

5. REQUESTS TO THE SOCIAL INITIATIVES FUND

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The purpose of this report is to make recommendations to the Committee for the allocation of ongoing Social Initiatives funding to the Early Start Project Ltd and the Family Help Trust.

BACKGROUND

At the Committee's 6 May 2002 meeting further information was requested about the current financial status of the Early Start Project Ltd's Early Start Service and the Family Help Trust's New Start Family Support Programme. Questions were raised around the seemingly healthy levels of cash reserves and large cash flow levels. Both organisations were allocated \$37,500.00 grants per year for two years on the provision that satisfactory financial reports were provided.

The information was forwarded to all Committee members in a memo dated 13 May 2002 and as no responses/discussions were received/held by the time for the Council's 23 May 2002 meeting the Chairman agreed that it be referred back to Community and Leisure to ratify the 6 May 2002 decision.

EARLY START PROJECT LTD

ESPL is incorporated as a charitable company under the 1993 Companies Act. There are five shareholders with one, one dollar share each and they represent Pegasus Health, Royal NZ Plunket Southern Region, Christchurch Health and Development Study Trust, Maori Women's Welfare League Rakau te Kura and Otautahi Social Services. Each organisation's representative acts as an ESPL Director. ESPL reports monthly to the Early Start Consortium that is made up of the five shareholders plus a community paediatrician and a Christchurch business representative. ESPL's constitution states:

- The purpose for which the company is established is to apply and utilise the assets and investments of the company in furtherance of the exclusively charitable objects of the company.
- The company's rights, powers, privileges and capacities shall be restricted to utilising the assets of the company whether tangible or intangible, solely for the benefit of the company's charitable objects and that no portion of the assets nor any form of income shall be paid directly or indirectly to any director of the company, shareholder or any other person or incorporated body.
- Upon the winding up of the company any remaining assets shall not be paid or distributed among the company's shareholders but shall be given or transferred to other such charitable organisations, objects or purposes inclusive within New Zealand.

The Social Initiatives Fund contributes to the overall Family Support Worker salaries of ESPL's Early Start Service that also receives funding from the Canterbury District Health Board. 31 March 2002 income and expenditure statement shows annual operating costs for 2.5 Family Support Worker salaries and personnel costs (30 June 2002) running at \$98,000.00 with a current cash reserve of \$105,000.00. All other administrative and service overheads for the Early Start Service is absorbed within ESPL's research project known as the Early Start Pilot and Field Trial.

ESPL also manages the Early Start Pilot and Field Trial which is a jointly funded (Ministry of Health/CDHB and Child Youth and Family) three year (ending late 2003) research project through the government's Family Start initiatives and is currently working with 440 Christchurch families. 31 March 2002 income and expenditure statement shows annual operating costs running at \$970,000.00 with a current cash reserve of \$430,000.00.

The combined cash reserve of \$535,000.00 represents approx six months ESPL's total operating expenditure. Included in these cash reserves is contingency monies for meeting the "closing down" costs of ESPL's projects and services if current contracts and grants are not renewed. ESPL presently has 12.4 fte Family Support Worker positions working with 256 families. ESPL estimates that such a closing down of services period will be between four and six months.

FAMILY HELP TRUST

The Social Initiatives Fund contributes to the overall Family Support Worker salaries of FHT's New Start Family Support Programme that also receives funding from a range of community funders including Lottery Grants, Department of Corrections, NZ Police, a wide range of local charities and trusts and from the Trust's own extensive fundraising activities. FHT also has a joint service programme, the Safer Families Service, with Christchurch Women's Community Midwives that has a major three funding agreement (June 2004) with The Community Trust. Through these two services FHT is working with 100 families.

FHT's 10 month to 30 April 2002 income and expenditure statement shows a \$48,000.00 surplus on their \$317,000.00 operating expenditure; a projected 12 month operating expenditure (30 June 2002) of \$380,000.00; a current bank balance of \$83,000.00; and a projected 2003 year operating expenditure of \$425,000.00. Current cash reserves of \$83,000.00 represents approx 2.5 months operating expenditure of FHT's 2003-year budget.

CONCLUSION

Though the annual cash flows of these two organisations may be deemed large I believe that the respective cash reserves indicate sound financial management systems are in place and that the organisations are not operating at such a "surplus" level to warrant consideration of reduced Christchurch City Council levels of funding support.

Staff

- Recommendation:**
1. That the Committee ratify its 6 May 2002 decision of allocating \$37,500.00 per year for two years (30 June 2004) to the Early Start Service of Early Start Project Ltd.
 2. That the Committee ratify its 6 May 2002 decision of allocating \$37,500.00 per year for two years (30 June 2004) to the New Start Family Support programme of the Family Help Trust.

Chairman's

Recommendation: That the above recommendation be adopted.