

## **ITEM 2 REVIEW OF THE GRANTS AND SPONSORSHIP POLICY**

**FILE NO: S031204**

### **SUMMARY**

The Grants and Sponsorship Policy was adopted by Council on 9 May 2005. The Policy recognises the valued contribution of a range of organisations to the life of the City and provides for grants and sponsorship programs to support community, cultural and business groups in furthering social, cultural and economic development in line with Council's objectives and priorities.

Since the adoption of the Policy, one full annual grant round has occurred and the ad hoc programs have been in use for nearly a full financial year. This process has assisted in identifying any changes required to the Policy and has allowed time to update or clarify programs that were in draft form at the time of the Policy's adoption.

Three new grants and sponsorship programs have also been developed in that time to meet needs identified in the City's Strategic Plan.

Therefore, the Grants and Sponsorship Policy requires a review by Council to approve the changes to the existing programs and to adopt the new programs that have been developed.

The following report details:

- (a) Recommended changes to existing grants and sponsorship programs
- (b) Recommended changes to the definition of 'value in kind'
- (c) Proposed new grants and sponsorship programs
- (d) Responses to requests for further clarification on grants and sponsorships made by Council
- (e) Clarification of delegations of authority for the grants and sponsorship programs
- (f) Probity review of the grants process

### **RECOMMENDATION**

It is resolved that:

- (A) Council adopt the amended Grants and Sponsorship Policy, shown at Attachment A to the subject report;
- (B) Council approve the change in definition of 'value in kind' as detailed in paragraphs 4 to 10 of the subject report and the delegation of authority to the Chief Executive Officer to approve any additional funding required for existing contracts;
- (C) Council approve the Environmental Grants Program, the Heritage Grants Program and the History Publication Sponsorship Program as listed in paragraphs 35 to 49 of the subject report; and

- (D) Council delegate authority, as detailed in paragraphs 53 and 54 of the subject report, for the approval of grants and sponsorships.

## **ATTACHMENTS**

**Attachment A:** Grants and Sponsorship Policy as approved 9 May 2005 marked with recommended changes. (Text struck through indicates recommended subtractions, text underlined and italic is recommended additions to the Policy).

## **BACKGROUND**

1. On 9 May 2005, Council approved the Grants and Sponsorship Policy which provided for ten grants and sponsorship programs:
  - (a) Local Community Grants Program – grants up to \$5,000, annual program;
  - (b) Community Festivals Program – grants up to \$15,000 cash, \$5,000 VIK, ad hoc program;
  - (c) Cultural Sponsorship Program – grants over \$5,000, annual program;
  - (d) Major Festivals Program – ongoing sponsorships, approved by Council;
  - (e) Quick Response Grants Program – grants up to \$1,000, approved by Lord Mayor;
  - (f) Community Grants Program - grants over \$5,000, annual program;
  - (g) Business Partnership Program - grants over \$5,000, annual program;
  - (h) Subsidised Accommodation Program and Reduced Rates – ad hoc program;
  - (i) Banner Policy – ad hoc program; and
  - (j) Community Bus Scheme – ad hoc program.

## **REVIEW OF EXISTING PROGRAMS**

### **Local Community Grants Program**

2. Community service organisations, with funding of up to \$5,000 provided in the form of one-off grants approved by Council.
3. No changes are recommended for this program.

### **Community Festivals Program**

4. Applications for this program are responded to on an ad hoc basis and approved by Council. Funding is available for the running of community festivals, generally local, free to the public, annual events.
5. Currently the City provides \$15,000 in cash to larger festivals (in scale and audience) and \$10,000 in cash to smaller festivals. It provides \$7,500 in cash to festivals which are also supported by neighbouring Councils or landowners. The City also currently provides value in kind (VIK) up to \$5,000 for park hire, banner pole hire and cleaning.
6. The use of value in kind for the cleaning of parks has been an ongoing issue as cleaning costs change greatly and are sometimes a real cash cost to the City that now exceeds the VIK allocated towards it. It is therefore recommended that no VIK is given in the form of cleaning and that the cash grant includes funding for cleaning costs.

7. Therefore, VIK will now be determined as only that which is revenue foregone to the City:
  - (a) Park hire
  - (b) Venue hire
  - (c) Banner pole hire
8. This change will impact mainly on the Community Festivals and Major Festivals Programs. It will require the guidelines for all the grants programs application forms to be changed to reflect that only requests for VIK that is revenue foregone to the City will now be supported.
9. If this change is adopted, the Community Festivals Program will require a change to the funding guidelines for cash given to organisations to accommodate their cleaning costs. It is recommended that the following guidelines be used:
  - (a) Up to \$20,000 for larger festivals
  - (b) Up to \$15,000 for smaller festivals
  - (c) Up to \$10,000 for shared festivals
  - (d) Value in kind up to a maximum of \$1,000 for park hire, venue hire and banner pole hire.
10. As a number of community festivals are currently on three-year contracts it will take some time to introduce the new arrangements for funding and VIK. Therefore it is recommended that authority be delegated to the CEO to approve any additional funding needed to accommodate cleaning costs for these existing contracts (subject to the funding being available in the budget).

### **Cultural Grants and Sponsorship Program**

11. This Program provides annual grants to support cultural events and organisations. Funding is provided as either a one-off or multi-year grant as approved by Council.
12. No changes are currently recommended for this program. This program is to be reviewed again upon completion of the City's Cultural Plan.

### **Major Festivals Program**

13. The City of Sydney is a member of three major Festivals: Sydney Festival; Sydney Writers' Festival; Biennale of Sydney. In this capacity, it has a primary interest in the ongoing success of these organisations, and as a result has a place on the Board of each. Funding is provided to contribute to the ongoing day to day operational costs of the organisations (as opposed to one-off project specific grants).
14. These arrangements are reassessed at the end of each funding agreement.
15. The relationship with these three major festivals has been developed historically with the City being instrumental in the establishment of each. This has resulted in the City having a partner relationship and currently having the right to nominate members to the Festival's boards.

16. However, the key distinctions between organisations supported by the Major Festivals Program and organisations supported through the Cultural Grants and Sponsorship Program are:
  - (a) Major Festivals are not required to apply for funding through a grants program; contract arrangements are directly negotiated between each organisation and the City for approval by Council; and
  - (b) Organisations receiving funding through the Major Festivals Program may use funding received for core operational costs
17. It is recommended that (a) Sydney Film Festival, (b) Sydney Gay and Lesbian Mardi Gras and (c) Australia Day become part of the Major Festivals Program, following the round of grants to be considered by Council in August, recognising that the City may have a long term commitment to these events/organisations.

#### **Quick Response Grants Program**

18. This program provides cash grants of up to \$1,000 on an ad hoc basis as approved by the Lord Mayor and reported to Council quarterly.
19. As community knowledge of this grants programs grows, organisations are applying to it for multiple funding throughout the year, in breach of the intent of the Program which is to provide support for exceptional, one-off and /or unforeseen needs. It is recommended that the following is added to the eligibility and selection criteria: Applicants may only receive funding through this Program once each financial year.
20. It is recommended that these grants be approved by the Chief Executive Officer in consultation with the Lord Mayor.

#### **Community Grants Program**

21. This Program provides annual grants available for local, non-profit community service organisations, with funding of amounts over \$5,000 provided in the form of one-off grants approved by Council.
22. No changes are recommended for this program.

#### **Business Support Program**

23. This Program provides annual grants for local, non-profit, business organisations to revitalise and enhance local commercial and retail precincts. This is in the form of one-off or triennial grants approved by Council.
24. The guidelines for the Business Support Program were adopted by Council on 22 August 2005. These guidelines have now been included in the Grants and Sponsorship Policy.
25. This program will be reviewed again within a six month period now the Economic Development Unit has been established and following the current round of grants for 06/07.

### **Accommodation Grants**

26. The Accommodation Grants Program aims to support community groups, organisations and services that encourage community development, enhance services and programs provided for the community, and address priority needs in the City through the provision of subsidised accommodation. The Program is run annually and approved by Council, with Council also having the option of allocating any new or newly vacant properties outside of the annual round.
27. The guidelines and criteria for this Program have been now been developed and are included in the Grants and Sponsorship Policy.

### **Reduced Rates Program - Major Venues and Community Venues**

28. Reduced Rates (Major Venues and Community Venues) are provided to organisations on an ad hoc basis and reported to Council quarterly.
29. The application forms for Reduced Rates have been updated to improve the assessment process. It is recommended that authority to approve Reduced Rates (Major Venues and Community Venues) be delegated to the CEO in line with the delegation for other revenue forgone programs and reported retrospectively each quarter.

### **Banner Program**

30. The Banner Program provides for the waiver of banner hire fees to community and cultural organisations. Applications are approved on an ad hoc basis by the CEO and reported retrospectively to Council each quarter.
31. Guidelines for the Banner Program have been updated and included in the Grants and Sponsorship Policy.

### **Community Bus Scheme**

32. This scheme supports non-profit community based organisations and groups through the subsidised use of Council's buses. Applications may be made on an ad hoc basis and are approved by the CEO and reported retrospectively to Council each quarter.
33. No changes are recommended for this program.

### **Inclusion of three new programs in the existing Grants and Sponsorship Policy**

34. Since the approval of the Grants and Sponsorship Policy three new funding programs have been developed to meet community need and in line with the City's strategic directions. These are the:
  - (a) Environmental Grants Program
  - (b) Heritage Grants Program
  - (c) History Publication Sponsorship Program

## **Environmental Grants Program**

35. The Environmental Grants Program has been developed in response to a request by Council on 9 May 2005 for further development to “enable grants to be made for community based sustainability, environmental and urban amenity improvement projects.”
36. The Environmental Grants Program aims to support cumulative improvements to services and activities designed to meet community needs through the provision of one-off grants. Grants are intended to act as a catalyst for the development of services that benefit the community and the environment. All applications and proposed projects must demonstrate how they will:
  - (a) provide a direct environmental benefit to the City community by delivering services, activities, or resources;
  - (b) result in direct environmental improvement and/ or develop knowledge, skills and confidence in the community to encourage environmental improvement within the City of Sydney area;
  - (c) complement existing services, programs and resources provided by Council, government agencies and non-government providers;
  - (d) become self-sustaining if the project will continue beyond the funding period, and not become dependent on ongoing financial assistance from Council.
37. Grants will be made on an annual basis and approved by Council.
38. The guidelines for the Environmental Grants have been included in the Grants and Sponsorship Policy.
39. If the Program guidelines are approved by Council, it is recommended that Program is advertised immediately with applications closing mid July for consideration at the September Council meeting. This will ensure that the Environmental Grants Program is in line with the 1 October 2006 – 30 September 2007 funding period of the other annual grants program.

## **Heritage Grants Program**

40. The Heritage Grants Program has been developed in response to a request by Council on 9 May 2005 for further development to “enable grants to be made for community based sustainability, environmental and urban amenity improvement projects.”
41. This is an interim program, while the City investigates other forms of heritage support such as loans schemes.
42. A key aim of the fund is to encourage owners of heritage items to develop conservation plans or to undertake minor conservation work which, without the financial assistance of the Fund, may not be able to occur. In doing so, the quality of the City’s heritage is improved. The main aim of the Fund is to fund small scale conservation/restoration work (i.e. under \$10,000).
43. Grants will be made on an annual basis as approved by Council. The guidelines for the Heritage Grants Program have been included in the Grants and Sponsorship Policy.

44. If the Program guidelines are approved by Council, it is recommended that Program is advertised immediately with applications closing mid July for consideration at the September Council meeting. This will ensure that the Heritage Grants Program is in line with the 1 October 2006 – 30 September 2007 funding period of the other annual grants program.

### **History Publication Sponsorship Program**

45. The City's History Unit has historically provided grants of up to \$15,000 to assist with the costs of publications that are considered relevant to the ongoing research into and recording of the history of the City of Sydney. Since the adoption of the Grants and Sponsorship Policy, all requests for support must be made through a specific grants and sponsorship program. Therefore, the History Publication Sponsorship Program has been developed to accommodate these requests.
46. This Program will respond on an ad hoc basis to requests from publishers and historians. Applications should be made in writing to the Lord Mayor, and will be assessed by City staff and approved by Council.
47. Applications can be made only to assist with the costs of publication. Applications will not be accepted for uncompleted work, or work that is not at publication stage. This Program does not provide funding for historical research. Applications can be made through the Local Community Grants Program or the Cultural Grants and Sponsorship Programs for funding to assist in research costs.
48. Applications will be assessed against:
  - (a) The general historical interest of the proposed publication
  - (b) Originality and new historical research
  - (c) The quality of the proposed publication
  - (d) The relevance to the City of Sydney Local Government Area
  - (e) The capacity of the applicant to complete the project and ensure publication
49. If the Program guidelines are adopted by Council, the Program can be introduced immediately to accept applications on an ad hoc basis.

### **Previous Council resolutions and requests for further information in relation to the Grants and Sponsorship Policy.**

50. Following the approval of the Grants and Sponsorship Policy on May 9 2005, Council requested the further development of the Policy to:
  - (a) *Incorporate the "matched grants" approach used by many other cities, whereby grants for community projects match the community's contribution in cash, value in kind or volunteer commitment, usually measured in volunteer hours committed to the funded project, with a dollar value given for each volunteer hour.*

All of Council's cash grants programs currently request organisations to identify their contribution in cash and/or value in kind in the detailed budget proposal. This then allows Council to match these contributions if the grant is approved.

It is recommended that organisations are now asked to also identify volunteer contributions, using a measure of volunteer hours with an hourly dollar value. Organisations may use the measure they deem most appropriate to determine the value of their volunteer labour on an hourly basis, but will be asked to justify their decision (for example, through reference to advice from the Australian Bureau of Statistics or Volunteering Australia). This recognises that there is no one official measure of the value of volunteer labour in NSW and that each organisation may have a different figure according to the skill set of their volunteers.

Council will then be able to consider the contributions provided by volunteer labour in evaluation of the proposal.

This is in line with a range of "matched grants" programs run internationally and examined as benchmarks in preparing the Grants and Sponsorship Policy. These programs ask for the contributions made by community groups and organisations in the form of volunteer and /or professional labour, materials and cash to be identified. This contribution can then be considered for a "matched" cash grant from the funding agency. International programs examined as benchmarks were:

- Department of Neighbourhoods, Seattle Government
- National Endowment for the Humanities (United States)

If this recommendation is adopted, it can be introduced immediately for all ad hoc grants programs and in 2007/2008 for all annual programs.

- (b) *Enable grants to be made for community based sustainability, environmental and urban amenity improvement projects.*

The development of the Environmental Grants Program and the Heritage Grants Program is in response to this request.

- (c) *Provide a mechanism which would enable unincorporated groups to undertake projects funded under the policy.*

Unincorporated groups may apply to any of the grants programs by using an incorporated organisation as an auspice agency.

51. Following the approval of the Business Support Program on 22 August 2005, Council requested the following developments in relation to the Grants and Sponsorship Policy:

- (a) *Adopt the Business Support Program as interim guidelines in the Grants and Sponsorship Policy, subject to review in the context of the strategic framework.*

The Business Support Program guidelines are currently in use to ensure that applications for the 2006/2007 funding period are received and that eligible organisations are able to receive funding for this period. However, the establishment of the Economic Development Unit means that the guidelines can now be reviewed in light of the strategic framework and the City's economic development strategies. This will occur within six months.

- (b) *Further develop a community support program in line with the strategic framework and the draft Business Support Program guidelines attached to the Council resolution of 1 August 2005.*

The Community Grants Program provides the opportunity for community organisations to apply for support through the Program aims of:

- (i) supporting projects, events and activities occurring within the City of Sydney Local Government Area
- (ii) fostering or providing new services, initiatives and resources which address the needs of the City community
- (iii) improving awareness and use of services and resources in the City
- (iv) creating opportunities which develop the knowledge, skills and confidence of community members
- (v) encouraging increased participation in local activities, building a greater sense of community

**Delegated authority to approve allocation of grants and sponsorships.**

52. The following tables outline the recommended delegation of authority for the programs detailed in the Grants and Sponsorship Policy.

53. Cash Programs (may also include some value in kind in each grant allocation)

Grant Program	Funding available to applicants	Approved by Council annually	Approved by Council ad hoc	Approved by the CEO in consultation with the LM
Quick Response Grants	Up to \$1,000			X (reported to Council in quarterly financial reports)
Local Community Grants	Up to \$5,000	X		
Heritage Grants Program	Up to \$10,000	X		
Environmental Grants Program	Up to \$10,000	X		
History Publication Sponsorship Program	Up to \$15,000		X	
Community Festivals Program	Up to \$20,000		X	
Community Grants Program	Over \$5,000	X		
Business Support Program	Up to \$50,000	X		
Cultural Sponsorship and Grants	Over \$5,000	X		
Major Festivals Program	Funding negotiated individually		X	

54. Value in Kind Programs (revenue forgone)

<b>Grant Program</b>	<b>Approved by Council annually</b>	<b>Approved by CEO ad hoc (in consultation with the Lord Mayor)</b>
Community Bus Scheme		X (reported to Council in quarterly financial reports)
Banner Program		X (reported to Council in quarterly financial reports)
Reduced Rates (Community venues)		X (reported to Council in quarterly financial reports)
Reduced Rates (Major Venues)		X (reported to Council in quarterly financial reports)
Accommodation Grants Program	X	

**Probity review of City of Sydney Grants Management**

55. As part of the review of the Grants and Sponsorship Policy, a report on the probity of the grants process and management was undertaken by the City's internal auditors, Deloitte Touche Tohmatsu. The probity advice provided is that the process used for the management of the grants and sponsorship programs clearly covers the eight principles for grants administration identified by ICAC. Two observations were made regarding the process:

(a) The inclusion of an independent review process as decisions are progressed.

The inclusion of an external advisor/advisory panel during the initial evaluation of the grants application presents some real problems in terms of timing and managing the workload required to involve external parties. However, as all the grants are reported to Council and recommendations are published prior to their consideration by Council Committee, external parties have the opportunity to both scrutinise and comment on all grant recommendations.

(b) Addition of a further panel member to the Cultural Grants and Sponsorship evaluation panel.

All applications to the Cultural Grants and Sponsorship Program are reviewed by relevant Council Officers in Cultural Affairs. Another panel member will be added to the evaluation panel as advised in the probity review. Applications are also considered by Council officers across other areas of expertise when they can provide input and expert advice, for example applications that have a historical focus are provided to the History Unit for comment. This process will continue to ensure that a wide range of expert opinions are available in providing grant recommendations.

**KEY IMPLICATIONS**

56. The Grants and Sponsorship Policy assists Council with achieving its aims under the Corporate and Strategic Plans.

## **FINANCIAL IMPLICATIONS**

57. Approximately \$4.4m has been provided for in the draft 2006/07 budget to support the Grants and Sponsorship Programs, including the three new programs to be introduced.

## **RELEVANT LEGISLATION**

58. Local Government Act 1993, s356.

## **CRITICAL DATES / TIME FRAMES**

59. If applications to the Environmental Grants Program and the Heritage Grants Program are to be considered at the September Council meeting (to bring them into line with other annual grants programs), then they must be opened for applications within the first week of June.

## **PUBLIC CONSULTATION**

60. Internal consultation has been undertaken
61. Three information seminars were held in 2005 and five in 2006 for prospective grant applicants, feedback from these seminars and from applicants and the public during the first two rounds of grants under the Grants and Sponsorship Policy has been incorporated.
62. A communications strategy will be developed for the notification and implementation of the expanded grants and Sponsorship Policy.

## **ANN HOBAN**

Acting Director Community Living

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