

6.2 General Reports

6.2.1 Community Capital Works and Major Equipment Grants Review

File Reference: Nil
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Recommendation(s)

That Council adopt the Community Capital Grants and Major Equipment Grants Review to be implemented for the 2020/2021 program.

Attachments

Nil

Executive Summary

In September 2018, Council began an internal review of the Community Capital Works and Major Equipment Grants model. Through consultation, it was recognised that the current grant process is onerous on our community, provides a financial barrier for groups to apply, is resource intense and places risk on Council in relation to statutory requirements, strategic direction, environmental standards and contractor risk/safety requirements not being met.

It is proposed to streamline the Community Capital Works and Major Equipment Grants Program by implementing three categories, reducing the amount of administration for Community groups and Officers, lessening the upfront financial requirement for groups and strengthening the communication between Council and committees.

Background

The 2017-18 Community Capital Works Grants process identified several issues and risks to the organisation and applicants. Some minor changes were made to the eligibility of the grants Terms and Conditions for the 2018-2019 process; however, it was recognised that a further review was required after a survey was undertaken with Community Groups. This review was undertaken throughout 2019.

The concerns that came from this review include a decline in applications, an increase in workload for community groups and Council staff, an increased complexity of projects being applied for, difficulty for community groups to raise the match funding requirement and projects not being completed within timeframes.

Since the 2014 CCWG, Council has seen a decline in applications and funding allocations:

- 2014-2015 - 53 applications, 41 supported by Council and a total allocation of \$484,124.79
- 2015-2016 - 54 applications, 46 supported by Council and a total allocation of \$440,729
- 2016-2017 - 47 applications, 40 supported by Council and a total allocation of \$419,662.25
- 2017-2018 - 40 applications, 30 supported by Council and a total allocation of \$311,720

- 2018-2019 - 22 applications, 18 supported by Council and a total allocation of \$178,931.31
- 2019-2020 - 34 applications, 26 supported by Council and a total allocation of \$213,857.59*

* note that a further \$87,626.20 was recently supported by Council through the underspend of the 19/20 program

Policy Implications

The Community Capital Works Grant Policy and Major Equipment Policy will be required to be updated if this proposal is supported.

Relevance to Council Plan

The below areas of the Council Plan are reflected in this review

Our People - Access to a variety of services for all

- 1.4 Our People - Improved Health and well-being for all
- 1.5 Our People - Variety of recreation and leisure opportunities
- 2.1 Our Community - Our diverse community requirements met
- 3.1 Our Environment - Provision and maintenance of assets on a life-cycle basis
- 3.3 Our Environment - Enhanced natural environment
- 3.4 Our Environment - Natural and built environments supporting the improved health and wellbeing of our communities
- 5.1 Our Governance - An engaged community
- 5.3 Our Governance - Long-term financial sustainability

Climate Emergency Consideration

Nil.

Consultation/Communication

Consultation began with the CCWG Community Survey undertaken in 2016/2017 and 2017/2018. Throughout 2019, the CCWG Internal Working Group and CCWG Project Steering Group formed part of this review, this was followed up with communication with SLT and Councillors.

All this consultation has formed the outcomes of this review, now submitted to Council for adoption.

Financial and Resource Implications

It is proposed to introduce three categories of grants available to our community for Community Capital Works. Budget allocation for the 20/21 program has been set at \$400,000*. In implementing this review, the following is a breakdown of allocations:

Funds Allocation	Fund Type
\$20,000	Project Management Costs - 5% of total package to be directed to Building & Facilities to manage the Category 1 program
\$180,000	Category 1 - Capital Works Grants
\$150,000	Category 2 - Capital Works Partnerships Grants
\$50,000	Category 3 - Major Equipment Grant

* note - a further amount of approx. \$100k has been directed to the 20/21 program from the 19/20 underspend

It is recognised that Officers will play a more direct role in the grants process in the initial stages (through the EOI process) and this will require further administration resources, however the proposed categories and requirements reflects the response to the feedback of making the capital work projects more accessible and simplified.

Although more work upfront work, these administration changes will result in the workload of Officers during and post application process more streamlined and efficient, as they will be managing the projects internally and/or, had communicated prior to applications being lodged unsuccessfully. It is therefore considered a positive outcome for Officers.

It is recognised that the 5% Project Management costs will reduce the total funding available by \$20k, however the benefit of Council managing the projects, and the financial savings to do this, will enable more opportunities being available to groups, providing greater opportunity for our community to engage with Council and achieving actual outcomes needed.

Proposal - Three New Categories

The aim of the grants is to upgrade community and recreational facilities and help community groups to improve facilities that are being used to support local community networks and enhance community wellbeing. Three categories of grants are proposed.

CATEGORY 1 - CAPITAL WORKS GRANTS

Summary

- \$180,000 allocated to the Capital Works Grants
- Maximum of \$20,000 (per project)
- Grants available from a Set Priorities list that will benefit the enhancement of the facility.
- Internal Council Cross Divisional Group (ICCDG) to determine Set Priorities
- EOI application process for Community Groups only
- Works will be managed and completed by Cardinia Shire Council

The implementation of Category 1

What is the Internal Council Cross Divisional Group?

The ICCDG is a group of five Council Officers from Active Communities, Building & Facilities, Risk, Asset Management and Community Places.

What are Set Priorities?

It has been recognised that our community needs help in having a better management of the facilities they house, use, and maintain. Many facilities are suffering due to lack of appropriate attention as members do not have sufficient or able to raise funds for such activities. Set Priorities for infrastructure will be based on Councils Strategic Objectives in consultation with a Building Assessment Report, Condition Rating (where applicable), an Asset Management Plan (currently being developed) and community consultation.

Examples of Set Priorities could be:

- Electrical Switchboards
- Asbestos removal
- Hot water systems providing effective outcomes
- Lighting Upgrades for security, improved internal lighting and energy reduction.
- Replacement of Fencing
- Improvements to amenities

What is the EOI Process

The EOI process will be a more simplified version of the current CCWG program. A community group will provide an expression of interest (EOI) that will consist of:

- Committee or Community group details
- Written submission stating how the project will assist the facility/committee
- Mud map identifying where the infrastructure will be located on the site
- Written confirmation that landowner approves proposal

The Community Group will not be required to submit quotes, detailed plans, building permits, product specifications, Public Liability and Workcover Certificate, removing the barrier for Community Groups to apply for this category.

The ICCDG will be responsible for assessing the EOI applications. If there is an abundance of EOIs, Officers will base the decision of success using Councils Building Condition Assessment and the Asset Management Plan. Alternatively, if there is budget left over in this category, the money will be directed to category two.

All works to be carried out from the grant will be co-ordinated by Council, with a no match funding asked of by the Community Group and no works undertaken by committee's/clubs.

Benefits to community and Council

By having a list of Set Priorities to be supported yearly will allow savings in the implementation of infrastructure (bulk ordering of material, one contract to deliver construction etc) delivering more for less, to our community.

EOI application for Community Groups will be required only, resulting in less work for our community groups, and less financial burden, allowing groups to concentrate their funds elsewhere.

Works will be managed and completed by Cardinia Shire Council, streamlining Officers administration time in assisting groups with paperwork, financial requirements etc.

With the works delivered by Cardinia Shire Council, this will result in less risk and liability to Council.

Although the introduction of category 1, will require a 5% project management element, and this has been reflected by reducing the amount of category 1, by \$20,000, it is offered that this Category will reach more community groups by Council delivering the projects. It also enables groups to gain improvements to their facilities, without a contribution and the added stress of managing the project, allowing our community members to focus their time and finance to other projects in their program.

CATEGORY 2 - CAPITAL WORKS PARTNERSHIP GRANTS

Summary

- \$150,000 allocated to the Capital Works Partnership Grants
- Maximum \$70,000 - \$1 to \$1 contribution (\$35,000 Council contribution)
- Grants must benefit the enhancement of a Council asset. This could include building extensions and improvements, capital improvements at recreation reserves and sporting facilities, built-in or fixed equipment installations or portable items which meet best practice standards (for example, playground equipment in kindergartens).
- Grant contribution by the Community Group is based on a rating scale pending the overall annual income of the group. The rating scale being:
 - Up to \$5,000 - 10% contribution

- \$5,000 – \$15,000 – 30% contribution
- \$15,000 and above - 50% contribution
- The ICCDG will be responsible for assessing the EOI applications
- Two stage process:
 - Stage 1 - Expression of Interest (EOI)
 - Stage 2 - Detailed application process for projects that are invited to proceed to Stage 2.
- Works implemented by community organisation with assistance from Cardinia Shire Council

The implementation of Category 2

What are the Stages?

Stage 1 -

Stage one will require Community Groups to submit an EOI, the EOI to consist of:

- Committee or Community group details
- Written submission stating how the project will assist the facility/committee
- Mud map identifying where the infrastructure will be located on the site
- Approximately cost to deliver project
- Confirmation that the committee can meet the financial scaling requirements by providing their annual financial statement for the preceding two financial years
- Written confirmation that landowner approves proposal

Stage 1 EOI applications will be assessed by the Community Places Grants Officer with assistance from Project Supports Officers from the appropriate team. If application is supported, community group is invited to submit requirements for Stage two.

If an application is not supported, Project Support Officers will work with community groups to find a solution to have their application recognised or work with community group to provide other more suitable opportunities.

Stage 2 -

Stage two will require a community group to supply details of the proposal including:

- Full costings of the project,
- Detailed plans,
- OH&S and insurance requirements,
- Proposed timelines, with evidence of the applicant's capacity to deliver the project within the year
- Annual financial statement for the preceding two financial years and a bank statement for the past three months to show a consistent bank balance in line with the Council prescribed rating scale threshold
- If Section 86 committees (Community Assets Committee) require a Loan or donation, written approval from Councils Governance department is required. (Noting that Section 86 committees (Community Assets Committee) are unable to enter into Loan agreements unless approval is provided by Council and a formal loan agreement between the Committee and the Company is entered into, to protect the rights of both sides and include a loan repayment schedule).

Stage 1 applications will go through a preliminary assessment process and be short-listed by the ICCDG and provided to SLT for endorsement.

The Stage 2 applications will be assessed by a Cross Division Assessment Panel including Councillor representatives. Once agreement is reached in this forum, grants are referred to full Council for endorsement and formal approval.

What does the Funding Scale requirements mean?

Previous grant requirements are that a committee must show 100% of the total grant in their account prior to submitting an application, this has become increasingly difficult, with a majority of submitted applications unable to be supported, or some clubs not applying at all, as they do not meet this condition. It has also been problematic for smaller groups to raise 50% of funding (\$ to \$1), due to the size of their club, resourcing avenues and membership capacity.

To enable all our community groups to apply for grants, and not being restricted by their size or membership, it is proposed to introduce a funding scaling. Whereby if a community group has an annual income of up to \$5,000, their contribution will be set up 10%. Between \$5,000 and \$15,000, contribution to be 30% and for clubs/committees with an annual turnover of \$15,000, their contribution to be at 50%. All groups must have the % contribution available in the bank before applying.

Example of funding contribution

Size (determined by income)	Overall Annual Income	Total Grant	Council Contribution	Group Contribution
Small group 10%	up to \$5,000 overall annual income	\$5000	\$4,500	\$500
Medium group 30%	\$5,000 to \$15,000 overall annual income	\$15,000	\$10,500	\$4,500
Large Group 50%	\$15,000 and above	Max \$70,000	\$1 (max \$35,000)	\$1 (max \$35,000)

Currently, larger groups may find it easier to show the required amount of 50%, due to more revenue or memberships and therefore successfully applying for grants. Whilst smaller clubs, with limited revenue, do not have the capacity to apply and are missing out on grants or not applying in the first instance. This model allows smaller groups to still deliver capital improvement projects to their spaces but makes it affordable and achievable, ensuring that nobody in the community is disadvantaged by the funding contribution because they are a small not for profit community group who are applying alongside larger community groups who gain a larger financial profit.

This model has been benchmarked across a number of LGA's.

Benefits to community and Council

As with current requirements, the changes result in not all community groups having to fund 50% of project, the amount to fund is on a scale relating to their income, resulting in more realistic and sustainable contributions by clubs.

Staged application process so that Community Groups are communicated earlier in the process regarding their proposal. Community groups do not have to undertake onerous work for applications that are not considered supported.

Less money and resources spent at stage 1, with the final commitment and work undertaken in stage 2 by community groups.

Less administration for Council staff during and post the application process

CATEGORY 3 - MAJOR EQUIPMENT GRANT

Summary

- \$50,000 allocated to the Major Equipment Grants
- \$1 from Council and \$1 from the applicant to a maximum grant of \$20,000
- The ICCDWG will be responsible for assessing the applications and selecting successful applications based set priorities.
- Applications must be consistent with any agreed reserve maintenance schedules
- Community group must demonstrate financial capacity to purchase the equipment by supplying a current bank statement

The implementation of Category 3

This grant category is similar to the existing Major Equipment Grant process, however with a change to the policy, which currently restricts clubs/committees applying for grants unless the machinery demonstrates it will be used to maintain a 'playing surface' or 'surrounds at a reserve'. This currently restricts clubs not associated with a reserve etc, applying for the grant.

What are the set priorities?

The set priorities under the Major Equipment Grants concentrate on:

- Priority 1 - Demonstrated need for major equipment
- Priority 2 - Demonstrated need for funding assistance
- Priority 3 - Ability to maintain and house the equipment

What are the financial requirements?

As a part of council grant qualification, committees will be required to provide annual financials statement for the preceding financial year at the time of the submission of the grant application ensuring their organisations capacity to pay for the project (\$1 from Council and \$1 from the applicant).

If Section 86 committees (Community Assets Committee) require a Loan or donation, written approval from Councils Governance department is required at time of applying for stage 2. (Noting that Section 86 committees (Community Assets Committee) are unable to enter into Loan agreements unless approval is provided by Council and a formal loan agreement between the Committee and the Company is entered into, to protect the rights of both sides and include a loan repayment schedule).

Conclusion

A review of the Community Capital Works and Major Equipment Grants Program has been undertaken, with three main changes proposed.

1. The introduction of three categories:
 - Capital Works Grants - (EOI application for Community Groups, if deemed successful works will be undertaken and managed by Council
 - Capital Works Partnership Grants (two stage application process), Community groups submit an EOI for stage one, if deemed supported, Community groups invited to supply all relevant information for stage two.
 - Major Equipment Grants
2. Grant contribution by the Community Group is based on a rating scale pending their overall annual financial situation
 - up to \$5,000 - 10% contribution
 - \$5,000 – \$15,000 – 30% contribution
 - \$15,000 and above - 50% contribution

3. Changes to the Major Equipment Grant Policy that currently restricts clubs/committees applying for grants unless the machinery demonstrates it will be used to maintain a 'playing surface' or 'surrounds at a reserve'. The guidelines of the Major Equipment Grants will still be required to be met in relation to risk and management.

In addition to the above, a full review of the administration and communication process will be undertaken, from when the applications are announced open to the community, on how we communicate pre, during and post the program.

It is respectfully submitted that Council adopt the Community Capital Grants and Major Equipment Grants Review to be implemented for the 2020/2021 program.