Introduction

Palmerston North depends on having a strong community and voluntary sector to support vulnerable communities and people. The Palmerston North City Council (Council) has supported organisations in many ways in the past. There is a constant desire to make sure the Council is contributing appropriately to the sector, that the funding helps achieve positive outcomes and the systems in place are relevant and easy-to-use.

This policy aims to provide a clear framework for how the Council will fund community and voluntary organisations to contribute to the vision of small city benefits, big city ambition. The word ‘community’ is used here in its broadest sense: it signals that our community funding policy will support the social, cultural, economic and environmental wellbeing of our people and places.

Strategic Context

Council’s vision of small city benefits, big city ambition, will be fulfilled through the following 5 goals; Goal 1: An innovative and growing city, Goal 2: A creative and exciting city, Goal 3: A connected and safe community, Goal 4: An eco city, and Goal 5: A driven and enabling Council.

The Connected Community Strategy, was developed to contribute to achieving Goal 3, by aiming to make it easy for Palmerston North citizens to connect with each other and to the services, infrastructure, facilities and opportunities that support individual development, health, prosperity and wellbeing, for the greater good of the community overall.

The Community Support Plan sets out how Council will contribute to achieving a connected and safe community. Its purpose is to build community capacity to take ownership and encourage community leadership of solutions, including better co-ordination between community organisations and groups (Priority 3, Connected Community Strategy). Council will support the community by providing targeted funding that seeks to improve community outcomes, and by celebrating and promoting the efforts of volunteers and voluntary organisations.

Policy Objectives and Goals

The objective of the Community Funding Policy is to provide a clear framework for financial support for the development of the City’s voluntary and community sector, while also ensuring that the Council’s resources are targeted at meeting its strategic outcomes.

This policy describes the grant types that are created by Council to support the voluntary and community sector. This will make it easier for Council staff to be equitable and transparent in their treatment of organisations, and for organisations to understand how Council provides support to the sector.


Principles

To ensure equity across the different types of funding support covered by the policy a number of principles will be applied.

Transparency

Grants programmes will operate transparently in all respects and at all stages of the process, while protecting confidentiality. Clear information about the opportunities to apply for funding, and Council’s expectations of applicants and recipients, will be provided in a timely manner. Information about all the grants Council provides, who has received them and for what purpose, will be published annually. Council will also provide feedback to unsuccessful grant applicants about why they have been declined, so they will know what they can do to increase their chances of success next time.

Equity

All communities will have an equal opportunity to be considered for grants, and Council will ensure applicants are treated fairly, regardless of their size, location (within the Palmerston North City Council boundary) or circumstances, and provide any support they may reasonably require in applying for grants. The organisational status of an agency (registered charity, unincorporated society, social enterprise and so on) will not be a barrier to funding, so long as the organisation can demonstrate that it is established and operating as a not-for-profit agency.

Accountability

Staff and decision-makers will work together to deliver good value for residents, by supporting initiatives that are effective, and which can produce clear benefits for our communities.

Consistent processes will be applied to assessing grant applications at each level. Assessment will be based on proposals’ individual merits and how well they align with Council’s funding priorities. Council may take into account an applicant’s previous track record, their current capability and their future potential when awarding grants.

Council expects all grant applicants to give advance thought to their future potential when awarding grants.

Consistent processes will be applied to assessing grant applications. When Council procures from a third party, it is purchasing a service to meet a specific need or requirement, and that service is delivered to Council’s specifications. In contrast, the initiative Council supports through grants are conceived and delivered by the community, for the community. This distinction will be reflected in the grants programme, in the language that is used, the process that is designed and the relationships that Council enters into with grant recipients.

Proportionality

Council will strive to balance its statutory responsibility to ensure the lawful and prudent expenditure of public funds, with a commitment to work in a way that acknowledges integrity of community organisations, and recognises the impact of its requirements on their limited time and resources.

The information Council collects, and its expectations of grant applications/recipient, should always be proportionate to the scale of what is being proposed or funded. The processes and documentation that organisations are asked to complete should be appropriate to the size of the grant, the situation of the applicant and the level of risk presented to the council.

Respect

Council shares many interests, values and goals with the not-for-profit sector, but also recognises that the sector is made up of self-determining and independent organisations. Like the Council, each has its own mission, and is accountable to its own community. Council’s grant relationships with these organisations will be characterised by mutual respect and an acknowledgement that delivering positive outcomes is a shared responsibility, in which central government, local government, the community and not-for-profit sector may all have a role to play.

Grants are a means of financially supporting community-led initiatives, and in this respect they are fundamentally different from procurement arrangements. When Council procures from a third party, it is purchasing a service to meet a specific need or requirement, and that service is delivered to Council’s specifications. In contrast, the initiatives Council supports through grants are conceived and delivered by the community, for the community. This distinction will be reflected in the grants programme, in the language that is used, the process that is designed and the relationships that Council enters into with grant recipients.

Rules for Community Grants

Funding Agreement

Any form of funding will be described in a funding agreement. The agreement will contain the responsibilities that both the Council and the organisation receiving support agree upon, and the project, activity or service that the organisation will provide to the community. The contract will vary depending on the amount of support provided and the type of support.

Eligible Applicants

a) Community organisations

The primary beneficiaries of community grants will be not-for-profit, charitable and voluntary organisations operating in Palmerston North for Palmerston North residents. These groups are often referred to collectively as ‘community organisations’ because they are established with the primary purpose of providing a benefit to the wider community.

Community organisations generally display the following characteristics:

- A not-for-profit organisation, or an association of individuals whose primary aim is providing services and benefits to the community at large;
- Membership or participation is available to anyone who wishes to join;
- May be a special interest or advocacy group for a particular section of the community, but the group or organisation should not impose unreasonable restrictions upon membership (such as setting fees at a level that exclude most people who might want to participate).

Most community organisations have a formal legal structure and founding documents (e.g. a constitution) which set out governance and management arrangements consistent with their charitable mission. Having a recognised structure enables Council to enter into a formal legal agreement with the organisation, and ensures appropriate accountability for how grant funds will be managed.

b) Groups with no formal legal structure

Groups with no formal legal structure may apply for funding, provided they are able to nominate an ‘umbrella’ organisation which has agreed to receive and administer the grant on their behalf – the umbrella organisation will be legally accountable to Council for the expenditure of the funding.

c) Social innovation and social enterprise

Council welcomes funding applications from social enterprises delivering outcomes for our communities. Social enterprises exist in a hybrid space, where social, environmental or cultural goals and commercial objectives come together. There are a variety of legal structures which social enterprises can adopt, including but not limited to:

- Charitable Trusts
- Limited Liability Companies
- Incorporated Societies
- Cooperatives or Unions.

To be classed as a social enterprise for the purposes of grant applications an organisation needs to demonstrate three elements:

- a social, cultural or environmental mission;
- a substantial portion of its income derived from trade; and
- the majority of its profits/surplus is reinvested in the fulfilment of its mission.

Ineligible Applicants

Community grants as covered by this policy are not available to:

- Political parties
- Commercial entities
- Internal applicants (for example to fund projects, programmes or facilities run by Council or its employees)
- Palmerston North City Council CCOs (Council Controlled Organisations).
- Other local authorities, government agencies or public sector entities.

Eligible Expenses for Grant Funding

Applicants will be asked to provide an overall budget for the project, activity or service that will deliver those outcomes. In most cases Council will be one of several sources of funding for the project, activity or service rather than the sole funder, and this should be reflected in the budget.

The budget for the project, activity or service is likely to include a range of costs. Examples include:

- Salaries, wages, professional fees (e.g. artists’ fees) and volunteer expenses
- Accommodation expenses including rent, leases, maintenance, insurances and utilities
- Costs integral to service delivery (e.g vehicle expenses for a mobile social service)
- Marketing, advertising, website and printing costs
- Programme expenses such as materials, equipment hire, venue hire and tutor’s fees.
Applicants will need to indicate how they plan to spend their council grant including details of the project, activity or services and how it will be used to fund specific components of the budget, or to help offset the overall cost. Appropriate outcomes for the level of funding Council provides will be negotiated with recipients, and any special conditions for how the grant can be spent will be reflected in the funding agreement.

Ineligible Expenses for Grant Funding

The Community Funding Policy provides decision-makers with considerable flexibility to determine how best to support their communities to deliver positive outcomes, as outlined above. However, there are some expenses that will not be funded. The following activities will not be funded:

- Debt servicing or repayment
- Legal expenses
- Activities that promote religious ministry or political purposes and causes
- Medical expenses
- Public services that are the responsibility of central government (e.g. core education, primary health care)
- Physical works – e.g. improvement to community buildings – that require consents or permits, prior to the necessary consents or permits being obtained (grants may be awarded in principle but funds will not be released until all conditions are satisfied)
- Purchase of alcohol.

In a competitive funding environment, the following may be a lower priority for funding:

- Travel and accommodation outside Palmerston North, unless Council is convinced there will be a tangible benefit for Palmerston North communities
- Retrospective costs (where the activity has already taken place), unless this is necessary as a condition of the grant or Council is satisfied there are other mitigating circumstances
- Fundraising events or activities, especially where the beneficiary is a third party (e.g. charity events, sponsored walks), unless we determine the event will have a wider community benefit beyond its primary purpose as a fundraiser.
- Council may specify additional exclusions for funding to those set out above. Refer to the relevant grants programme for more information about specific exclusions.

Conflicts of Interest

Organisations affiliated in some way to elected members or employees of Council can still be considered for grant funding. However, organisations in this category should note any possible conflict of interest (or perception of a conflict of interest) in their application to ensure any necessary steps can be taken to mitigate this.

Elected members or council employees involved in funding decisions are also required to note any possible conflict of interest (or perception of a conflict of interest) and will not be involved in any assessment or decision-making related to these applications.

Assessment and Prioritisation

This section explains the factors Council will consider when assessing proposals, to determine their relative merit, and assist decision-makers to prioritise between proposals of similar merit.

When assessing the strength of an individual proposal, and which proposals should be considered a priority for funding, decision makers will consider whether the applicant has:

- Made a compelling case for how their proposal aligns to the funding priorities established;
- Clearly defined the purpose and expected community outcomes of their project, activity, or service, for example the need they are meeting and why this is important;
- Clearly described their project, activity or service, what will be delivered and have satisfied Council that it is viable;
- The capability, capacity and experience to deliver their project, activity or service to an appropriate standard, evidenced by a relevant track record of successful delivery;
- Presented a realistic, evidenced-based budget for their project, activity or service, and identified exactly how the Council grant would be spent;
- Given thought to how they will show the grant has benefited the community (for larger grants, identifying how they will evaluate the success of their project, activity or service);
- Understands who their project, activity or service will benefit and where in Palmerston North City Council area these people are likely to come from;
- The necessary experience, networks or profile to give them credible access to the people who will benefit;
- Provided evidence of community support for, and/or involvement in, the project, activity or service and/or evidence of support from their recognised regional or national body (where relevant);
- Shown that their project, activity or service will support multiple funding priorities (this is not required, but may lend additional weight to the application);
- Outlined all Council funding (financial or otherwise) it has currently received at the time of applying.

Council will apply the ‘proportionality principle’ in evaluating the applications. Applicants seeking larger grants will be expected to answer in more detail and provide additional evidence compared with applicants seeking smaller grants.

Financial Considerations

Council grant programmes are consistently oversubscribed, and it is not possible for Council to meet all requests for funding. In making decisions Council will take applicants’ overall financial situation into consideration.

Council will ask all grant applicants what they (or others) will contribute to the cost of their proposed project, activity, or service. An applicant’s own contribution may include volunteer labour, donated materials, donated professional services and/or their own cash reserves.

When assessing and prioritising applications, Council may take into account any or all of the following:

- The applicant’s overall financial position, including their ability to support the project, activity or service from their own resources and/or to access grants from other sources;
- Whether the applicant has accessed, or made reasonable attempts to access, other sources of financial support for their project, activity or service, including grants from other funders, or fundraising within their community;
- Whether the applicant has received, or is receiving, any other grants, contracts, subsidised accommodation or other financial assistance from Council.

Funding Priorities

The aim of funding priorities is to provide a clear guidance to potential applicants on what the Council would particularly like for funding to achieve community outcomes that contribute to its strategic direction. As part of setting the funding priorities, Council may specify additional exclusions for funding to those set out in this policy – such as setting a minimum or maximum grant size, or excluding certain types of expenditure (for example international travel). It may also highlight factors they consider would significantly impact on their decision making. These additional exclusions will be communicated to applicants prior to applying.

Grants Budget

The funding available for each of the grants programmes is determined through the 10 Year Plan process and adjusted for inflation annually through the budget process. Council can elect to earmark amounts to grant for particular purposes during the annual budget process. The overall amount available per grants programme, and any amounts earmarked for particular purposes, will be published in advance of funding rounds opening for each new financial year.

Funding Allocation Panels

Funding allocation panels will be appointed for various funding programmes to ensure the right mix of relevant expertise and knowledge are involved in assessing grant applications. Allocation panels will be appointed before the commencement of each funding round for a duration of three years. Panels that include either Councillors and/or representatives from the community or relevant sectors will normally be appointed for three consecutive years. This is to ensure that there is a broad mix of expertise on the panels and an on-going basis to ensure other people have the opportunity to experience being a panel member.
Types of Community Grant Programmes

1. Strategic Priority Grants (formerly Fee for Service)

The purpose of this grants programme is designed to activate the potential of the community sector to deliver on Council’s strategic direction through the Connected Community Strategy, the Creative and Liveable Strategy and the Eco City Strategy, contributing to the vision of Small City Benefits, Big City Ambition for Palmerston North.

a) Funding Priorities

Through this grants programme the proposed project, activity or service will seek to deliver community outcomes that contribute to the priorities identified in the Creative and Liveable Strategy (to achieve goal 2: A creative and exciting city), the Connected Community Strategy (to achieve goal 3: A connected and safe community), or the Eco City Strategy (to achieve goal 4: An eco city).

Goal 2: A creative and exciting city
- Priority 1: Create a City that has great places for all people, and particularly families
- Priority 2: Celebrate the City’s history and diversity and build on the strength of being a city of many cultures and languages
- Priority 3: Develop the City into an arts powerhouse with a national reputation for creativity and the arts
- Priority 4: Develop a national and international reputation as an exciting city with plenty to do at night and on weekends
- Priority 5: Have the most active community in New Zealand

Goal 3: A connected and safe community
- Priority 1: Develop, provide and advocate for services and facilities that create a connected, welcoming and inclusive community.
- Priority 2: Ensure the City has a healthy community where everyone has access to healthy, safe and affordable housing and neighbourhoods.
- Priority 3: Build community capacity to take ownership and encourage community leadership of solutions, including better coordination between community organisations and groups.
- Priority 4: Become a City where people feel safe and are safe.

Goal 4: An Eco City
- Priority 1: Respect and enhance the mauri of the Manawatu River.
- Priority 2: Work with the community to reduce carbon emissions.
- Priority 3: Regenerate native biodiversity.
- Priority 6: Educate the community, in particular property owners, on the benefits of investing in sustainable building design and green buildings.

b) Funding Opportunities

These grants support ongoing initiatives through a multi-year grant. They are designed to provide financial certainty and a longer horizon for the recipient organisation’s planning and programming.

The parties will enter into a formal funding agreement that articulates clear performance measures. These measures will assist Council to understand and evaluate the outcomes derived from its grants. Council will use a ‘Results Based Accountability Framework’ to monitor and evaluate progress towards the agreed outcomes. Funding will be distributed on an annual basis subject to performance and achievement of agreed outcomes.

Council will consider final proposals against its funding priorities, and look to award funds to those organisations that are best placed to achieve the desired outcomes at that time.

Council also intends to enter multi-year funding relationships with a small number of strategic coordinating organisations. The majority will have an existing relationship with Council and be able to demonstrate a clear track record of achievement.

Strategic co-ordinating organisations will be able to demonstrate that they:
- Have acknowledged strategic leadership and brokerage role within their sector;
- Are key capacity building organisations and have a ‘sector infrastructure’ role that supports other sector organisations to develop and connect;
- Are cornerstone providers within their sector – delivering the ‘highest level’ of expertise or the highest quality service or experience;
- Have the capability and capacity to think, work and advocate strategically;
- Are clearly aligned to Council’s strategic outcomes and priorities;
- Have robust strategic and business plans already in place.

Council aims to support grant recipients to increase their capacity, expand their activities and/or make faster progress towards financial sustainability.

c) Allocation Process

Potential applicants will complete an application form. Those applicants who wish to apply as a strategic coordinating organisation will need to note this on their application. A staff allocation panel will assess these applications according to the criteria and principles in this policy, and allocate grants accordingly. Final allocations are reported to Council and published on the Council website.
2. Celebrating Communities Grants

The purpose of this grants programme is to support events in Palmerston North that help particular communities to celebrate their strengths and share them with the city. The fund is about supporting geographic communities, as well as other communities of interest, to participate in gatherings of a celebratory, educational, competitive, commemorative or exhibition nature.

a) Funding Priorities

Through this grants programme the proposed events will seek to deliver on the priorities in the Creative and Liveable Strategy (to achieve Goal 2: A creative and exciting city), as well as the Connected Community Strategy (to achieve Goal 3: A connected and safe community).

b) Funding Opportunities

The majority of grants will be ‘one-off’ project grants for the delivery of standalone events, or a related programme of events. If the event organiser intends to deliver multiple related events within a twelve-month period, the entire programme should be treated as one application.

Grants will be awarded through a contestable process throughout the year, until all the funds have been allocated. A small number of grants may be offered on a multi-year basis, in exceptional cases. Multi-year grants will only be offered where the applicant can clearly show that the event needs a defined period of several years to develop its potential and deliver significant city-wide benefits. Applicants will be expected to demonstrate a track record of achievement at this level.

Details of the overall amount available in each financial year, and any amounts earmarked for particular purposes, will be published when the funding round opens for applications.

c) Allocation Process

Potential applicants will complete an online application form. An allocation panel of council staff will assess the applications and may seek advice on aspects of the application from independent experts before determining the funding allocation. Funding allocations will be reported to Council.

3. Local Initiatives Fund

The purpose of this grants programme is to provide an opportunity for new initiatives to develop, after which time they are in a better position to seek long-term funding elsewhere. Initiatives must be unique, innovative and address an issue of community of concern in Palmerston North.

a) Funding Priorities

Through this grants programme the proposed new initiatives will clearly contribute towards the priorities outlined in the Connected Community Strategy (to achieve Goal 3: A connected and safe community).

b) Funding Opportunities

The grants will be ‘one-off’ grants to support the delivery of a new project, activity or service. An applicant may apply for one year initially but can re-apply for the same project the following year. There are no guarantees that the project will receive funding for the second year.

c) Allocation Process

Potential applicants are invited to fill in an online application form. Grants will be awarded through a contestable process up to three times a year depending on when all the funding is expended.

An allocation panel of one elected member and two community nominees (selected based on their skills) will assess the applications and make funding decisions, and allocate grants. Funding allocations will be reported to Council.

4. Community Development Small Grants

The purpose of this grants programme is to provide funding for essential administration expenses to enable local not-for-profit community groups to operate.

a) Funding Priorities

Through this grants programme the organisations seeking funding must contribute to at least one of the goals and priorities of the following Council strategies:

• Creative and Liveable Strategy (to achieve Goal 2: A creative and exciting city)
• Connected Community Strategy (to achieve Goal 3: To be a connected and safe community)
• Eco City Strategy (supporting Goal 4: An eco city).

b) Funding Opportunities

The grants will be ‘one-off’ grants to fund essential administrative expenses such as:

• Audit fees and/or financial review costs
• Communication – phone, internet, advertising, newsletters
• Energy – gas and/or electricity
• Insurance – public liability and assets
• Rent – and short-term/‘one-off’ versus hire
• Stationery – printing, postage, photocopying
• Volunteer expenses – including training, toll calls, supervisions, travel.

Groups wanting to apply for funding to support sports initiatives should contact Sport Manawatu.

c) Allocation Process

Potential applicants will complete an application form. Grants will be allocated through a contestable process once a year administered by the Community Services Council. Funding allocations will be reported to Council.

5. Creative Communities Scheme

This grants programme is a partnership between Creative New Zealand and the Council. The fund supports arts projects that support the local community.

a) Funding Priorities

Creative New Zealand have set the priorities for this fund. The local allocation panel does have the option to also take into account the priorities outlined in Council’s Creative and Liveable Strategy (to achieve Goal 2: A creative and exciting city) and the Connected Community Strategy (to achieve Goal 3: A connected and safe community).

b) Funding Opportunities

The grants will be administered according to the Creative New Zealand guidelines.

c) Allocation Process

The allocation process will follow the Creative New Zealand guidelines. Funding allocations will be reported to Council.

6. Development Contribution Fees Grants

The purpose of the grants programme is to provide assistance to community organisation that are undertaking a development on their facilities which triggers the payment of a compulsory development contribution fee under the Council’s Development Contribution Policy.

a) Funding Priorities

Through this grants programme the community organisation seeking assistance must be using the building or facility that is the subject of the development contribution in a way that contributes to the priorities of one or more of the following Council strategies:

• Creative and Liveable Strategy (to achieve Goal 2: A creative and exciting city)
• Connected Community Strategy (to achieve Goal 3: A connected and safe community)
• Eco City Strategy (to achieve Goal 4: An eco city).

b) Funding Opportunities

The grants will be ‘one-off’ and will be credited towards the development contribution fee on behalf of the successful applicant (i.e. the grant is not paid directly to the recipient organisation).

c) Allocation Process

Applications will be referred to the Finance Committee who will assess applications and award the grant accordingly. Applications are accepted all year round until the fund has been fully allocated each financial year.
Support Not Covered by the Policy

This section outlines grants and other forms of community assistance that are administered or provided by Council, but which are out of scope for the Community Funding Policy.

Other grants and assistance provided by Council

- The Natural and Cultural Heritage Incentive Fund exists to provide targeted financial assistance to property owners who are undergoing maintenance, repair, restoration on listed heritage buildings/objects/sites. There is also assistance for notable trees, and heritage research, education and promotion initiatives.
- The Community Groups Training Fund exists to provide training programmes for community groups to build capacity and capability based on a needs analysis.
- The Sports Event Partnership Fund exists to provide assistance to support groups who are planning sports activities that will either reinforce economic growth and/or community spirit. This is currently administered by Sport Manawatū.
- The Major Events Fund exists to support growth in the city by providing assistance to attract events that reinforce economic growth.
- The Rates Rebate Scheme exists to provide those with a low household income with subsidised rates. This is a Government initiative administered by Council.
- Rates remissions and postponements exist to enable Council to mitigate the effects of any inequities in its rating system, promote social wellbeing, and help conserve the city’s natural, historic and cultural resources. This is administered through the Rates Remission and Postponement Policies.
- Rental subsidies are provided to community organisations who lease Council facilities, land or buildings, and will be covered under a separate policy (yet to be developed).
- The Jaycee Trust Travelling Fellowship Scheme (externally funded) provides assistance towards costs associated with an overseas project.
- The Mayoral Relief Fund provides assistance to those who are in financial distress and are unable to gain assistance through other avenues.
- The Palmerston North Performing Arts Trust (externally funded) exists to provide support to local performing arts projects.

Review

The policy will be reviewed every three years, or earlier if required.