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## **GRANTS FRAMEWORK IMPLEMENTATION**

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### **1. Purpose of Report**

This paper updates the Grants Subcommittee on progress in implementing the grants framework, proposes further criteria for sports grants and outlines proposed new initiative bids.

### **2. Executive Summary**

The Council provides grants as a means to enable community organisations to achieve initiatives and services that align with the Council's strategic direction. In 2005 the Grants Subcommittee and Strategy and Policy Committee (SPC) agreed to a series of papers to establish and implement a revised grants framework. The framework has been implemented for the 2006/07 year and there are some outstanding issues. In particular the future funding of those organisations placed on transitional one year contracts, terms of reference for the Grants Subcommittee and cost of living increases for contracted organisations. In addition there is a need for further criteria for deciding sports grants.

It is proposed that further transitional one year contracts are not entered into except for Wellington Basketball Association. In the main, the organisations on one year contracts will need to apply to the grants pools for funding.

To ensure that the contract funding retains its value and is not eroded it is proposed to prepare a new initiative for the 2007/08 Draft Annual Plan seeking a cost of living increase for those organisations on three year contracts. In addition requests for additional funding will be assessed by officers as part of the three year reviews of contracts and if appropriate new initiative funding will be sought.

With the grants framework in place, it is timely to address the Grants Subcommittee terms of reference. The framework effectively removed the distinction between contestable and non-contestable grants so reference to contestable grants is no longer appropriate in the terms of reference.

Given the increasing demand on grants funding for sports it is proposed to prepare a new initiative to increase the amount of funding available specifically for sport. To further manage that demand officers recommend additional criteria for determining applications for sports grants.

### **3. Recommendations**

It is recommended that the Grants Subcommittee:

1. *Receive the information.*
2. *Note contracts made as a result of implementation of the new grants framework approved in November 2005 (attached as Appendix 1).*
3. *Agree that for the 2007/08 financial year transitional contracts will not be offered except to Wellington Basketball Association.*
4. *Agree that for the 2007/08 financial year Fringe Festival and Katherine Mansfield Birthplace be offered three year contracts.*
5. *Note that a new initiative bid is proposed to address cost of living increases and additional funding for some contracted organisations.*
6. *Note officers will prepare advice to Strategy and Policy Committee to amend and update the Grants Subcommittee terms of reference. The report will address upper thresholds for grants.*
7. *Recommend to SPC that it agrees that the criteria for allocating grants for youth participation in sports and recreation are:*
  - *Programme targets youth 13 to 20 year age group.*
  - *Spending that supports active participation by youth by providing essential items for the activity.*
  - *Projects that encourage volunteer involvement to support active participation by youth.*
  - *Priority will be given to projects that historically would have been eligible for Hillary Commission funding and have unsuccessfully sought funding from other sources.*

### **4. Background**

The Council provides grants as a means to enable community organisations to achieve initiatives and services that align with the Council's strategic direction. In 2005 the Grants Subcommittee and Strategy and Policy Committee (SPC) agreed to a series of papers to establish and implement a revised grants framework. That framework provided for organisations that the Council funded on a medium to long term basis to have three year contracts rather than a grant per se. This meant the residue in the grants pools were focussed on discretionary, short term and project based spending.

As part of the implementation the Grants Subcommittee and SPC agreed which organisations the Council would enter into contracts with and the distinction

between contestable and non-contestable grants was effectively removed. This paper addresses issues related to further decision making on those contracts.

The grants framework project was concerned with a decision making framework and did not address the level of funding for any specific organisation. The grants framework provided for four pools of grants funding and the amounts for those pools was established on the basis of a cost neutral approach, so that each pool was funded at the 2004/05 level less the amounts required to fund the organisations with which contracts would be entered. (The exception to this was the environmental pool which was increased from \$50,000 to \$80,000 with the increase funded by a decrease of \$15,000 in each of the social and cultural pools.) Many organisations (now on contract) have had no increase for some years yet face cost of living increases and it is proposed that a new initiative bid be prepared to allow for cost of living increases to be paid to those organisations on three year contracts with the Council.

Within each pool, strategically aligned focus areas and criteria were agreed for grants spending. In the main those focus areas did not give rise to significant changes to grants spending. However, the social pool now includes a focus area of youth participation in sport and further criteria are required to manage demand for increased grant applications in that area.

## **5. Discussion**

### **5.1 Organisation Reviews**

SPC and the Grants Subcommittee agreed that for some organisations receiving long term funding further work was needed to determine a) whether the organisation should in fact receive medium term funding and/or b) what an appropriate amount would be. As an interim measure it was agreed that those organisations would be offered a transitional one year contract in 2006/07, (list attached as Appendix 1) would be reviewed and any variations would be considered by the Grants Subcommittee.

There are 14 organisations in this group and an initial review process was undertaken with all of them. Four were conducted externally; the remainder by internal officers.

The design of the review process (and the first four reviews) were undertaken by an external consultant to ensure objectivity, alignment with strategic objectives and a robust process. However the strategic objectives and alignment provide limited assistance in establishing strategic fit and determining appropriate funding levels. All of the organisations reviewed are making a sound contribution to Wellington city and its social infrastructure. There does not seem to be a formula or approach that will provide Councillors with robust advice in relation to comparing organisations, the comparative value they add and take account of individual characteristics of the organisations and the context within which they work.

For a number of the organisations currently on a one year contract, new players have come into the service area that those organisations support or serve therefore they are no longer the only provider of their specific services. In addition some organisations have evolved over time and now offer different services from those that were originally being provided when Council grants were first offered. It may be more cost effective or give greater equity if those organisations reverted to the general pool so that the Grants Subcommittee can determine the funding levels in the context of grants more generally. It is proposed that for the 2007/08 financial year the general approach for those organisations is that they apply to the general grants pools for funding and the Grants Subcommittee can either:

- Agree to a grant.
- Direct that a three year contract be entered; or
- Decline the application.

Applications would be required in the March 2007 round so that funding was available to those organisations in 2007/08.

The exceptions to that approach and for whom three year contracts should be entered are Fringe Festival and Katherine Mansfield House because there are no other providers of that specific service. Under current delegations, the funding for these organisations will need to be approved by SPC. In addition, Wellington Basketball Association should continue with a renewable one year contract until the Indoor Community Sports Centre is completed.

Officers are currently considering the provision of youth services and in that context may make recommendations in relation to ongoing funding of BGI and ZEAL. Decisions about their ongoing funding should be made following the completion of that project.

Contracts require accountability from organisations. Should those accountability requirements not be met the contract will void. Those organisations can then apply for funding from the general grants pools.

Four groups originally funded with three year contracts are being managed by other units than the grants business unit and are more appropriately absorbed into these business units, and no longer treated as grants.

Fireworks	This funding is being managed by the Events Team.
Xmas parade	The trust which reported jointly to Grants & CCO has dissolved and the funds are being managed by the Events Team to contract the project out.
Carters Observatory	New initiative funding was agreed in addition to the existing grant for 06/07. The group had serious problems and is being monitored closely by CCO, and recovering.
Downtown	Funding to Downtown Community Ministry was rationalised

Community Ministry	through the 2006/07 new initiative for Project Margin and Downtown Community Ministry no longer holds a separate contract from the Project Margin contract.
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## 5.2 Cost of Living Increases

The new framework was designed to be cost neutral so contract amounts were maintained at the 2004/05 level for those organisations in a long term funding relationship with Council or, in the case of those in a new contractual relationship, at a level consistent with funding received over the last three years.

A number of organisations are still at funding levels approved in 2002/2003 and are seeking increased funding to reflect increased costs and so that the value of the grant is not eroded.

Consideration needs to be given to:

- Responding to those organisations that have urgent funding issues for the current financial year.
- Managing “catch-up” funding issues as a result of several years of no movement for the next financial year.

It was not anticipated that such funding would be drawn from the grants pools that were designed for short term discretionary funding. That is, there is a need to recognise the desire for Council to retain a reasonable amount of funding for new, innovative and short term projects.

### ***Urgent funding issues***

Organisations seeking an increase in their contract amount for this financial year have been advised that their options are to:

1. Accept the contract sum as outlined in their 2006/07 contract and make a case individually for increased funding for the 2007/08 financial year; OR
2. Reject the 2006/07 contract and apply as part of the newly created grants pool for an increased level of funding. This would remove them from contract funding back to contestable annual funding which is not guaranteed; OR
3. Accept the 2006/07 contract as outlined and then apply for extra funding in the November 2006 or March 2007 grant distribution rounds. There is no guarantee of increased funding.

Most groups are likely to elect option 3. Any extra allocations made by the Grants Subcommittee for top-up funding will reduce the amount of contestable funding available for new, innovative or short-term projects. The grants framework was premised on the basis that further grants to contracted organisations should only be made if there are extraordinary circumstances relating to their viability.

### ***Catch up funding***

It is proposed that to address “catch up” issues, organisations make requests for additional funding for 2007-08 in the next two months (by the end of November) to allow officer assessment. Following that assessment, a new initiative bid will be prepared for the 2007-08 Draft Annual Plan. To ensure that the funding retains its value and is not eroded it is proposed to prepare a new initiative for the 2007/08 Draft Annual Plan seeking a cost of living increase for those organisations on three year contracts. In addition requests for additional funding will be assessed by officers as part of the three year reviews of contracts and if appropriate new initiative funding will be sought.

### **5.3 Terms of Reference**

With the grants framework in place, it is timely to address the Grants Subcommittee terms of reference. The framework effectively removed the distinction between contestable and non-contestable grants so reference to contestable grants is no longer appropriate in the terms of reference. However this raises the issue of an upper threshold for grants and suggests a need for clarification of delegations in relation to the three year contracts. By implication the three year contracts equate to the former non-contestable grants for which the Grants Subcommittee did not have a delegation. Consideration will be given to a grants upper threshold of \$150,000 and organisations receiving more than that would fall under the monitoring and accountability processes of the CCO business unit. Officers will prepare a paper for SPC to address terms of reference issues.

### **5.4 Sports participation focus area**

Within each pool, focus areas were identified to provide some guidance for prioritising funding. Promoting participation in sports and recreation by youth was set as a focus area for funding from social grants and it was agreed that approximately 13% of the social grants pool be allocated to that focus area. This equates to around \$52,000.

Grants applications appear to be influenced by the now defunct Hillary Commission funding which had a broad set of criteria (youth participation in sport, support for coaches, promotion and development of recreation programmes and 50% subsidy on essential equipment). There was also significantly more money available within the Hillary Commission Fund (\$200,000 per annum).

There is an obvious need for funding in this area but while Council’s existing funding remains small it would be useful to manage public expectations about what Council expects to achieve with it. Therefore officers recommend that the following criteria be applied:

- Programmes that target youth in the 13 to 20 year age group.
- Spending that supports active participation by youth by providing essential items for the activity.

- Projects that encourage volunteer involvement to support active participation by youth.
- Priority will be given to projects that historically would have been eligible for Hillary Commission funding and have unsuccessfully sought funding from other sources.

These criteria were developed by considering alignment with the strategic priority of increasing participation in sport by youth. For the current financial year it is recommended that youth participation will remain the focus but to manage demand for the available funds, uniforms and professional coaching should be excluded and the priority should be innovative programmes that will increase the number of young people participating in active recreation.

Given the importance of sport and recreation to the Council's role in promoting healthy lifestyles, provision of sporting amenities and social infrastructure, the council has a keen interest in supporting active participation in sport. Given the increasing demand on grants funding for sports it is proposed to prepare a new initiative to increase the amount of funding available specifically for sport.

## **5. Conclusion**

The issues outlined in this paper flow from the implementation of the Grants Framework approved by Strategy and Policy Committee in 2005.

Contact Officer: *Helen Walker Principal Policy Advisor*

## **Supporting Information**

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

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

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

*The Social grants come under project C661, the Environmental Grants under project C652, the Social & Recreational grants under C678 and the Economic Grants under project C647.*

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

*Not applicable*

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

*This is not a significant decision.*

### **5) Consultation**

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

*Not applicable*

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

*Not applicable*

### **6) Legal Implications**

*Not applicable*

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

*The grant pools have been created to assist community initiatives in line with Council strategy.*



## Appendix 1

Organisation	Contract Type	Amount
Age Concern	1 yr service	\$3,500
City Centre for the Elderly Wellington	1 yr service	\$17,540
Fringe Arts Trust	1 yr service	\$50,000
ESOL Home Tutors Wellington	1 yr service	\$10,000
Katherine Mansfield Birthplace	1 yr service	\$50,000
Mokai Kainga	1 yr service	\$42,500
Presbyterian Support Services	1 yr service	\$10,000
Wellington Activity Centre	1 yr service	\$7,000
Wellington Boys and Girls Institute	1 yr service	\$100,000
Wellington Childcare Centres Association	1 yr service	\$17,540
Wellington International Jazz Festival	1 yr service	\$25,000
Wellington People's Centre	1 yr service	\$13,000
ZEAL	1 yr service	\$100,000
Wellington Basketball Association	2 yr service <sup>1</sup>	\$60,000
Arts Access Aotearoa	3 yr service	\$10,000
CAMS	3 yr service	\$15,000
Multicultural Services Centre	3 yr service	\$10,000
Pablos Art Studios Inc	3 yr service	\$5,000
Vincent's Art Workshop	3 yr service	\$15,000
Wellington City Mission	3 yr service	\$10,000
Wellington Council of Social Services	3 yr service	\$17,540
Wellington Ending Abuse & Violence Inc.	3 yr service	\$15,000
Wellington Night Shelter Trust	3 yr service	\$30,000
Wesley Wellington Mission Inc	3 yr service	\$10,000
Catacombs	3 yr Annual Plan Partner	\$13,000
Chapman Tripp Theatre Awards Trust	3 yr Annual Plan Partner	\$7,000
Life Flight Trust	3 yr Annual Plan Partner	\$34,000
NBR Opera	3 yr Annual Plan Partner	\$40,000
Randell Cottage	3 yr Annual Plan Partner	\$7,850
Vector Wellington Orchestra	3 yr Annual Plan Partner	\$50,000
Volunteer Wellington	3 yr Annual Plan Partner	\$12,000
Wellington Free Ambulance	3 yr Annual Plan Partner	\$59,000
Wellington Professional Theatres	3 yr Annual Plan Partner	\$100,000
Wellington Women's Refuge	3 yr Annual Plan Partner	\$15,000

<sup>1</sup> Wellington Basketball Association has been placed on a 1 year contract repeated for a second year as their arrangement was to run until alternative accommodation can be found. This is planned to be at the new stadium to be built.