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## **REVIEW OF THREE YEAR CONTRACTS**

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### **1. Purpose of report**

To seek the Committee's agreement for the changes to either the level of funding or to the recipient organisations for three-year contracts.

### **2. Recommendations**

It is recommended that the Grants Subcommittee:

- 1. Receive the information.*
- 2. Consider Officers' recommendations (Appendix 3) 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. 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 three-yearly 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, Environmental 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. Examples might include Kaibosh, The Sustainability Trust or Wellington Free Ambulance.

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

### **Community Centres**

As part of the 2010 Annual Plan deliberations Council agreed to amend the way funding is allocated to community centres when the 3 yearly contracts are reviewed. The methodology adopted provides a mechanism to consider funding on a more equitable basis compared to historical adhoc allocations.

The agreed formulaic approach is based on a number of factors which include the population in the local suburb, catchment area, number of available spaces for activities and the social deprivation index of the local suburb they serve.

We currently allocate \$602,387 to 16 community managed centres through contract funding and are proposing and increase the funding by \$85,118. This proposed allocation includes a CPI increase to current centre contracts as well as new operational funding for Nga Hau e Wha O Paparangi Trust and for Vogelhorn Hall which is managed by Brooklyn Community Centre.

### **General Contracts**

Overall there are 50 organisations that are funded through contracts for service with 7 organisations being reviewed as their contracts expire 30 June 2013. Two new organisations are seeking funding through the general contracts (The Wellington Marine Conservation Trust and the Community Accounts Mentoring Service Trust).

As part of the annual review and accountability process Wellington Free Ambulance indicated it would like to be considered for an increase level of funding for year two and three of their current contract

This paper makes recommendations as to which organisations should be funded through negotiated agreements for 2013-2016 financial years (Appendix 3)

All contracts are CPI indexed.

## **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 the 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 2007 and would be reviewed in 2010. 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 along with our general grants criteria (Appendix 1 and 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.
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.

Overall there are twenty four organisations requesting funding through three year contracts which include consideration of contract funding for three additional organisations.

Officer's recommendations are listed in Appendix 3 which describes the name of the organisation, the previous contracted funding (if any), the level of funding requested and the amount recommended by Officers.

Officers recommended funding levels that they believe was appropriate for each organisation, given the total funding available.

## **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, Community Services Manager*

## **SUPPORTING INFORMATION**

### **1) Strategic fit / Strategic outcome**

*Wellington City Council grants and contracts are allocated to support outcomes from the Cultural, Social, Environmental and Economic strategic areas.*

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

*The Cultural Grants come under project C661, Environmental grants under project C652 and Social and Recreational Grants under C678.*

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

*Grant and contract applications that could have implications for Maori are referred to the Treaty Relations Business Unit for recommendations.*

### **4) Decision-making**

*This is not a significant decision.*

### **5) Consultation**

#### **a) General consultation**

*City Communities have discussed with the appropriate Council officers prior to the presentation at the Subcommittee. Applicants and persons or organisations referred to in the applications and others have been 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 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 and align with council's strategic goals and community outcomes.*

## Appendix 1: Grants Criteria

### Generic Grants Criteria:

1. Project makes a positive contribution to achieving the Council's Strategic Outcomes and Points of Difference as listed in the Council's current Annual Plan.
2. Project is Wellington based and primarily benefits the people of Wellington (exceptions may be made for projects based elsewhere in the region but which significantly benefit residents of Wellington City).
3. Applicant is a legally constituted community group or organisation, not an individual or individuals.
4. Applicant group provides evidence of (or, if a new group, systems for): sound financial management, good employment practice (where applicable), clear and detailed planning, clear performance measures, demonstrated ability to report back on past funding as appropriate.
5. Projects will not be funded for the same purpose more than once in any financial year.
6. Failure to report adequately on past Council funding can result in a group being considered ineligible for future funding.
7. Project is physically and financially accessible either by a wide range of persons or by the intended users.
8. Project shows evidence of community support, collaboration and building partnerships with other organisations (e.g. letters of support from other organisations/leaders).
9. Applicant must demonstrate that the project expands the capacity, range or level of similar types of services in the community and that there was user input into identifying the need for the project.
10. The principal intent of the project is not for private or commercial pecuniary gain, though it may be that such gains occur as a side effect of the project.
11. Application demonstrates an awareness of the Treaty of Waitangi, in particular when involving Mana whenua and Taura Here.

**Appendix 2: Focus Areas**

**Cultural Grants**

The focus areas and associated criteria recognise the importance of sense of place, diversity, partnerships with arts organisations, festival groups and youth participation in arts and cultural activities.

| <b>Focus areas</b>  | <b>Specific criteria</b>  |
|---|---|
| Grassroots organisations (particularly those with a focus on youth) | <ul style="list-style-type: none"> <li>▪ Encourage or increases youth participation in the arts</li> <li>▪ Acknowledge community diversity and civic pride</li> </ul>   |
| For specific projects, exhibitions or other groups                  | <ul style="list-style-type: none"> <li>▪ Preserve and enhance Wellington’s role as arts and cultural capital of New Zealand</li> <li>▪ Attract visitors to Wellington and has a positive economic benefit for the city</li> <li>▪ Be a specific project for an exhibition or event</li> </ul> |
| Maori art   | Demonstrate an emphasis on traditional or contemporary Maori cultural influences  |
| Significant community festivals and events                          | <ul style="list-style-type: none"> <li>▪ Group is based in a geographic community (such as a suburb) or a community of interest (such as an ethnicity) and proposes a festival or event that reflects a community need</li> </ul>   |

**Environmental Grants**

Focus areas reflect the current priorities which include delivering on the Climate Change Action Plan and promoting opportunities for initiatives that promote the city’s natural environment.

| <b>Focus areas</b>                 | <b>Specific criteria</b>  |
|------------------------------------|---|
| Waste                              | <ul style="list-style-type: none"> <li>▪ Encourage composting of organic waste</li> <li>▪ Facilitate and support recycling, composting and waste reduction</li> </ul>   |
| Energy and climate change          | <ul style="list-style-type: none"> <li>▪ Support reduced energy consumption and/or promotion of renewable energy</li> <li>▪ Encourage change in travel behaviour</li> <li>▪ Improve energy efficiency and conservation</li> </ul>         |
| Biodiversity and stream protection | <ul style="list-style-type: none"> <li>▪ Restore and protect natural biodiversity</li> <li>▪ Increase awareness of biodiversity stream protection</li> <li>▪ Support clean ups that have a direct impact on biodiversity value</li> </ul> |
| Water                              | Encourage reduced water consumption, Increased water efficiency / resilience  |

## Social Grants

The focus areas recognise the importance of strong, sustainable communities and the need for building capacity in the community

| <b>Focus area</b>       | <b>Specific criteria</b>   |
|-------------------------|--|
| Capability and capacity | <ul style="list-style-type: none"> <li>▪ Encourage growth of communities and participation in community life</li> <li>▪ Strengthen the local community, address local issues, strengthen and contribute to social wellbeing</li> <li>▪ Encourage and support volunteers and foster skill development and training for the community</li> </ul>   |
| Safety                  | <ul style="list-style-type: none"> <li>▪ Build a safe community and/or environment</li> <li>▪ Promote personal safety</li> </ul>   |
| Physically active       | <ul style="list-style-type: none"> <li>▪ Encourage and support health and wellbeing</li> <li>▪ Target communities of interest, including youth and seniors</li> </ul>  |
| Youth                   | <ul style="list-style-type: none"> <li>▪ Involve young people in the development and delivery of the project</li> <li>▪ Encourage constructive use of leisure time</li> <li>▪ Help young people gain a better understanding of community, an increased sense of belonging as active citizens and positive contributors to society</li> <li>▪ Promote volunteer opportunities for young people</li> </ul> |