

7. **WORKING PARTY RECOMMENDATION ON RATES FUNDED GRANTS REDUCTION**



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PURPOSE OF REPORT

1. The purpose of this report is to recommend that the Council adopt the recommendation of the Grants Funding Working Party with regard to the \$750,000 reduction of funds for the Council’s rates funded discretionary grants in the 2009-10 year.

EXECUTIVE SUMMARY

2. The 2009-19 Long Term Council-Community Plan (LTCCP) includes a reduction of \$750,000 from the total rates funded discretionary grants in the 2009-10 year and a further reduction of \$750,000 in the 2010-11 year and for the balance of the term of the 2009-19 LTCCP.
3. The Council-established Grants Funding Working Party was tasked with identifying and reporting back on where a saving of \$750,000 could be made in year one of the 2009-19 LTCCP (2009-10) and a further \$750,000 saving in year 2 (2010-11). This report makes a recommendation with regards to the year one saving.
4. The Grants Funding Working Party recommend that Council adopt Option Two, as described in paragraph 11.

GRANTS FUNDING WORKING PARTY RECOMMENDATION

5. As detailed in the LTCCP Grants Schedule, in 2009-10, Council will make grants from rates of \$26.026m.
6. Due to commitments and statutory obligations, of this \$26.026m, the reduction of \$750,000 can be made from the following sources:

Rates-funded Discretionary Grants

Strengthening Communities	\$8,258,000
Events	\$1,674,000
Heritage	\$995,000
<u>Other ‘Strengthening Community Type’ Grants</u>	<u>\$154,000</u>
Total Rates-funded Discretionary Grants	\$ 11,081,000

The areas where reductions can be made exclude those areas which are deemed to be statutory in nature and/or contractually committed, such as the Canterbury Museum Trust Board, Riccarton Bush Trust, Canterbury Development Corporation and Christchurch & Canterbury Tourism.

7. The Grants Working Party identified the below sources where an initial reduction of \$105,000 can be made:

	Savings
○ David Close Awards (from \$54,000 to \$4,000)	\$50,000
○ Character Heritage Housing Grants (from \$100,000 to \$50,000)	\$50,000
○ Ngaio Marsh Interest Grant (from \$5,000 to \$0)	\$5,000
○ Total Saving	\$105,000

8. In order to achieve a saving of \$750,000, an additional reduction of \$645,000 is required. Two options were considered by the Working Party.

9. **Option One:**

	Savings
○ Initial reduction of \$109,000	\$109,000
○ 5.84% reduction to Metropolitan Strengthening Communities Fund (from \$5,060,000 to \$4,764,496)	\$295,504
○ 5.84% reduction to Community Board Strengthening Communities Fund (from \$1,760,000 to \$1,657,216)	\$102,784
○ 5.84% reduction to Metropolitan Small Grants Fund (from \$400,000 to \$376,640)	\$23,360
○ 5.84% reduction to Community Board Small Grants Fund (from \$532,000 to \$500,931)	\$31,069
○ 5.84% reduction to Metropolitan Discretionary Response Fund (from \$170,000 to \$160,072)	\$9,928
○ 5.84% reduction to Community Board Discretionary Response Fund (from \$390,000 to \$367,224)	\$22,776
○ 5.84% reduction to Mayoral Project Grants (from \$50,000 to \$47,080)	\$2,920
○ 5.84% reduction to Deputy Mayor Project Grants (from \$5,000 to \$4,708)	\$292
○ 5.84% reduction to Growing Sport Fund (from \$40,000 to \$37,664)	\$2,336
○ 5.84% reduction to Major Events Fund (from \$605,000 to \$569,668)	\$35,332
○ 5.84% reduction to Metropolitan Community Events (from \$759,000 to \$714,674)	\$44,326
○ 5.84% reduction to Events Development Discretionary (from \$75,000 to \$70,620)	\$4,380
○ 5.84% reduction to Sports Support & Promotion (from \$235,000 to \$221,276)	\$13,724
○ 0% reduction to Character Housing Maintenance (No reduction due to \$50,000 saving already applied)	\$0
○ 5.84% reduction to Heritage Incentive Grants (from \$895,000 to \$842,732)	\$52,268
○ Total Savings	\$749,999

10. **Option Two:**

	Savings
○ Initial reduction of \$109,000	\$109,000
○ 4.95% reduction to Metropolitan Strengthening Communities Fund (from \$5,060,000 to 4,755,700)	\$250,300
○ 0% reduction to Community Board Strengthening Communities Fund	\$0
○ 25% reduction to Metropolitan Small Grants Fund (from \$400,000 to \$300,000)	\$100,000
○ 0% reduction to Community Board Small Grants Fund	\$0
○ 11.8% reduction to Metropolitan Discretionary Response Fund (from \$170,000 to \$150,000)	\$20,000
○ 0% reduction to Community Board Discretionary Response Fund	\$0
○ 20% reduction to Mayoral Projects (from \$50,000 to \$40,000)	\$10,000
○ 0% reduction to Deputy Mayor Project Grants	\$0
○ 25% reduction to Growing Sport Fund (from \$40,000 to \$30,000)	\$10,000
○ 5% reduction to Major Events Fund (from \$605,000 to \$574,750)	\$30,250
○ 5% reduction to Metropolitan Community Events (from \$759,000 to \$721,050)	\$37,950
○ 5% reduction to Events Development Discretionary (from \$75,000 to \$71,250)	\$3,750
○ 5% reduction to Sports Support & Promotion (from \$235,000 to \$223,250)	\$11,750
○ 20% reduction to Character Housing Maintenance (from \$50,000 to \$40,000)	\$10,000
○ 18% reduction to Heritage Incentive Grants (from \$895,000 to \$734,000)	\$161,000
○ Total Savings	\$754,000

11. The Grants Working Party recommends that the Council adopt Option Two as the means to achieve a \$750,000 reduction for the 2009-10 year.

FINANCIAL IMPLICATIONS

12. The reduction of \$750,000 is consistent with the LTCCP and the reductions to specific funds will mean less money available to grant from each fund.

Do the Recommendations of this Report Align with 2009-19 LTCCP budgets?

13. Yes, the 2009-19 LTCCP budgets include a \$750,000 reduction. However, budgets of individual lines will change due to savings made.

LEGAL CONSIDERATIONS

14. The Council resolved in its 2009-19 LTCCP to reduce the Council's grants funding by \$1.5m with the reduction to be phased in over a two year period. A reduction of \$750,000 is required to be identified and implemented in year one (2009/10) and an additional \$750,000 is to found and implemented in year two (2010/11) with the total reduction of \$1.5m per annum being applied to the balance of the 2009-19 LTCCP term.
15. The Council resolved that the identification of the areas and the associated amounts to implement its resolution to reduce Council's grants funding is to be a task of the Grants Funding Working Party with its recommendations to be reported back to the Council for its consideration and resolution.
16. The Council's Grants Working Party in its deliberations has been advised of those areas where statutory and contractual obligations exist with respect to Council's grants funding.

Have you considered the legal implications of the issue under consideration?

17. Yes.

ALIGNMENT WITH LTCCP AND ACTIVITY MANAGEMENT PLANS

18. Yes.

Do the recommendations of this report support a level of service or project in the 2009-19 LTCCP?

19. Yes.

ALIGNMENT WITH STRATEGIES

20. The reduction in grants aligns with Council's strategies and with the LTCCP.

Do the recommendations align with the Council's strategies?

21. Yes.

CONSULTATION FULFILMENT

22. Consultation was initially undertaken through the LTCCP public submission process.
23. Following concerns raised by a number of submitters on the lack of clarity in the initial public submission process of the proposed \$1.5m reduction in Council grant funding, the Council undertook a Special Consultative Process (SCP) with a Statement of Proposal clarifying the proposed reduction of the \$1.5m in Council grants funding in the 2009-19 draft LTCCP. The Statement of Proposal also proposed that the proposed \$1.5m reduction be staged over a two year period, with \$750,000 being reduced in year one (2009/10) of the draft 2009-19 LTCCP and the remaining \$750,000 reduction being made in year two (2010/11) with the total reduction of \$1.5m per annum then being effected for each financial year thereafter for the life of the 2009-19 draft LTCCP.

24. After considering the submissions received as a result of the SCP the Council resolved to:
 - (a) *Limit the proposed reduction in grants funding to \$750,000 in the 2009/10 year.*
 - (b) *Reduce grants funding by a further \$750,000 in the 2010/11 year applied for the balance of the term of the 2009-19 LTCCP.*
25. The Council ratified the 2009-19 LTCCP on 30 June 2009.
26. The Council established Grants Funding Working Party was tasked with identifying and reporting back to the Council on those areas where a saving of \$750,000 could be made in year one of the 2009-19 LTCCP (2009/10 FY) and a further saving of \$750,000 in year 2 (2010/11 FY), giving a total reduction of \$1.5m.
27. The Grants Funding Working Party met on 1 July, 2009 and considered the areas of reducing the Council's grants funding for the 2009/10 FY by the resolved amount of \$750,000.
28. The Grants Funding Working Party determined two options for recommendation back to the Council. Option Two is the preferred option of the Grants Funding Working Party to implement the reduction of the required \$750,000 in grants funding for the 2009/10 year.

WORKING PARTY RECOMMENDATION

It is the Grants Funding Working Party's recommendation that the Council adopt and implement Option Two as the means to achieve the \$750,000 reduction in Council's grants funding for the 2009/10 financial year.