

Draft Funding Programs Policy

Strategic Alignment - Our Community

Public

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City Community Services and
Culture Committee

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EXECUTIVE SUMMARY

The purpose of this report is to present a draft City of Adelaide Funding Programs Policy ('draft Policy') for the purposes of public consultation.

Through its Funding Programs, the City of Adelaide supports a diverse range of initiatives and projects that strengthen the social, cultural, economic, and environmental aspects of the city. This includes partnerships with the community and businesses to realise outcomes aligned with the Council's Strategic Plan 2024-2028.

The draft Policy provides a unifying framework for the provision and management of multiple Funding Programs across the City of Adelaide and its subsidiaries. It informs a collaborative and integrated approach to the development of Operating Guidelines for all City of Adelaide Funding Programs by clarifying the alignment with Council's strategic priorities and establishing a general eligibility framework for applicants. This is outlined in the draft policy through the following sections:

- Funding Priorities
- Funding Program Principles
- Eligibility Framework
- Funding Programs Management Process

This draft Policy has been informed by a workshop held on 7 November 2023 at the City Community Services and Culture Committee and through consultation with all City of Adelaide programs responsible for administering Funding Programs. It is designed to be read with the specific Operating Guidelines for each Funding Program.

The draft Policy incorporates recommendations from the Grants Management Internal Audit Report by KPMG, which was noted by the Audit and Risk Committee on 10 November 2023.

Should the draft Policy be endorsed for public consultation, the results and summary assessment of the consultation will be presented with a final policy document to Council for approval at its June 2024 meeting.

RECOMMENDATION

The following recommendation will be presented to Council on 13 February 2024 for consideration

THAT THE CITY COMMUNITY SERVICES AND CULTURE COMMITTEE RECOMMENDS TO COUNCIL THAT COUNCIL

1. Endorses the draft Funding Programs Policy, Attachment A to Item 9.2 on the Agenda for the City Community Services and Culture Committee held on 6 February 2024, for the purpose of public consultation.
2. Endorses the draft Funding Programs Policy High-Level Engagement Plan contained in Attachment B to Item 9.2 on the Agenda for the City Community Services and Culture Committee held on 6 February 2024.
3. Authorises the Acting Chief Executive Officer or delegate to make minor and technical amendments to the documents contained in Attachment A and Attachment B to Item 9.2 on the Agenda for the City Community Services and Culture Committee held on 6 February 2024, for the purposes of finalising the documents for public consultation.

IMPLICATIONS AND FINANCIALS

City of Adelaide 2024-2028 Strategic Plan	<p>Strategic Alignment – Our Community</p> <p>Strategic Alignment – Our Economy</p>
Policy	<p>This report presents a draft Funding Programs Policy (draft Policy) for the purposes of public consultation.</p> <p>There is currently no City of Adelaide policy for Funding Programs. An External Funding Policy for receiving external funds was endorsed in 2020.</p> <p>Funding is currently managed through Operating Guidelines for each individual Funding Program. Every Funding Program Operating Guideline will be reviewed by Administration to ensure accordance with the draft Policy in readiness for implementation in line with the 2024/25 financial year.</p>
Consultation	<p>If the draft Policy is endorsed for the purpose of consultation, targeted stakeholder and broad community consultation will be undertaken in accordance with Council’s Community Consultation Policy dated 16 July 2019.</p> <p>Internal consultation to develop this draft Policy has occurred with all City of Adelaide teams that are responsible for funding.</p> <p>Council informed the development of the draft Policy through a workshop held on 7 November 2023 at the City Community Services and Culture Committee and through the development of the Strategic Plan 2024-2028.</p>
Resource	<p>Funding Programs that fall under this draft Policy will be reviewed. Internal resources will be required, in some instances, to transition Funding Programs to the SmartyGrants platform.</p>
Risk / Legal / Legislative	<p>Finding 1 of the Grants Management Internal Audit Report performed by KPMG in accordance with the 2023/24 Internal Audit Plan found a decentralised and inconsistent approach to funding across the organisation, which has a high-risk rating in relation to Council’s reputation. This risk will be mitigated through the implementation of measures recommended in the KPMG report, including through this draft Policy.</p>
Opportunities	<p>The development of a Funding Programs Policy will clarify the Council’s role in investing in Funding Programs and its strategic direction for managing and implementing them. The draft Policy, if adopted by Council, would come into effect in the financial year 2024/25. However, there is an opportunity for Council to direct Administration to expend any remaining and uncommitted Funding Program allocations in accordance with the Strategic Plan 2024-2028 in the remainder of the 2023/24 financial year.</p>
23/24 Budget Allocation	Not as a result of this report
Proposed 24/25 Budget Allocation	Not as a result of this report
Life of Project, Service, Initiative or (Expectancy of) Asset	Not as a result of this report
23/24 Budget Reconsideration (if applicable)	Not as a result of this report. The quantum of funding for the delivery of City of Adelaide Funding Programs is allocated through the annual Business Plan and Budget process.
Ongoing Costs (e.g. maintenance cost)	Not as a result of this report.
Other Funding Sources	Not as a result of this report.

DISCUSSION

Background

1. Council does not currently have a policy framework for the provision and management of funding to individuals and organisations applying for support through its Funding Programs. A draft Funding Programs Policy has been developed to provide a unified and collaborative approach across all Funding Programs to the development of Operating Guidelines for individual Funding Programs.
2. The draft Policy covers all Funding Program-related activities and applies to anyone who undertakes or is involved in Funding Program activities on behalf of the City of Adelaide, including the City of Adelaide’s subsidiaries and Council Members.
3. On 7 November 2023, a City of Adelaide and Adelaide Economic Development Agency (AEDA) Funding Programs workshop was held through the City Community Services and Culture Committee. The purpose of the workshop was to inform Council on the purpose and outcomes of the City’s existing Funding Programs and to seek feedback on opportunities for improvements to these Funding Programs in line with Council’s priorities. Feedback from the workshop and how this is addressed in the draft Policy:

Committee Advice	Draft Policy
Ensure that what we fund aligns with our values and that Council’s strategic drivers wash through all Funding Programs.	Funding Program principles underpin the delivery of outcomes aligned to the City of Adelaide Strategic Plan 2024-2028, and these strategic drivers are embedded in all Funding Programs and associated Guidelines.
Ensure that Council and its subsidiaries’ priorities are clear in Funding Program Operating Guidelines (particularly the delineation of community and economic priorities across the City of Adelaide and the Adelaide Economic Development Agency).	Guidelines will be reviewed in response to the draft Policy to incorporate this feedback.
Ensure that Funding Program Operating Guidelines are clear to empower the community to make applications. Show that the weighting of the assessment criteria is in alignment with the Funding Programs and be transparent about the ranking and assessment of applications.	Outlines a consistent approach to what must be included in all Funding Programs associated Operating Guidelines. These Guidelines will be approved by Council and reviewed every four years.
Prioritise the community and smaller businesses in the city as recipients. When funding small businesses, be cautious about project funding; only what is new is new and find ways to respond to the ‘business as usual’ that keeps our city thriving. Celebrate businesses and their milestone accomplishments. Consider community impact and the cultural offering of the business in Funding Program criteria and assessment of applications.	Clearly outlines the four pillars of Funding Programs with the expectation that all successful applicants will contribute towards each of the pillars. Delineates ‘profit-making’ activities and how these will be considered.
Rethink the way that we incentivise the Heritage Incentives Scheme and consider in criteria and weighting additional support for heritage, sustainability and adaptive reuse.	Will be covered by new Operating Guidelines for the Heritage Incentive Scheme.
Clarify points of collaboration across policy.	All internal Funding Programs have been included in consultation in the development of the policy.
Clearly communicate outcomes to the community.	Funding priorities outline connection to the four main pillars of the City of Adelaide Strategic Plan 2024-2028. Adoption of SmartyGrants new outcomes framework tool will provide applicants assistance in understanding how their project contributes to Council’s strategic outcomes and provide the basis to measure impact that can be regularly reported.

KPMG Internal Audit Report and Opportunity for Further Reform

4. On 10 November 2023, the Audit and Risk Committee noted the internal audit on the management of grants and Funding Programs at the City of Adelaide by KPMG and endorsed the responses of the Administration. The audit reviewed the City of Adelaide's grant management governance arrangements, including roles and responsibilities and alignment with strategic objectives, assessment, prioritisation and selection process, evaluation process, approval, and reporting arrangements.
5. Key findings and recommendations of the internal audit recognised several initiatives that have been completed to improve grant management across the City of Adelaide and noted greater rigour and formalisation is required to support a consistent approach to the management of grants across the City of Adelaide [Link 2 view [here](#)].
6. The Administration has considered the findings, and minor amendments to operational processes will take place prior to the new financial year.
7. In addition, each Funding Program delivered by the City of Adelaide, will present new Operating Guidelines for Council endorsement before the call of any Funding Program in the 2024/25 financial year. Council will consider and prioritise financial allocations for Funding Programs through the upcoming 2024/25 Business Plan and Budget process.

Draft Policy

8. The draft Policy covers all Funding Program-related activities and applies to anyone who undertakes or is involved in Funding Program activities on behalf of the City of Adelaide, including the City of Adelaide's subsidiaries (AEDA, ACMA, and Kadaltilla / APLA) and Council Members.
 - 8.1. In addition to any new Funding Programs, the draft Policy would apply to the following Council and Adelaide Economic Development Agency Funding Programs:
 - 8.1.1. Arts and Culture Grants
 - 8.1.2. Community Impact Grants and Strategic Partnerships
 - 8.1.3. Carbon Neutral Adelaide Catalyst Grants
 - 8.1.4. Heritage Incentive Scheme
 - 8.1.5. Sustainability Incentive Scheme
 - 8.1.6. Events and Festivals Sponsorship (AEDA)
 - 8.1.7. Main Streets Development (AEDA)
 - 8.1.8. Strategic Partnerships (AEDA)
9. The draft Policy outlines Funding Program Principles that underpin the delivery of outcomes aligned with the City of Adelaide Strategic Plan 2024-2028. Stronger alignment and reporting across all Funding Programs will ensure Council can measure the success and impact of these Principles.
 - 9.1. All Funding Programs will be administered through the SmartyGrants ICT Platform by the 2024/25 financial year, allowing for improved governance, transparency and consistency across the application, funding management and acquittal and evaluation processes.
 - 9.2. The adoption of the SmartyGrants Outcomes Framework tool will enable advanced tracking and reporting of Funding Program impact on Council's Strategic Plan outcomes. This will be captured through the application and acquittal process in SmartyGrants, enabling a new and efficient reporting format.
 - 9.3. Our partners across all Funding Programs will be invited to provide feedback on their experience working with City of Adelaide through an annual survey.
 - 9.4. Each Funding Program will review and seek endorsement on new Operating Guidelines aligned to the City of Adelaide Funding Programs Policy. This will be staggered and completed within the first year of adoption of Council's new Strategic Plan to ensure pre-committed multiyear projects in their final year continue to be supported.
10. The draft Policy clearly delineates Council's position on funding profit-making organisations or activities. Where such organisations, either through their for-profit arm or their charitable foundation, have demonstrated they are the best placed to deliver public benefit and meet the relevant Funding Program's outcomes, for-profit organisations or activities will be considered for funding. However, consideration as to whether Council funding is required, or the extent of Council funding that is required, for the activity to go

ahead will be considered in the Funding Program assessment process and may be addressed through endorsed Operating Guidelines.

- 10.1. The application of the assessment process will vary depending on the Funding Program. For example, the current Community Impact Grants Program applies a threshold annual turnover to their eligibility requirements. Each Operating Guideline will be endorsed separately by the Council.
- 10.2. This enables Council to support small businesses that contribute to a thriving city whilst delivering business as usual, as per the Committee workshop feedback.
- 10.3. In relation to diversity, access and inclusion, the draft Policy indicates that where an organisation or individual encounters accessibility issues with the traditional application and acquittal process, necessary support will be provided to ensure the applicant is not excluded from the process. This will be considered on a case-by-case process and could include support from Administration on submitting the application form or independent advice on developing mechanisms to measure the outcomes of a project, for example, support from a team that sits outside of the Funding Program to ensure transparency during the assessment process.
 - 10.3.1. The opportunity to present or meet with the assessment panel to pitch their project.
 - 10.3.2. Presenting the results or project evaluation report to the Executive, Reconciliation Committee, the Access and Inclusion Panel or a Committee of Council.
 - 10.3.3. Technical support from the grants team to upload applications and documents into the SmartyGrants system.
11. The draft Policy outlines roles and responsibilities in the funds management process, including delegations for Council-managed Funding Programs and those delegated to its subsidiaries.
 - 11.1. The draft Policy is consistent with Council's Financial Delegations and Procurement Approvals, which are reviewed annually. Currently, Associate Directors can approve up to \$250,000, Directors up to \$1 million and the CEO up to \$2 million.
12. This supports Finding 4 (review of approval pathways) of the KPMG Grant Management Internal Audit Report, which recommends that City of Adelaide consider streamlining approval processes for all City of Adelaide grant programs with consideration of the current Delegation of Authority.
13. The second recommendation of the KPMG Grant Management Internal Audit Report recommends the streamlining of AEDA-related grants to operate within the delegated authority of the AEDA Board, where deemed appropriate.
14. The draft Policy adopts further recommendations from the KPMG Grant Management Internal Audit Report in relation to the use of Peer Assessment panels and panel member composition.
 - 14.1. The Policy outlines that although each Funding Program will determine its own assessment process through its Operating Guidelines, all applications will be assessed by a minimum of two Council officers or an assessment panel where it is recommended that independent Peer Assessor representation is included.
 - 14.2. This excludes ongoing funding rounds such as Quick Response Grants and Incentive Schemes, which are assessed in isolation against the Funding Program criteria as they are received.

Opportunities to Shape 2023/24 Funding Programs

15. Ahead of broader implementation across 2024/25, there is an immediate opportunity for Council to shape the Funding Programs that have funding remaining in the 2023/24 financial year, through the application of revised eligibility criteria in alignment with the Strategic Plan 2024-2028 which was adopted in December 2023.
 - 15.1. Funding Programs can begin to adopt the eligibility suggested within the draft Policy for any new rounds delivered in 2023/24. There will be further opportunity to shape individual City of Adelaide Funding Programs as Operating Guidelines are presented to Council over the remainder of the financial year, particularly Community Impact Grants, Arts & Cultural Partnerships, Heritage Incentive Scheme and Sustainability Incentive Scheme.
 - 15.2. The following table has been confirmed by Finance to be correct as at the latest reporting date, 31 December 2023.

Funding Program	Category	Open/ Closed	Date Opened / Opening	Amount Remaining in 23/24 Budget
Community Impact	QR	Open	August 23	\$241,000
Community Impact	Community Impact	Closed	28 August-5 September 2023 (round 2 on hold)	
Community Impact	Community Infrastructure	Closed	On hold	
SIS	Incentives for Sustainability	Open	1 July 23	\$166,000
SIS	Carbon Neutral Catalyst Grants	Open	1 October 23	
HIS	Heritage Incentive Scheme	Open	Open on an on-going basis via online application process (currently in Pathway platform)	\$369,000
Creative City	Arts and Cultural Partnerships	Closed	On hold	\$167,000
Creative City	First Nations Arts & Cultural	Open	21 September 23	\$42,000
Creative City	Arts & Cultural QR	Open	2 August 23	Funds Committed
Creative City	Arts & Cultural Grants	Closed	31 August-15 October 23	Funds Committed
AEDA	New Year's Eve 2023 Activities and Events Fund	Closed	Opened 23 August-closed 8 September 2023	\$22,645
AEDA	Commercial Events & Festivals	Closed	Round 2 opened 5 February 24	\$123,500
AEDA	Events & Festivals Sponsorship Program	Closed	2024/25 Round opens March 24	\$44,000 remaining in 2023/24
AEDA	Mainstreet's	Open	7 August 23	Funds committed

Next Steps

16. Should the Draft City of Adelaide Funding Programs Policy be approved for public consultation, the results of the consultation and final policy document will be presented to Council for approval at its June 2024 meeting.
17. Funding Program Operating Guidelines for each funding stream will be reviewed by the Administration to ensure accordance with the policy and presented to Council for endorsement on a program-by-program basis in readiness for implementation in line with the 2024/2025 financial year.

DATA AND SUPPORTING INFORMATION

Link 1 – [City of Adelaide and AEDA Funding Programs workshop](#) – City Community Services and Culture Committee – 7 November 2023

Link 2 - City of Adelaide - Grants Management Final Report (KPMG)

ATTACHMENTS

Attachment A – Draft City of Adelaide Funding Programs Policy

Attachment B – High-Level Engagement Plan