Agenda – Executive Policy Committee – July 14, 2021

REPORTS

Item No. 2 Grants Evaluation and Review Process Policy

WINNIPEG PUBLIC SERVICE RECOMMENDATION:

1. That Recommendation 1 of the Report of Executive Policy Committee dated December 7, 1994, adopted by Council on December 12, 1994, dealing with the criteria for funding grants, and attached as Appendix 4, be rescinded.

2. That the attached Grants Evaluation Policy, attached as Appendix 1, be approved to commence with the 2021 Budget process as outlined in this report.

3. That the Proper Officers of the City be authorized to do all things necessary to implement the intent of the foregoing.

DECISION MAKING HISTORY:

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On July 15, 2020, the Executive Policy Committee laid the matter over to its July, 2021, meeting.

On May 22, 2020, the Executive Policy Committee granted a further extension of 60 days for the Winnipeg Public Service to report back on the matter:

On March 17, 2020, the Executive Policy Committee granted a further extension of up to 60 days for the Winnipeg Public Service to report back on the matter.

On December 3, 2019, the Executive Policy Committee granted an extension of up to 90 days for the Winnipeg Public Service to report back on the following:

1. V. i. That the Chief Administrative Officer be directed to report back to the appropriate committee of Council on the following items in 2019, in preparation of the multi-year budget planning process for 2020:

    b. An evaluation framework to review all current and any future City grants. This framework shall include, but not necessarily be limited to, a review of each the respective grants' alignment with the core service responsibilities of the City as well as an assessment of the outcomes that are or will be achieved from each of the grants;

COUNCIL DECISION:

On March 20, 2019, Council concurred in the recommendation of the Executive Policy Committee, which included the following recommendation:

1. V. i. That the Chief Administrative Officer be directed to report back to the appropriate committee of Council on the following items in 2019, in preparation of the multi-year budget planning process for 2020:

    b. An evaluation framework to review all current and any future City grants. This framework shall include, but not necessarily be limited to, a review of each the respective grants' alignment with the core service responsibilities of the City as well as an assessment of the outcomes that are or will be achieved from each of the grants;

ADMINISTRATIVE REPORT

Title: Grants Evaluation and Review Process Policy

Critical Path: Executive Policy Committee - Council

AUTHORIZATION

Author	Department Head	CFO	CAO
L. Pablo	P. Olafson	L. Pablo, A/Interim CFO	M. Ruta, Interim CAO

EXECUTIVE SUMMARY

The Public Service is seeking approval for a revised policy related to the evaluation and award of grants, contributions and payments which supply funding to organizations.

The new policy will ensure that evaluation of annual grant applications include assessment of the grant's alignment with the City's legislated service responsibilities, Council priorities, and expected outcomes of the organization and/or program for which the grant is requested, as well as, ensuring financial transparency and fiscal sustainability.

All grant funding subject to this Policy shall be approved by Council, either through the budget process or a separate report.

RECOMMENDATIONS

1. That Recommendation 1 of the Report of Executive Policy Committee dated December 7, 1994, adopted by Council on December 12, 1994, dealing with the criteria for funding grants, and attached as Appendix 4, be rescinded.

2. That the attached Grants Evaluation Policy, attached as Appendix 1, be approved to commence with the 2021 Budget process as outlined in this report.

3. That the proper officers of the City be authorized to do all things necessary to implement the intent of the foregoing.

REASON FOR THE REPORT

On March 20, 2019, as part of the multi-year budget process, Council approved Recommendation 1.V.i.b. of the 2019 Budget, which directed the Chief Administrative Officer to report back to the appropriate committee of Council on an evaluation framework to review all current and any future City grants.

On December 3, 2019, Executive Policy Committee granted an extension of up to 90 days for Winnipeg Public Service to report back.

On March 17, 2020, Executive Policy Committee granted a further 60-day extension for this report.

The Public Service was granted a further 60-day extension by Executive Policy Committee on May 22, 2020.

IMPLICATIONS OF THE RECOMMENDATIONS

Approval of the recommendations will result in an amended Grants Evaluation Policy ("Policy"). Effective for the 2021 Budget process, the amended Policy establishes a framework for evaluation of grant applications that will include a review of each grant's alignment with the legislated service responsibilities of the City and proposed Council priorities for grant funding, as well as an assessment of the outcomes that are, or will be, achieved from each of the grants requested.

Total Council approved grants (operating, in-kind, capital and reserves) for 2020 is approximately $69 million (see 2020 Budget Volume 2 Appendix 2). Of that total, approximately $13 million will be subject to this policy, if adopted by Council. And of the estimated grants subject to this policy, $11 million in grants approved in 2020 are provided to organizations in respect of services that are defined as non-legislated, including many community and recreation grants. The proposed grant policy would recommend that grants not be provided to these organizations in this respect.

HISTORY/DISCUSSION

On December 12, 1994 Council resolved that funding be provided to certain organizations by way of a line item in the City's operating budget if the following criteria were met:

- Where it can be shown that a formally organized, not-for-profit organization could not provide a social service, social development program, health, education, recreation or other similar service without aid and the City, of necessity, would have to provide this service in whole or in part, the City may contribute to the continuance of the service;
- Funding shall not be provided for any service for which clear legislative responsibility exists at any other level of government, unless expressly authorized by City Council; and
- Funding shall be provided by way of a formal agreement between the City and the organization, which agreement shall clearly stipulate the terms and conditions under which City support shall be provided.

The Public Service conducted a review of grants administration in other Canadian cities and determined that the organic methodology of awarding grants was similar. However, other municipalities have moved in the direction of establishment of criteria for grants and the uses of taxpayer funds to link them to services that provide a benefit to the City at large. A summary of the review of other municipalities is contained in Appendix 2 to this report.

The proposed Grants Evaluation Policy (the "Policy") would apply to all grants that fall within Council's approval authority with the exception of the following:

- Grants payable over multiple years pursuant to an agreement which cannot be unilaterally terminated by the City without the City potentially incurring additional responsibilities and/or financial liability (including but not limited to agreements with Assiniboine Park Conservancy, True North Entertainment, Winnipeg Football Club and Winnipeg Goldeyes);
- Grants made pursuant to an authority delegated by Council, such as grants made by community committees, Councillors, the Mayor, City employees, or organizations such as the Winnipeg Arts Council;
- Grants made pursuant to grant program by-laws;
- $1 leases governed by the "Policy on the Sale/Lease of City Lands to Non-Profit Organizations" as adopted by Council on October 31, 1990;
- Grants made in compliance with the Councillor Ward Allowance Policy;
- Grants made from a Reserve pursuant to the purposes established for the Reserve; and
- Grants arising from the Sponsor Winnipeg program.

A preliminary review of grants and contributions indicates that, if the proposed Policy had applied in 2019 and 2020, at a minimum, 20% of budgeted grants for the City would have been subject to the proposed Policy. The total amount granted in 2020 (operating, in-kind, capital and reserves) was approximately $69 million (see 2020 Budget Volume 2 Appendix 2), and of that, approximately $13 million would have been subject to this policy. And of the estimated grants subject to this policy, $11 million in grants approved in 2020 are provided to organizations in respect of services that are defined as non-legislated, including many community and recreation grants. The proposed grant policy would recommend that grants not be provided to these organizations in this respect.

For 2019 and 2020, operating cash grants and contributions were budgeted as follows:

Budgeted Operating Cash Grants and Contributions

	2020	2019 (Restated)
Multi-year agreements	$22,815,799	$22,909,899
Community Centres	6,075,000	5,932,229
Community Partnerships	2,740,574	2,976,074
Other Programs	1,258,890	1,114,451
Annual Grants	9,501,032	10,377,131
	$42,391,295	$43,309,784

In addition to budgeted operating cash grants and contributions the City also provides in-kind goods and services to organization for free or at a reduced rate. These are defined as grants in the Policy. In 2019 and 2020, the City budgeted $613,094 and $593,209, respectively, of in-kind grants. It is proposed that, as of 2021, organizations applying for in-kind grants would be subject to the proposed Policy.

As well, capital grants totaled $14.594 million in 2019 and $8.634 million in 2020. These would be subject to the proposed Policy except for which separate Council approvals exist. Examples are:

- Community Centre Renovation Grant Program
- Community Incentive Grant Program
- Assiniboine Park Conservancy – Infrastructure and Sustainability Capital

Grants Process

Under the current process, operating and capital grant applications are submitted to the City Clerk's office for consideration as part of the budget process. On approval by Council, grant agreements are executed for all annual grants and include reporting requirements for the recipient. Departments responsible for administration of the grants have a review and evaluation process that is implemented prior to releasing the Council approved grant. This review and evaluation is done following budget adoption. At the start of the annual budget process, Corporate Finance, in conjunction with departmental contract administrators, tracks grant funding agreements for "Reporting and Audit Requirements" compliance. However, this process does not allow for sufficient oversight, particularly with respect to linkage to legislated services.

As part of the proposed Policy, grant applicants will need to:

- Provide the project or event objectives, targets and outcomes;
- Confirm that previously approved City funding (grants) has been used for purposes approved by City Council and/or that new funding will be used for purposes approved by Council;
- Confirm that the grant request aligns with a City legislated service; and
- Confirm that the request aligns with at least one of the following proposed Council priorities for grant funding:
    - Arts, Entertainment and Culture;
    - Recreation;
    - Neighbourhood Revitalization;
    - Economic Development;
    - Crime Prevention;
    - Community Liveability; and
    - Environment.

Appendix 3 is the proposed grant application form effective for the 2021 budget process.

Evaluation Framework

The proposed Policy will mandate evaluation of grant applications based on applicants meeting all of the following criteria:

- The organization applying for the grant must be a not for profit organization (which may be a charitable organization), defined as "a club, society or association that is organized and operated exclusively for social welfare, civic improvement, pleasure or recreation or for any other purpose except profit";[1]
- The organization must complete the grant application form;
- The organization, project or event must have clear objectives, targets and outcomes (supported by a business plan or board approval of the grant application);
- The organization must be in compliance with all previous grant agreement requirements (e.g. submission of recent financial statements);

[1] This definition is borrowed from s. 149 of *The Income Tax Act*.

- The organization must submit audited or reviewed financial statements (report form dependent on the revenue of the applicant and the amount of the grant requested);
- The grant application must be reviewed by the applicable city department;
- The grant application must be aligned with one or more of the previously noted proposed Council priorities;
- The grant application must be aligned with a legislated City service (as identified on the Schedule attached to the Policy); and
- Confirmation of fiscal need through financial assessment of the applicant.

Under the proposed Policy, the Chief Administrative Officer will establish a Grants Evaluation Committee to oversee the grant evaluation process and recommend grant funding to the Executive Policy Committee or any other body that is responsible for developing the budget proposed to Council for adoption. To ensure cross-sectional representation with a mandate to ensure grant applications align with Council supported priorities, and to better support funding transparency and financial sustainability, the committee will be comprised of the Manager of Financial Planning and Review, the Manager of Operating Budget Review, the Corporate Controller and one representative each from Community Services and City Clerks. As required, Legal Services and other departments will be consulted.

All grant funding subject to this Policy shall be approved by Council, either through the budget process or a separate report.

Exemptions from Policy

As outlined above, the majority of grants will, as a result of their nature, not be subject to the proposed Policy. These exempt grant programs are:

- Multi-year grant agreements and other programs with committed funding to future years;
- Grants paid from a reserve fund (as separate Council approval is in place for authorized expenditures);
- Grants made pursuant to grant program by-laws;
- $1 leases governed by the “Policy on the Sale/Lease of City Lands to Non-Profit Organizations” as adopted by Council on October 31, 1990;
- Grants approved pursuant to authority delegated by Council to community committees, individual Councillors, the Mayor, City employees (including fee waivers for recreational facilities) or organizations (such as the Winnipeg Arts Council);
- Grants paid from Councillors' Ward Allowances (CWA) which is governed by the CWA Policy; and
- Grants arising from the Sponsor Winnipeg program.

It is assumed that, once the term of their agreements expire, multi-year grants will be subject to the proposed Policy and evaluation framework. Budgeted grants paid from reserves will be disclosed in the Listing of Grants / Payments in the annual budget.

Grant Agreements

Before grant funds are received by the applicant, grants that are subject to the proposed Policy would need to enter into a grant agreement as approved by Council in the 2008 Grant Administration Audit (Council July 16, 2008) and the 2020 Adopted Budget recommendation 1.Y (Council March 20, 2020).

FINANCIAL IMPACT

Financial Impact Statement **Date:** June 19, 2020

Project Name:

Grants Evaluation and Review Process Policy

COMMENTS:

There are no immediate financial implications to the implementation of this policy.

original signed by
Tanis Yanchishyn, CPA, CA
Manager of Finance (Campus)
Corporate Finance Department

CONSULTATION

This Report has been prepared in consultation with:
Corporate Controller
City Clerks
Legal Services (as to legal issues)

OURWINNIPEG POLICY ALIGNMENT

The Grants Evaluation Policy presented in this report aligns with the 'Quality of Life' focus of OurWinnipeg through support to "being a creative city with vibrant arts and culture".

WINNIPEG CLIMATE ACTION PLAN ALIGNMENT

Not Applicable.

SUBMITTED BY

Department: Corporate Finance
Division: Financial Planning & Review
Prepared by: L. Pablo
Date: June 19, 2020

Attachments:

Appendix 1 – Grants Evaluation Policy

Appendix 2 – Jurisdictional Review

Appendix 3 – Proposed Grant Application Form

Appendix 4 – December 12, 1994 Council Policy re Grants