level that they requested. In the case of cultural organisations, it was decided that each qualifying organisation would be offered a 10% increase of their existing funding level.
3. Thirdly, organisations that were invited to apply for funding for the first time were assessed against the above criteria alongside the other organisations. Officers have recommended that several of these organisations do receive contract funding.

There are 27 organisation requesting funding through 3 year contracts asking for a total of \$1,218,571 with \$852,338 available for distribution. Of the 27 organisations 24 were receiving funding through 3 year contracts for the 2006-

2009 financial years and 3 are new applicants; these are The Royal New Zealand Ballet, ChangeMakers Refugee Forum and Wellington Community Law Centre

Council officers are recommending moving 3 organisations to the contestable pool for consideration. For two of these organisations it was seen as a better fit and with one organisation there is concern about its long term viability.

## **5. Conclusion**

The Subcommittee is asked to consider the applications and decide whether or not it is appropriate to fund the organisations and at what level.

Contact Officer: *Jenny Rains, Manager City Communities and Grants*

## **Supporting Information**

### **1) Strategic Fit / Strategic Outcome**

*WCC grants are allocated to support outcomes from the Cultural, Social, Economic and Environmental strategic areas.*

### **2) LTCCP/Annual Plan reference and long term financial impact**

*The Cultural grants come under project C661, the Environmental grants under project C652, the Social & Recreational grants under C678*

### **3) Treaty of Waitangi considerations**

*Any grants application that could have implications for Maori are referred to WCC Treaty Relations Office for recommendations. The Treaty Relations Office is sent the full list of applicants and projects for comments.*

### **4) Decision-Making**

*This is not a significant decision.*

### **5) Consultation**

#### **a) General Consultation**

*The Grants Team have discussed with appropriate Council officers prior to presentation to the Subcommittee. Applicants and persons or organisations referred to in the applications and others may be spoken to for comments where appropriate.*

#### **b) Consultation with Maori**

*No external consultation has occurred*

### **6) Legal Implications**

*N/A*

### **7) Consistency with existing policy**

*Grants have been created to assist community initiatives in line with Council strategy.*