



STAFF REPORT ACTION REQUIRED

Toronto Grants Policy Updates

Date:	May 23, 2008
To:	Community Development and Recreation Committee
From:	Executive Director, Social Development, Finance and Administration
Wards:	All
Reference Number:	

SUMMARY

This report recommends updates to the Toronto Grants Policy, which was adopted by Council in 1998. These updates clarify the policy's scope, reflect the extensive continuous improvement work that has taken place since the policy's initial development, and provide a framework for the City's partnership and investment funding activities over the next decade. To complement these policy updates, this report also recommends a set of standards for the administration of partnership and investment funding to organizations made outside of a funding program (line item grants), and recommends updates to the authority to sign letters of agreement with funded organizations.

This group of updates is being recommended to respond to two Council and Committee directions. First, at its November 2007 meeting, the Community Development and Recreation Committee asked Deputy City Manager Sue Corke to report on how the City establishes the roles, responsibilities and priorities within the Community Partnership and Investment Program. The Toronto Grants Policy is the Council approved policy which defines these roles and responsibilities, and which provides the link to policies that guide priority setting.

Second, in March 2001, Council adopted a report from the City Auditor with recommendations relating to the Toronto Grants Policy. This report recommended that the Toronto Grants Policy be amended to include specific policies related to in-kind grants. The updates recommended in this report to the Toronto Grants Policy also address the Auditor's 2001 recommendation.

RECOMMENDATIONS

The Executive Director, Social Development, Finance and Administration recommends:

1. The revised Toronto Grants Policy be approved as presented in Appendix A;
2. The Toronto Grants Policy not be amended to address grants in-kind;
3. Standards for the Administration of Line Item Grants be approved as presented in Appendix B;
4. The authority to sign letters of agreement with grant funded organizations be delegated to division heads with responsibility for the administration of grants or their designates.

Financial Impact

There is no financial impact beyond what has been approved in the 2008 Approved Operating Budget.

The Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the financial impact information.

DECISION HISTORY

In November 1998, Council adopted the Toronto Grants Policy.

<http://www.toronto.ca/legdocs/agendas/committees/sp/sp981117/it005.htm>

In February 1999, Council delegated the authority to sign letters of agreement with organizations approved for funding to the Commissioners or their designates.

<http://www.toronto.ca/legdocs/1999/agendas/council/cc/cc990302/sp5rpt/cl017.htm>

In February 2001, the City Auditor recommended that the Toronto Grants Policy be amended to include specific policies relating to in-kind grants.

<http://www.toronto.ca/legdocs/2001/agendas/committees/au/au010411/it001.pdf>

In November 2007, the Community Development and Recreation Committee requested that Deputy City Manager Sue Corke report on the way that the City establishes the roles, responsibilities and priorities within the Community Partnership and Investment Program.

<http://www.toronto.ca/legdocs/mmis/2007/cd/minutes/2007-11-05-cd10-mn.pdf>

ISSUE BACKGROUND

The Toronto Grants Policy was developed in 1998 in the context of amalgamation to bring coherence and a measure of standardization to the highly varied funding activities that had been inherited from the former municipalities. The policy established basic roles and responsibilities for the administration of funding and the minimum requirements of funded organizations.

The Toronto Grants Policy was also intended to provide a basis for the continuous improvement work in funding that has taken place since 1998. This work has been extensive, and has included the rationalization of funding purposes among funding programs, the development of a Grants Accountability and Risk Management Framework, and the development of program standards and performance measures for funding programs. This work has helped to build a new appreciation for the strategic role that community funding plays in city-building, and has led to the “Consolidated Grants Program” being renamed the “Community Partnership and Investment Program” to better reflect the character of the City’s community funding and its relationship to City goals and objectives.

The progress made in funding administration, the City’s 2005 administrative restructuring, and the new City of Toronto Act have created an environment that the Toronto Grants Policy could not anticipate. The revised Toronto Grants Policy and other related changes recommended in this report reflect the current City of Toronto environment, and provide a framework for the City’s funding activities over the next decade.

COMMENTS

Policy Scope

The City derives its general grant-making authority from the City of Toronto Act, Section 83 (2006) – “General Power to Make Grants”. Under this Section of the Act, “grants” are broadly defined, and include both grant funding and a variety of grants in-kind.

When developed in 1998, the Toronto Grants Policy was designed specifically to address only the City’s community funding activities. The current review of the Toronto Grants Policy has been undertaken in part because of a 2001 recommendation from the City Auditor that recommended the Toronto Grants Policy be amended to include policies related to grants in-kind.

This report recommends an updated Toronto Grants Policy that retains its exclusive focus on the funding provided by the City as a part of its general grant-making authority. This scope includes the majority of the Community Partnership and Investment Program (CPIP), and some funding activities that are not a part of CPIP.

Since the Auditor’s 2001 recommendation, Council has adopted policies that govern several of the categories of grants in-kind defined under Section 83 of the City of Toronto

Act. These policies include the “Policy for the Provision of Line of Credit and Loan Guarantees for Cultural and Community-Based Organizations” (2008), which governs the provision of loan and line of credit guarantees, and “Below Market Rent City Space” (2003), which governs the lease of City land and buildings for nominal consideration. In approving the existing policies for in-kind grants, Council has recognized that policies governing granting must be tailored both to the nature of the resource being granted, and to the specific goals and objectives the grant-making is intended to achieve.

While community funding activities can be reasonably governed by a single overarching policy, the resulting administrative and accountability demands and procedures are a poor fit for the full range of in-kind grant defined under the City of Toronto Act. As a result, this report recommends that the Toronto Grants Policy not be amended to address grants in-kind.

The recommended Toronto Grants Policy also clarifies that it applies only to funding activities conducted under the authority of Section 83 of the City of Toronto Act, and does not cover funding activities conducted under the authority of other Acts or under other sections of the City of Toronto Act. Other Acts that provide the City with this authority include:

- The Day Nurseries Act (1990), which provides the City with the authority to pass by-laws granting aid to day nurseries;
- The Planning Act (1990), which provides the City with the authority to make grants or loans for the purpose of carrying out a community improvement plan;
- The City of Toronto Act, Section 333 (2006), which provides the City with the authority to pass by-laws to cancel all or a portion of the taxes levied on one or more specified properties; and
- The City of Toronto Act, Section 448 (2006), which provides the City with the authority to provide grants to aid in the establishment, construction, extension or equipment of homes for the care of elderly persons.

Funding activities conducted under the authority of these other Acts and other sections of the City of Toronto Act are more appropriately governed by policies specific to the funding purpose.

Finally, the recommended Policy also clarifies that it does not apply to community funding activities the City has contracted to deliver on the part of another funder. This clarification excludes programs such as the Homelessness Partnership Initiative (HPI) from the scope of the Policy. Under HPI, the City entered into an agreement with the federal government to administer funds according to a community plan to address homelessness. The administration of such externally-funded programs will necessarily be governed by the terms of the agreement with the funder rather than by the Toronto Grants Policy.

Conditions of Grant Support

The 1998 Toronto Grants Policy set out four basic conditions of support for funding provided to individual organizations outside of funding programs (line-item grants). The rationalization of funding programs, development of a grants accountability and risk management framework, and development of program standards have created a context where a standard set of minimum conditions that organizations must meet to receive funding support, whether from a funding program or as a line-item grant, can be clearly defined. These conditions have been incorporated in the revised Policy, and include consistency with the City's goals, financial need, non-profit activity, and Toronto-based. To increase transparency, the recommended Policy also articulates the City's right to reject a funding request, even from those organizations that meet all of the conditions of funding.

There are currently two City funding programs that do not meet the "Toronto based" condition of funding described in the recommended Toronto Grants Policy. The "Toronto-based" condition specifies that organizations must have their head office located in Toronto and conduct activities for which funding is sought in Toronto to be considered for funding.

The Parks, Forestry and Recreation division's major and minor recreation programs both currently provide support to activities that take place outside of Toronto. These activities are currently funded so that residents who would not otherwise be able to can participate in recreational opportunities in wilderness areas. To accommodate continued funding of these activities, the Parks, Forestry and Recreation division will bring forward revised program guidelines to Council that recommend an exception to the Toronto-based condition of the Toronto Grants Policy for these funding programs.

The recommended updates to the Toronto Grants Policy also clarify that the City may pass other policies that govern the use of City funding and the actions of funded organizations. Adhering to these policies is a condition both of current and future funding. Policies applicable to all funded organizations currently include the "Anti-Racism, Access and Equity Policy Guidelines", approved by Council in 1998, "Hate Activity Policy and Procedures" (1998), and the "Policy on Political Activities" (2003).

Funding Administration

The recommended Policy has been updated to reflect the development of program standards and performance measures for funding programs. These standards were first developed in 2005, and include standards for priority setting in funding programs. New standards for the administration of line-item funding have also been developed, and are recommended for approval with this report.

This report also recommends that the authority to sign letters of agreement with funded organizations be updated to reflect the City's 2005 administrative restructuring. In 1999, Council delegated this authority to the Commissioners or their designates. This report recommends that, consistent with the roles and responsibilities established under the City's new administrative structure, this authority be delegated to division heads with responsibility for the administration of funding or their designates. This change aligns the existing authority to sign letters of agreement with the City's new administrative structure.

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ATTACHMENTS

Appendix A – Toronto Grants Policy
Appendix B – Standards for the Administration of Line Item Grants

Appendix A

Toronto Grants Policy

1. Preamble
2. Purpose
3. Scope
4. Definitions
5. Conditions of Grant Support
6. Granting Mechanisms
7. Grant Administration
8. Use of City Grants

(1) Preamble:

The City of Toronto believes that grants are an important means of achieving its social, cultural and economic goals. It recognizes that not all services and programs that benefit its residents should be provided by the City alone. Similarly, it recognizes that not all services can be provided by the private sector.

The City is committed to making grants to help communities draw upon their own talents and resources to identify needs and develop appropriate programs and services.

The City of Toronto is committed to a strong and vibrant voluntary sector. By supporting a city-wide network of community organizations, the City encourages its residents to engage in civic life and participate in decision-making.

The City recognizes that community organizations can deliver many services more efficiently and with a greater degree of community acceptance. Furthermore, it recognizes that City grants help leverage other resources from the community, business and other governments.

The City of Toronto's grant-making activities will be guided by the following core values:

- 1.1 Accessibility – All qualified applicants will have the opportunity to make application to City of Toronto grant programs.
- 1.2 Fairness and equity – No organization or individual will receive less favourable treatment on the grounds of race, nationality, age, religion, gender, sexual orientation, disability or ethnic origin.
- 1.3 Openness and transparency – The City of Toronto will make information about its evaluation processes and criteria publicly accessible.

- 1.4 Accountability – The City of Toronto will make information about its granting activities available to the public and will ensure that grants made by the City are used for the purposes for which they are provided.
- 1.5 Responsiveness – The City of Toronto will involve the community in the ongoing review of community needs and will ensure that its grants programs are able to meet new and emerging needs.

(2) Purpose:

This policy provides the framework for all City granting activities within its scope. This framework is comprised of:

- Conditions of grant support;
- The mechanisms the City will use to allocate grants;
- The means by which the City will administer grants; and
- The use of City grants.

This framework also describes links to more detailed policies that apply to specific granting activities.

(3) Scope

This policy applies to all grant funding activities pursuant to the *City of Toronto Act, 2006* Section 83. It does not apply to:

- 3.1 Grant funding activities carried out under the authority of other sections of the City of Toronto Act;
- 3.2 Grant funding activities carried out under the authority of Acts other than the City of Toronto Act;
- 3.3 Grant funding activities administered by the City on behalf of an external grant-maker;
- 3.4 In-kind granting activities carried out under the authority of the City of Toronto Act, any other Act, or on behalf of an external grant-maker; and
- 3.5 Rebates.

(4) Definitions:

- 4.1 “Grant” means grant funding pursuant to the *City of Toronto Act, 2006*, Section 83.

- 4.2 “Rebate” means the transfer of cash to a third party to lessen or refund a portion of an amount already paid.
 - 4.3 “Grant program” means a program that allocates individual grant funding to organizations to meet established grant program objectives.
 - 4.4 “Line-item grant” means grant funding allocated to an organization outside of a grant program.
- (5) Conditions of Grant Support:
- 5.1 All organizations must meet the following minimum conditions of grant support to receive a grant from the City of Toronto:
 - 5.1.1 Toronto-Based
The organization’s head office must be located in Toronto, and grant-supported activities must take place in Toronto.
 - 5.1.2 Consistency with City Goals
The activity or outcomes for which a grant is requested must support one or more goals of the City of Toronto.
 - 5.1.3 Financial Need
The organization must demonstrate that it does not otherwise have the resources necessary to undertake the activity for which a grant is requested;
 - 5.1.4 Not-for-Profit
The organization must demonstrate that the activity for which a grant is requested will be organized without financial gain for its members or directors;
 - 5.1.5 Adhere to Terms and Conditions
 - 5.1.5.1 The organization must adhere to the terms and conditions for grant recipients established by the City.
 - 5.1.5.2 Organizations that have previously received a City of Toronto grant must have adhered to the terms and conditions in place for the period of the grant.
 - 5.1.6 Adhere to Policies
The City may establish additional policies that apply to grant recipients. As a condition of grant support:
 - 5.1.6.1 The organization must adhere to all policies for grant recipients established by the City.

5.1.6.2 Organizations that have previously received a City of Toronto grant must have adhered to all policies for grant recipients in place for the period of the grant.

5.2 Additional Conditions of Grant Support

The City may establish additional conditions of grant support. These conditions of grant support may apply to all organizations, across a grant program, to individual organizations within a grants program, or to line-item grants.

5.3 Exceptions

The City recognizes that there may be circumstances where an organization's failure to adhere either to the terms and conditions and/or to the policies for grant recipients in place at the time of a previous grant should not prevent the organization from receiving new grant support from the City.

Council may decide to waive the two conditions of grant support numbers 5.1.5.2 and 5.1.6.2 after considering:

- 5.3.1 The length of time that has passed since the organization failed to adhere either to the terms and conditions and/or to policies for grant recipients;
- 5.3.2 Changes that have been made to the organization's governance and management since the organization failed to adhere either to the terms and conditions and/or to policies for grant recipients;
- 5.3.3 The organization's current relationships with grant-makers other than the City of Toronto; and
- 5.3.4 The organization's potential support to the City's goals.

5.4 Right to Reject:

The City reserves the right to reject any request for a grant from an organization, including those that meet all the conditions specified in 5.1. In addition to rejecting requests for grants that do not meet all of the conditions specified in 5.1, the City may reject grant requests where:

- 5.4.1 The demand for grants is greater than the funding available for allocation;
- 5.4.2 The City determines that the organization requesting the grant is in any way indebted to the City; or
- 5.4.3 The City, in its sole discretion, is of the opinion that it is in its best interests that the grant be rejected.

(6) Granting Mechanisms:

The City of Toronto will allocate grants using grant programs and line-item grants.

Only Council may establish or delete either a grant program or a line item grant.

Wherever possible, the City will allocate grants using grants programs. Line-item grants will only be established where there is a unique organization that can assist the City in meeting one or more of its goals.

(7) Grant Administration

Grant programs will operate according to Council approved program standards. “Program Standards and Performance Measures” (2005) and its subsequent updates provides these standards for grants programs.

Line-item grants will be administered according to Council approved standards. “Standards for the Administration of Line Item Grants” (2008) and its subsequent updates provides these standards for line-item grants.

Grants programs will use Council approved guidelines to integrate anti-racism, access and equity in grants program administration. “Anti-Racism, Access and Equity Policy Guidelines” (1998) and its subsequent updates provides these guidelines for grants programs.

(8) Use of City Grants

The use of City grants will be governed by a standard set of terms and conditions, or by an alternate set of terms and conditions agreeable to the City Solicitor. “Delegation of Authority – Grants Administration” (1999) and its subsequent updates provides standard terms and conditions.

Appendix B

Standards for the Administration of Line Item Grants

- A. Goals and Objectives
- B. Information Collection
- C. Support for Organizations
- D. Approvals and Contracting
- E. Payments
- F. Reporting

A. Goals and Objectives

- A.1. The consistency of the grant with City goals and objectives is approved by Council on a regular basis to ensure accountability and transparency. This means that:

- A.1.1 A report that summarizes the purpose, goals and Community Impact Measures of the grant has been approved by Council within the past 5 years.

B. Information Collection

- B.1 The organization is advised of the information required to demonstrate that it has met the conditions of grant support. This means that information collection materials include:

- B.1.1. The grant goals and objectives;
 - B.1.2. The conditions of grant support;
 - B.1.3. Information about eligible costs, funding limits, and funding periods;
 - B.1.4. Information about deadlines, and stages and timing of decision-making; and
 - B.1.5. The terms and conditions, relevant policies, and reporting expectations of receiving a grant.

- B.2 The information collection materials request only the information necessary for determining that the organization has met the conditions of grant support. This means that:

- B.2.1. Each piece of information collected is necessary to ensuring the conditions of grant support have been met;

- B.2.2. Information is collected in a way that minimizes the administrative burden on the organization.
 - B.3. Organizations have a reasonable timeframe in which to prepare and submit required information: This means:
 - B.3.1. Information collection tools are available a minimum of 4 weeks prior to the deadline.
- C. Support for Organizations:
 - C.1. A staff person is available to respond to the organization's questions. This means that:
 - C.1.1 A staff contact is included in information collection materials, including a telephone number and/or e-mail address; and
 - C.1.2 Staff aim to respond to the organization's questions within 48 working hours.
- D. Approvals and Contracting:
 - D.1. Allocation decisions are communicated to the organization as soon as possible. This means that:
 - D.1.1 Allocation decisions are conveyed to the organization within two weeks after approval by Council; and
 - D.1.2. Allocation decisions are formalized by a contract agreement, such as a Letter of Understanding (LOU), which outlines the terms and conditions of the grant.
- E. Payments:
 - E.1. Payments are processed and funds released as soon as possible. This means that:
 - E.1.1. Payment requests are forwarded to Finance within two weeks of receipt of a signed contract agreement and other necessary documentation, and once the conditions of grant support are met; and
 - E.1.2. If an instalment process is used, payment requests are forwarded to Finance on time according to the funding agreement, and once other necessary documentation and conditions of grant support are met.

E.2. Advance payments are made where appropriate to enhance the organization's stability and capacity, and in accordance with the flexibility available to divisions in the budget process. This means that:

E.2.1. The appropriate circumstances for advance payments to a returning organization include:

- (i) The organization has received a grant in each of the past three years, and is likely to be approved for a grant in the current year;
- (ii) The grant supports on-going program or operating costs; and
- (iii) The advance amount does not exceed 40 percent of the previous year's grant.

F. Reporting

F.1. Effective reporting requirements are established for grant recipients: This means that:

F.1.1. The administering division provides a reporting format to the organization (such as a final report form);

F.1.2. The reporting format requests both quantitative and qualitative information about the outcomes of funded activities, and about Community Impact Measures, where appropriate;

F.1.3. The reporting format corresponds with the reporting requirements expected of the grant recipient as determined in previous process segments; and

F.1.4. The organization is informed about how the data contained in their reports will be used.

F.2. Reports and grant files are reviewed for completeness. This means that:

F.2.1. Reports from grant recipients are reviewed to ensure that:

- (i) funded activities are complete;
- (ii) all allocated funds are expended in accordance with the agreement contract;
- (iii) a balanced budget is submitted; and
- (iv) conditions of grant support are met; and

F.2.2. A grant file review/closure process is used to ensure all necessary documentation is complete.