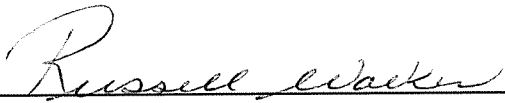




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Halifax Regional Council  
December 14, 2004

**TO:** Mayor Kelly and Members of Halifax Regional Council

**SUBMITTED BY:**   
Councillor Russell Walker, Chair, HRM Grants Committee

**DATE:** December 6, 2004

**SUBJECT:** HRM Community Grants Program 2005-2006 - Recommended Changes to Program Eligibility Criteria

## INFORMATION REPORT

### ORIGIN

The report originates with a request from members of the HRM Grants Committee to staff to review the current program criteria with respect to (a) multi-year awards, (b) the \$5,000 limit for grants, (c) eligibility of membership-based groups, (d) financial criteria re: debt and deficit financing, and (e) provision for large-scale requests which exceed the annual *HRM Community Grants Program* budget capacity.

The recommended revisions for 2005-06 are intended as an interim measure while we await the priority program and service outcomes from the Corporate Scorecard Project. It is anticipated that the Scorecard information will provide guidance in evaluating the Grants Program portfolio's role in strategic assistance.

### RECOMMENDATIONS

Staff recommend that Regional Council:

1. Approve the recommended revisions to the *HRM Community Grants Program* as detailed in the Discussion section of this report;
2. Approve the implementation of revised eligibility criteria for the *HRM Community Grants Program* effective April 1st, 2005.

## BACKGROUND

The *HRM Community Grants Program* was formally implemented in 1996-97 and merged former municipal programs into a centralized portfolio of assistance programs for the non-profit sector. See **Attachment 1** for details. The HRM Grants Committee has adopted a process which supports equitable access to opportunity for all applicants throughout the region and across all funding sectors: the intent is to create a "flow through" of recipients in accordance with the program's budget capacity. Consequently, multi-year grants have been kept to a minimum and tend to be used for capital projects or for organizational "stabilization". See **Attachment 2** for current commitments.

## DISCUSSION

The following revisions are intended to:

- a) Increase public, non-profit sector, and staff understanding of the reason for publicly funded grants.
- b) Limit the scope of funding so as to target assistance and avoid a "dilution of impact".
- c) Protect the public interest and manage expectations.
- d) Protect the integrity of the HRM Community Grants Program.

### **1. Program Mandate**

**The rationale ("why?") for publicly funded grants needs to be made explicit so as to manage expectations. For clarity, it is recommended the following program aims and objectives be adopted:**

#### *Aim:*

HRM provides assistance to the voluntary sector within the context of strategic social, economic, and cultural goals with the aim of reducing reliance on the municipal government in the direct delivery of programs and services to the general public.

- Community-based programs and services which replace, supplement or complement a departmental or municipal mandate; or
- Initiatives that are of vested interest to the municipality albeit not within a departmental or municipal mandate (eg. homelessness or affordable housing).

*The discretionary interests of Regional Council will be identified through the Corporate Scorecard process before inclusion in the HRM Community Grants Program funding criteria.*

#### *Objectives:*

Local non-profit organizations may be better located, either geographically or operationally, to provide a specific type of service as compared to the municipal government.

- Community-owned and operated properties in communities whose population is too small to support a government facility.

**Rationale:** *Grants are to be for community-owned and operated amenities (buildings and sites) and exclude HRM-owned properties leased to community groups, facility management agreements, or HRM-owned facilities leased to community groups. The evaluation of the grant application should assess (a) public access and (b) the provision of other amenities in the area. In effect, this is a form of **alternate service delivery**.*

- Communities whose sociocultural or socioeconomic composition lends itself to the service delivery by groups with specific language skills or cultural competencies.

**Rationale:** *Specific geographic or demographic communities, or specific issues, do not have equitable access to public or corporate funding; the basis for government assistance is in overcoming social and economic barriers. This is a form of **affirmative action** in issues considered by Regional Council to be a priority.*

## 2. Eligibility Criteria:

**It is recommended that eligibility criteria be tightened to protect the integrity of the program:**

- An applicant will be required to meet three types of eligibility criteria to advance to the detailed internal review portion of the decision-making process. namely, the application shall meet (a) General Criteria, (b) Financial Criteria and (c) Funding Sector Criteria as detailed in **Attachment 3** of this report.
- The applicant shall be a federally registered Canadian charity or a non-profit organization registered with the Nova Scotia Registry of Joint Stocks and located within the geographic boundary of HRM.

**Rationale:** *The intent is to focus local resources on local initiatives and build residents' organizational capacity, not to supplement campaigns developed and delivered into the region through international, national or provincial organizations.*

- The evaluation shall make provision for significant variance in organizational capacity and distinguish between groups that are entirely volunteer and those with paid full-time staff, and assess an organization's capacity to attract external funding (eg. possible stigma attached to some issues, inability to enter reimbursement programs or that require matching funds).

If approved, the review process would ask applicants to self-identify according to one of three categories as shown below:

Tier I	Volunteer and Staff/No Staff	Budget <\$50,000
Tier II	Volunteer and Staff/No staff	Budget <\$250,000
Tier III	Volunteer and Staff/No staff	Budget >\$250,000

The criteria will require a varying levels of evaluation, monitoring, and reporting relative to (a) the \$-value of the grant, and (b) the capacity of the applicant.

**Rationale:** *Applications from volunteers are not of a lower quality than those submitted by paid staff. However, there is a perception among applicants that they are disadvantaged relative to their capacity to develop funding proposals, to pay for external assistance, or to "compete" with high profile professional*

*entities. Variance among applicants is to be encouraged in accordance with the program's emphasis on inclusion and diversity.*

- The applicant shall have been a registered entity for at least one (1) year as of the date of application to the HRM Community Grants Program. The HRM Grants Committee may, at their discretion, permit an application from a new organization in circumstances where the absence or delay of a program or service is to the detriment of the general public or a community of interest.

**Rationale:** *The intent of the registration clause is to discourage "grant seeking" whereby a group registers primarily for the purpose of obtaining a grant. A one-year requirement provides reviewers with some indication of the financial status of the applicant and their ability to deliver a program or service. The timing also encourages an applicant to develop their grant proposal to an acceptable standard.*

Public funding to membership-based clubs shall be permitted in accordance with the following criteria:

1. (i) the group provides a service that would otherwise be a municipal responsibility and the geographic or beneficiary population is too small to warrant the direct delivery of service by the municipal government;  
  
or  
  
(ii) the socioeconomic or ethnocultural composition of the target population lends itself to local service delivery to and through a "community of interest" (for example: refugee and immigrant, disabled persons, terminally ill).
2. the HRM Community Grants Program financial evaluation criteria have been met.
3. the facility, amenities, programs or services make sufficient and appropriate provision for the general public to derive direct benefit.

**Rationale:** *Public funding is intended to realize non-discriminatory, tangible benefits to the general public. Applications from membership-based clubs will be assessed for the type, scope, and accessibility of programs, services, amenities or facilities for non-members as a basis for funding.*

### **3. Financial Criteria**

Concerns have been raised regarding the use of public funds to compensate for an organization's operational inefficiency or lack of planning for major capital expenditures. Specifically, debt financing, loan repayments, loss of government or corporate funding, or property neglect resulting in costly or emergency repairs.

**Staff recommend that in addition to a project-specific budget, the review process shall include an assessment of the organization's financial practices.** Specifically, the financial evaluation shall assess the following:

- (i) the overall financial status of the organization and its on-going viability;
- (ii) diversity in revenue sources;

- (iii) reliance on external funding
- (iv) the proportion of revenue or financial capacity spent in direct service delivery (programming expenditures as compared to administrative expenditures);
- (v) cash flow management;
- (vi) operating margin;
- (g) appropriate and sufficient insurance protection.

#### 4. Alignment of Funding Sectors with Corporate Scorecard Themes

Presently, the Community Grants Program has 12 funding sub-categories, each with its own eligibility criteria and funding priorities.

**Staff recommend the re-alignment of funding sectors to (a) focus on HRM's mandate, (b) to align funding with the program's funding objectives, and (c) to integrate inclusion, diversity, and community-owned property.** If approved, the revised funding categories will be:

##### *Healthy, Sustainable, Vibrant Communities*

- Healthy Communities
  - Environment
  - Recreation
  - Affordable Housing

- Cultural Communities
  - Heritage
  - Arts
  - Sociocultural

##### *Safe Communities*

- Emergency Assistance
- Shelters
- Social Supports (to be determined by Regional Council)

The annual HRM Community Grants Program Guidebook provides applicants with detailed criteria, priorities, and intended outcomes for each of these sectors. Subject to Council's approval of this report, the 2005-06 Guidebook will be available in January, 2005.

***Rationale:*** *The HRM Corporate Scorecard process is expected to provide direction in terms of HRM's role in the cultural sector (arts, heritage, social identity) and Regional Council's discretionary interests in support of social benevolence (Quality of Life measures)*

## 5. Value of Awards

Grants and contributions programs should be designed in accordance with financial and staff capacity; not demand. Capacity can be maximized using different methods (an annual theme/issue/sector of concentration, \$ limits, a limit to the number of successive annual awards, non-recurring grants, cost-sharing requirements etc).

**Staff recommend the consistent use of \$-value limits for (a) one-time project-specific grants up to a maximum of \$5,000 and (b) one-time capital grants up to a maximum of \$25,000.** To avoid creating a 'gap' it is recommended that HRM fulfills our present multi-year funding commitments and restrict 2005-06 awards to one-time grants.

In general, the maximum value of a one-time grant is set as <\$5,000. However, some organizations have received amounts significantly higher in value and these tend to be in one of two categories:

- capital grants to community-owned and operated facilities (arts facility or technical equipment, indoor or outdoor recreation facility, heritage conservation, community hall etc)
- arts organizations

While a higher grant contribution towards a large-scale, capital intensive construction, restoration, or building repair project may be self-evident (and the higher value proportional to the long-term return on public investment), the reason for awards in excess of \$5,000 to arts organizations has not been well quantified. In the opinion of Grants Program staff, the higher value of awards to some arts groups is a function of past practice and warrants further review to determine HRM's role with respect to funding arts organizations as compared to HRM's role in direct service delivery.

## 6. Operating Versus Project-Specific Grants

Among some members of the non-profit sector there is an expectation that government will provide financial assistance to maintain the on-going operations of an organization; notably from the social services and arts sectors. This is a legacy issue with respect to "operating grants" provided by the former social services departments of the City of Halifax and the City of Dartmouth. Such requests from the arts sector have no basis in past practice and increasing demand may be a consequence of more restrictive access to provincial and federal funds.

**Staff recommend that the *HRM Community Grants Program* remain a project-specific grant program and that the demand for on-going core operating subsidies ( a contribution or fee-for-service approach) be evaluated under the Corporate Scorecard process.**

***Rationale:*** *The provision of public funding for grants to third parties cannot be driven by demand; rather the selection of the appropriate type of assistance method and policy design should be in accordance with financial capacity and the municipality's intended goals. See Attachment 4.*

## BUDGET IMPLICATIONS

There is no change in program budget. The printing of application forms, guidebook, web site, and advertising are included in the Grants Program portfolio administrative budget.

## FINANCIAL MANAGEMENT POLICIES / BUSINESS PLAN

This report complies with the Municipality's Multi-Year Financial Strategy, the approved Operating, Capital and Reserve budgets, policies and procedures regarding withdrawals from the utilization of Capital and Operating Reserves, as well as any other relevant legislation.

## ALTERNATIVES

1. Regional Council could defeat the staff recommendations. This action is not recommended because the interim changes proposed in this report will provide improved clarity to applicants and the HRM Grants Committee while a larger review is conducted through the Corporate Scorecard process.

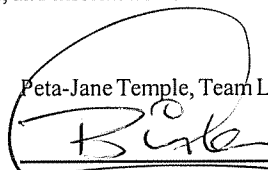
## ATTACHMENTS

1. Multi-Year Grant Commitments.
2. Community Grants Program Criteria: Program Eligibility; Financial Criteria; Funding Sector Criteria.
3. Grants and Contributions: Comparative Model.

Additional copies of this report, and information on its status, can be obtained by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

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Approved by:

  
Bruce Fisher, Manager, Financial Planning, HRM Financial Services

Attachment 1

<b>Multi-Year Grant Award Commitments to Date</b>						
Organization	2004 - 2005	2005-2006	2006-2007	2007-2008	Total Commitment	
Art Gallery of Nova Scotia	\$25,000	\$25,000	\$50,000		\$125,000	
Beacon House Interfaith Society - Sackville, Bedford, Fall River	\$10,000				\$30,000	
Black Community Advocates of Nova Scotia	\$2,000	\$2,000			\$8,000	
Chebucto Boys & Girls Club	\$5,000				\$15,000	
Cole Harbour Boys & Girls Club	\$5,000				\$15,000	
Community Care Network Society	\$12,500	\$12,500	\$12,500		\$60,000	
Dartmouth Boys & Girls Club	\$5,000				\$15,000	
East Dartmouth Boys & Girls Club	\$5,000				\$15,000	
Lake Charlotte Heritage Society	\$10,000	\$10,000	\$10,000	\$10,000	\$40,000	
Neptune Theatre	\$40,000				\$160,000	
Nova Scotia Opera Association	\$5,000	\$2,500	\$1,250		\$8,750	
Paradise Sisters Film Society	\$10,000	\$10,000	\$5,000		\$25,000	
Preston Area Boys & Girls Club	\$5,000				\$15,000	
Rockingham Community Centre	\$5,000	\$5,000			\$15,000	
Sackville Boys & Girls Club	\$5,000				\$15,000	
Scotia Chamber Players	\$5,000	\$5,000			\$15,000	
Supportive Housing for Young Mothers	\$5,000	\$5,000	\$5,000		\$15,000	
Symphony Nova Scotia	\$25,000				\$100,000	
<b>Total Value of Commitments to Date:</b>	<b>\$184,500</b>	<b>\$77,000</b>	<b>\$83,750</b>	<b>\$10,000</b>	<b>\$889,250</b>	

Note : Of the 21 Multi-year grants awarded since 1999, 16 have been retired as of the 2004/2005 fiscal year.



## **Attachment 2**

### **Program Criteria**

All applications must meet the following criteria to advance to the review process. Ineligible applications will be forwarded to Regional Council through the HRM Grants Committee so that applicants can be notified promptly.

- The applicant shall be a federally registered Canadian charity or a non-profit organization registered with the Nova Scotia Registry of Joint Stocks. Default of registration constitutes ineligibility.
- The applicant is expected to have been a registered entity for at least one (1) year as of the date of application to the HRM Community Grants Program.
- The group or organization is located within the geographic boundary of HRM.
- The applicant shall be in good standing with HRM with respect to debts to the municipality, liens, fines, and by-law compliance.
- The applicant shall respect the Canadian Charter of Human Rights and promote equal access and opportunity for all persons.
- Grants are not awarded to individuals, commerce, business, industry or sole proprietorships.
- Grants are awarded on the basis of the type of project and intended outcomes, not on the type of organization or financial need.
- Late applications shall be deemed ineligible.

### **Financial Criteria**

The review of applications shall assess the financial status of the organization in addition to the project-specific budget for which a grant has been requested. The financial evaluation shall assess the following:

- The overall financial status of the organization and its immediate viability.
- Diversity in revenue sources.
- Reliance on external funding as compared to self-generated income.

- Proportion of revenue or financial capacity spent in direct service delivery as compared to administration.
- Cash flow management.
- Operating margin.
- Appropriate and sufficient insurance coverage.

### **Sector Criteria**

Preference will be given to:

- **Local organizations** (as compared to international, national or provincial branch offices and affiliates).
- Environmental resources, facilities, sites, or amenities with **general public access**.
- **Shared use** of facilities, equipment or technology.

### ***Healthy Communities***

Preference will be given to:

- Protection of sites of ecological significance.
- Protection of lands for public benefit.
- Pollution remediation or recycling initiatives.
- Non-elite, entry level recreational programs.
- Opportunities for persons with special needs (poverty, isolation, linguistic barriers, discrimination, disability).

### ***Safe Communities***

Preference will be given to:

- Services which replace, supplement or complement a municipal responsibility (eg. telephone crisis response, volunteer rescue, emergency preparedness, crime prevention).
- Shelters for vulnerable populations or persons at risk..

- Independent, sustainable affordable housing initiatives for target populations (low income individuals and families - seniors, students, single parents, rural communities).

***Cultural Communities***

Preference will be given to:

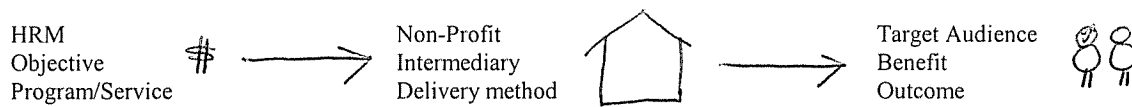
- Original works by local artists, artisans, writers, composers or choreographers.
- National or international exhibits of excellence.
- Exhibits or installations with access to the general public.
- Interpretation to explain the features or significance of an exhibition, display, installation or performance.
- Municipally registered heritage buildings, sites, streetscapes, or landscapes.
- Interpretation to explain the features of an artifact, building, suite, streetscape, or landscape.

Attachment 3

**Grants and Contributions: Comparative Model**

**Model A. Alternate Service Delivery Approach ("top down") - Contributions**

HRM's funding to the non-profit sector is intended to provide tangible benefit to specific target audiences and/or the general public. The non-profit organization is the intermediary or 'tool' through which the government reaches a diverse array of interests and issues.



**Model B. Affirmative Action Approach ("bottom up") - Grants**

HRM's funding to the non-profit sector is intended to facilitate self-identified 'needs', collective problem-solving, capacity building, self-directed learning, and a sense of personal and collective competency. The non-profit is the intermediary or 'tool' through which the public interests and issues reach government support services and resources.

