Local Government Grants Review Engagement Report

Working towards White Ribbon accreditation

Queensland Government

Contents

1.   Introduction

The Department of Local Government, Racing and Multicultural Affairs (the Department) undertook implementation planning to determine the requirements to deliver on the Grants to Local Government Policy Position (policy position).

The policy position confirmed the government would develop a new Grants to Local Government Model (the Model) that is simple, adaptable and coordinated, provides value for the State, while being responsive to community priorities.

This implementation planning phase has involved broad and extensive engagement with a range of key stakeholders to shape the new Model and inform the supporting Implementation Plan (IP). This document outlines the engagement process and reports on the outcomes.

2.   Background

Engagement with stakeholders commenced in September 2018 and ended in April 2019. The aim of this engagement was twofold, firstly, to confirm the key elements of the policy position and secondly, to inform the IP for delivery of the new Model including resolution of several strategic and operational matters.

The key elements of the policy position included:

- Outcome focused program streams (program streams)
- Grouping of grant programs into streams with similar outcomes
- Consolidated grants with a smaller number of lead agencies
- Customer focused grants which align with State priorities and objectives with Council strategies and needs
- Certainty of funding to align with Council budgets and timeframes
- A move to allocation-based funding where appropriate
- Simplified and consistent administration and reporting, including IT systems
- Improved Council capability and capacity
- Improved accountability.

3.   Engagement overview

3.1   Roadmap

A roadmap guiding the approach to engaging and communicating with stakeholders was developed and outlined the key elements of the engagement including the:

- target stakeholders
- engagement timeframe
- engagement methods to be used
- objectives of each stage of the engagement process.

3.2   Stakeholders

Stakeholders included:

- all 77 local governments across Queensland (councils)
- Queensland State Government agencies

- Local Government Managers Australia (Queensland) (LGMAQ)
- Local Government Association of Queensland (LGAQ)
- Local Government Finance Professionals (LGFP)
- Queensland Audit Office (QAO)
- Queensland Treasury Corporation (QTC)
- Institute of Public Works Engineering Australasia (Queensland) (IPWEA).

4. Engagement methods

To inform the development of the implementation plan, DLGRMA worked with councils, State agencies and other stakeholders to obtain feedback and input. Engagement activities focused on how the key elements of the policy position could be implemented (as outlined in section 2).

Development of the new Model and preparation of the IP has been a consultative process including engagement with all 77 councils, all State agencies involved in the design and administration of local government grant programs and key industry stakeholders including the LGAQ, LGFP and LGMA.

The Department used a wide range of methods to engage with these stakeholders. These are detailed below.

4.1 Local government

Through several different engagement activities, contact was made with all 77 Queensland councils. The engagement activities included a survey, meetings with council Mayors, Chief Executive Officers and staff, attendance at Regional Organisations of Councils and Council of Mayors meetings, attendance at industry forums, and participation in a working group.

The most comprehensive of these was through a survey seeking feedback on specific elements of the policy position including the new Model, program streams, training and support needs, and improving accountability (discussed in more detail in section 4.5 below).

4.2 Regional Organisation of Councils and Council of Mayors

Presentations were provided to nine of the twelve Regional Organisation of Councils and Council of Mayors. The presentations were undertaken from October 2018 to February 2019 and provided an overview of the policy position, the Grants Review project, the proposed engagement activities to support the delivery of a new Model and IP. These presentations also provided a project status update and any feedback received available at the time.

4.3 State agency engagement

Through several different engagement activities, contact was made with all State agencies involved in the design and administration of local government grant programs. The engagement activities included a survey, presentations, one on one meetings, workshops and participation in a working group.

The Department worked with State agencies to seek feedback and input on specific elements of the policy position including the new Model, program streams, training and support, and improving accountability. This feedback and input from all engagement activities informed the new Model and IP to deliver on the policy position.

4.4   Stakeholder groups

Throughout the implementation planning phase, feedback from councils was also received through a working group. Membership of the working group consisted of representatives from eight councils, four State agencies, and the LGAQ, LGMA and LGFP.

The purpose of the working group was to inform, engage and provide input and feedback on several elements of the policy position.   A key outcome of the working group was for State agencies and industry stakeholders to understand and discuss feedback from councils.

An advisory group was established to provide advice on key elements of the policy position including ways to:
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- provide support to councils when preparing and applying for grants
- build the capability and capacity of councils in the areas of strategic asset planning and long-term asset management
- improve the accountability of both State and local governments

This advisory group was comprised of representatives from the LGAQ, LGMA, LGFP, IPWEA and QTC. The QAO was an observer.

4.5   Surveys

The Department conducted surveys of councils and State agencies to seek feedback on key elements of the policy position.

The survey for councils opened on 19 November 2018 and closed on 7 December 2018. The survey was extended to 11 January 2019 to allow more councils to respond. There were 88 responses received from 72 councils (a 94% response rate). Some key feedback received:

- 86% of respondents supported the new model and proposed program streams
- 94% of respondents supported grants to support strategic and asset planning
- 32% supported less frequent reporting
- 96% supported grant funding over multiple years.

A copy of the Council Survey Summary (including snapshot) is attached (**Attachment 1)**.

The survey to State agencies opened from 27 November 2018 to 14 December 2018. Seven responses were received from ten State agencies. Some key feedback received:

- 92% were supportive of proposed program streams
- 38% said standardised forms and templates were important
- 67% support allocation-based funding
- 100% support multiple-year funding.

A copy of the State Agency Survey Summary (including snapshot) is attached (**Attachment 2**).

The results of both surveys have been integrated into the new model and the implementation plan where consistent with the policy position and able to be actioned.

5. What stakeholders told us

Overall stakeholders showed strong support for the proposed policy position of the new Model. They provided constructive feedback at both strategic and operational levels to inform the IP for the new Model. Across all stakeholders, most of the feedback fell into a number of themes:

- Outcome focused streams
- Council focused programs
- Consistency
- Funding and delivery
- Timing
- Ongoing engagement
- IT support
- Reporting
- Capability and capacity
- Evaluation and accountability.

The Review of Grants to Local Government Consultation snapshot (**Attachment 3**) outlines some of these themes and the following paragraphs provide more detail:

5.1   Outcome focused program streams

One of the key elements of the policy position was establishing outcome-focused program streams. In addition, the policy position indicated the streams would be grouped into grant programs with similar policy objectives.

- Stakeholders were presented with several options for grouping the outcome-focused streams. Very strong support was shown for the six outcome-focused streams included in the new Model
- 92% of State agency respondents to the survey supported the themes and number of programs in the new Model
- 86% of council respondents to the survey also supported the themes and number of programs in the new Model
- Council feedback confirmed support for the smaller number of outcome-focused streams to be administered by a smaller number of lead agencies. The working group noted this would reduce the number of administration agencies councils would have to deal with.

5.2   Customer focused grant programs

Councils have reinforced the need for grants under the new Model to focus on their needs and strategic priorities:

- 70% of State agency respondents to the surveys indicated that current grant programs do respond to council's needs and priorities but recognise further work could be done to improve this, such as adopting a collaborative approach at all levels of government and aligning funding programs with council's strategic documents
- State agency feedback also indicated support for customer focused grants to align with State priorities and objectives as well as recognising Council priorities and needs
- Some councils have requested assistance to help them prioritise their needs and this request was acknowledged by a small number of State agencies.

5.3 Consistency

All stakeholders, and in particular councils, identified consistency as a significant issue:

- Grant administration processes need to align with council budget cycles and asset management plans
- There needs to be consistent timeframes for all programs for the release of guidelines and the lodgement of applications
- Council feedback about consistency related to all aspects of the grants application and delivery process such as with respect to reporting methods (52%), how applications are submitted (37%), the development of guidelines (31%) and the acquittal process (29%)
- Consistency of forms and funding agreements was considered important (standardised templates and forms)
- Consistency across all agencies to ensure that grant programs and grant applications are aligned with council and Government strategic and long-term priorities.

5.4 Funding and Delivery

The funding aspect of grant programs was a key issue for councils, particularly about grant funding certainty over multiple years and a preference for allocation-based funding:

- The clear majority of councils who responded (96%) preferred grant programs that extend over multiple years. Projects spanning multiple budgets allows more time for project planning and resourcing and assists with council budget planning. Multi-year projects also assist with managing unexpected events such as wet weather events

- 83% of State agency respondents reported they would be able to move to grant programs that extend over multiple years, however there are barriers to achieving this such as electoral timeframes

- 65% of council respondents showed a preference for allocation-based funding to allow for better planning, assisting smaller councils who don't have the capacity to compete and reducing the workload for application preparation

- Most councils acknowledged competitive funding is also important, as it is perceived to be fairer and more transparent. Some councils stated competitive funding allows them to prioritise their applications

- 67% of State agency respondents supported moving towards allocation-based funding, however advised allocation-based funding may not be appropriate for all types of programs.

5.5 Timing

Timing in relation to the issue of guidelines, the amount of time to prepare applications, and the length of time funding is available was identified as an important issue:

- Council preferred the release of guidelines for grants funding to occur towards the end of the calendar year, with the period from September to November being the most popular
- The preferred period for grant submission is either in the last quarter of the calendar year or the first quarter of the following year
- The most popular month to close applications is February
- July is when most councils would prefer release of funds.

5.6   Ongoing Engagement

Stakeholders indicated ongoing engagement with councils was an important element to the successful delivery of grant programs. Councils suggested the State should engage with councils during the program design phase to ensure programs aligned with council's strategic documents (e.g. asset management plans, economic development plans and operational plans).

5.7   IT Support

Stakeholders recognised the importance of a simplified IT system for managing grants. 49% of council respondents supported the use of an IT portal for access to and lodgment of all grant applications with standardised templates and forms.

5.8   Reporting

Feedback from stakeholders acknowledged the importance of a consistent and simplified reporting system:

- 52% of council survey respondents stated that consistency of reporting was important
- Council noted the most popular reporting frequency for grant programs is quarterly followed by milestone reporting. They also stated the frequency of the reporting should depend upon the size of the project
- 31% of State agency respondents to the survey noted reporting processes for councils could be improved
- State agencies also agreed the frequency of reporting was dependent upon the size of the project.

5.9   Capability and Capacity

Councils have shown strong support for the development of capacity and capability in relation to strategic and long-term planning, and asset management whilst acknowledging the Grants Review Project cannot solve this problem alone:

- 60% of council respondents to the survey identified the need for additional support or training in asset management planning and 57% required support for long term strategic planning
- 50% of Council respondents to the survey reported they regularly seek external assistance for project delivery and management, and 40% seek help in preparing grant funding applications
- Feedback also acknowledged councils across Queensland have varying expertise and resources available to them to apply for and manage grants and further training and support is required
- The advisory group acknowledged successful training programs have been delivered throughout Queensland over the last 2 years, on issues such as Code of Conduct training and Women in Local Government
- Stakeholders noted the possibility that future training and assistance relating to council capacity and capability could be modelled on or leverage off these existing programs. The advisory group also noted the Department's proposed education program to assist councils with asset management and long-term financial forecasting.
- 94% of council respondents to the surveys agreed they would benefit from grant programs funding long-term strategic and asset planning
- Feedback from industry forums indicated grant funding is significant for employment in rural and remote Councils (e.g. road construction).

5.10   Evaluation and Accountability

Stakeholders showed strong support for enhanced evaluation of grant program objectives as well as evaluation of grant projects leading to greater accountability:

- 96% of council respondents supported regular evaluation by the state of program objectives. 19% of respondents supported regular evaluation to ensure the grant process is accountable and transparent, 16% because they felt a sense of obligation for public funding and 15% indicated regular evaluation allows continuous improvement of council practices.
- State agencies acknowledged the importance of and indicated support for the Queensland Treasury Financial Accountability Handbook. The handbook provides for evaluation and analysis of grant programs as part of the grant funding cycle.

6.   Conclusion

Engagement was undertaken with councils, State agencies, and industry stakeholders over an eight-month period between September 2018 and April 2019. This engagement invited feedback from all 77 Queensland councils and relevant State agencies and as well as key industry stakeholders on multiple occasions and using a range of different forums such as workshops, surveys and one-on-one communication.

Outcomes from engagement with stakeholders have been used in two ways. Firstly, feedback has helped shape the new Model and informed the supporting IP to deliver on the policy position. Secondly, engagement enabled key stakeholders to be informed about the proposed changes to the way local government grant programs will be designed, administered and evaluated.

The feedback provided during the engagement period indicated strong support from all stakeholders for the new Model, whilst providing constructive feedback on how best to deliver the new Model consistent with the Grants to Local Government Policy position.

Grants Review Survey Analysis - Councils

Report

Client: Department of Local Government, Racing and Multicultural Affairs (DLGRMA)   **Job #:**   191733

Date: 18th February 2019

Summary

SNAPSHOT – GRANTS REVIEW SURVEY – COUNCILS

94% of all councils responded to the survey

Top infrastructure spending
% of respondents

- Roads — 75%
- Drainage/water systems — 51%
- Community buildings — 46%
- Sewerage/waste — 36%
- New infrastructure — 15%
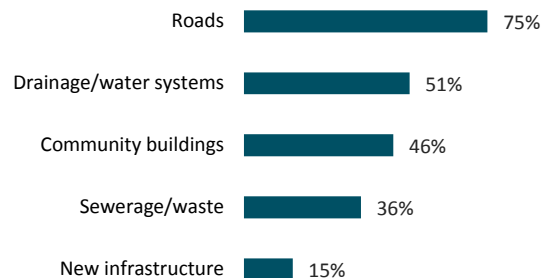
Suggested improvements to monitoring & reporting
% of respondents

- One portal — 49%
- Less frequent reporting — 32%
- Simplify submissions & resporting — 32%
- Require less information — 31%
- Standardise forms & templates — 17%
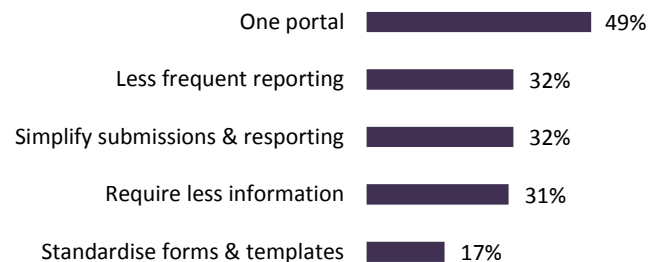
Support for proposed program streams
% of respondents

86% / 14%

86% of Council staff surveyed support the theme and number of proposed program streams
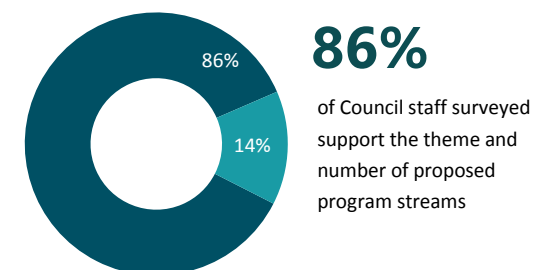
Preference for grant funding over multiple years
% of respondents

96% / 4%

96% of Council staff support grant funding over multiple years
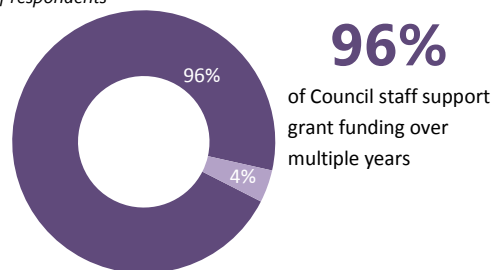
Preferred grants milestones

(Line chart, monthly Jan–Dec, 0%–60%)

- Release of guidelines
- Submission period
- Close date for applications
- Approval of applications
- Release of initial funds
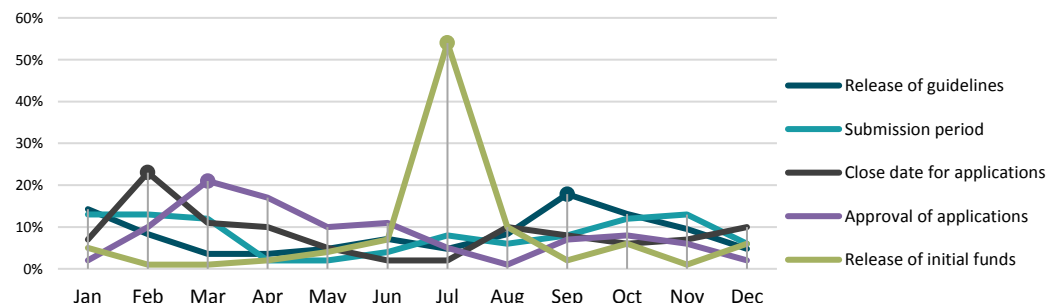
External assistance is currently being used for:

38% application preparation

52% project delivery
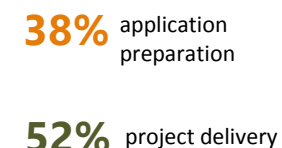
Where consistency needs to be addressed
% of respondents

- Reporting methods — 52%
- Method of submitting applications — 37%
- Guidelines — 31%
- Acquittal process — 29%
- Forms — 24%
- Funding agreements — 20%
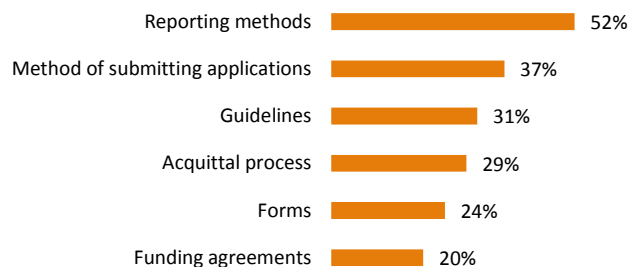
Preferred method of funding

- Allocation — 65%
- Competitive — 17%
- Both — 17%
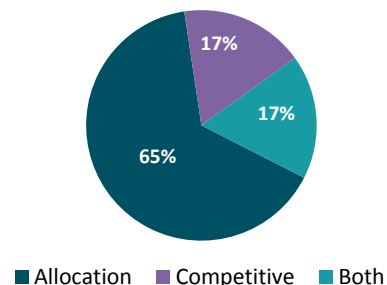
Funding for additional costs

70% report that current ineligible project costs should be funded, particularly:

- concept planning
- staff/day labour
- feasibility studies
- administrative costs
- application preparation
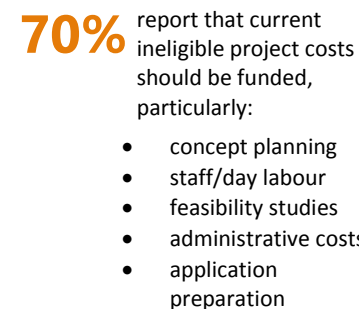
Support for grants to fund strategic & asset planning

94% support grants to fund strategic & asset planning

Introduction

This is a summary of the results of a survey administered by the Department of Local Government, Racing and Multicultural Affairs (DLGRMA) with local government representatives about grants to local government and the new grants model. The survey fieldwork was undertaken directly with councils by DLGRMA in December 2018 and January 2019. Analysis of the data and report preparation tasks were completed by Market & Communications Research Pty Ltd (MCR).

In total, 88 staff (representing 72 councils) responded to the survey, the majority of whom were Managers/Executives (68%) with technical staff comprising 32% of the sample.

One third of survey respondents represented a council in the Coastal or South East region of Queensland (32%), with two thirds responding on behalf of councils throughout the Rest of Queensland/Western (68%).

Based on a modified LGAQ segmentation, 23% of respondents spoke on behalf of councils classified as Coastal, 11% represented councils located in South East Queensland, 19% were from councils in the Resources regions, 16% represented Indigenous councils, 16% responded on behalf of Rural/Remote councils and 16% represented Rural/Regional councils.

What works well in existing grant programs and processes and what improvements are suggested

93% of survey respondents report that there are existing grant programs or processes that work well. Programs most commonly mentioned in this context are Work for Queensland (51% of unprompted mentions), the Local Government

Grants and Subsidies Program (17%), Building our Regions (9%), Transport Infrastructure Development Scheme (6%) and the Regional Arts Development Fund (6%).

The most common characteristics of programs or processes deemed to work well are:
- easy to complete/minimal paperwork to apply for a grant
- clear guidelines
- certainty of funding
- flexibility of funding
- allocation-based funding.

The top suggestions to simplify the grants process are to:
- improve grant funding criteria
- simplify the application and reporting processes
- introduce more allocation funding
- allow more time for application preparation.

Smaller councils appear more likely than larger councils to call for the simplification of reporting/streamlining of the application process.

Suggestions on how the State can develop funding programs to respond to council strategies and needs

The most common suggestion for how the State can develop funding programs to meet councils' needs is to develop programs that align with councils' strategic documents (e.g. asset management plans, economic development plans, operational plans) (35%). Showing more consideration of councils' needs and services is the next most common response (30%), followed by being more flexible on eligibility criteria to access funding (27%), this issue being more top of

mind among technical staff who have direct involvement in preparing funding applications.

9% of respondents call for more improvement to timelines, particularly when multiple applications are being made by council at the one time, this issue appearing to be more common among councils in Rural/Regional areas.

Council issues and processes that need to be considered in the new grants model

Improvements to monitoring and reporting processes

The most common suggestions for how monitoring and reporting processes could be improved are to develop one portal for forms and support materials (49%), allow less frequent reporting (32%), simplify the reporting and submissions process (32%), require less information to be provided (31%) and adopt standardised forms and templates (17%). Having a portal is especially important to councils in Coastal and South East Queensland, while Western councils appear to have greater need for processes to be simplified in the preparation of submissions and reports.

Level of evidence/documentation believed appropriate for grant applications

Regardless of the size of the project, the most common form of evidence deemed appropriate for grant applications is a project plan (e.g. concept or detailed design, objectives, risk analysis) (34% mentioning this for small projects, 36% for medium projects and 23% for large projects).

In the instance of larger projects there is also the frequent call for councils to provide a formal business case in support of these applications (19%). Providing

documentation of council resolutions (14% for small projects, 11% for medium projects and 13% for large projects), or providing evidence of alignment of the funding with asset management plans (9% for small project, 14% for medium projects or 11% for large projects) are other common suggestions.

Level of support for outcomes being regularly evaluated by the State

96% of survey respondents support outcomes being regularly evaluated by the State, with lessons learnt incorporated into future programs. The main reasons for councils supporting regular evaluation is because they feel the process needs to be accountable and transparent (19%), because of a sense of obligation (as funds are public money) (16%) and because regular evaluation provides a way for councils to implement changes/inform their future practices (15%).

Timelines to meet the needs of councils

Monthly milestones in the council budget cycle

Ideally, councils would like the release of guidelines for grants funding to occur towards the end of the calendar year, with the period from September to November being most popular. The preferred period for grant submissions is either in the last quarter of the calendar year or the first quarter of the following year. The most popular closing month for applications is February, with common expectation for the approval process to occur in March and April. July is the month where most councils would like to see the release of initial funds.

Preference for grant programs that extend over multiple years

The vast majority of councils (96%) would prefer grant programs that extend over multiple years (i.e. funding available for more than one year). The main reasons for this preference are because it helps to have projects that span different years' budgets (29%), allows more time for planning and resourcing

(27%), assists in budget planning generally (26%), provides more project certainly (18%), means fewer extensions (16%), assists in areas where resources are not readily available (13%) and allows more time to perform when there are extenuating circumstances (e.g. wet season). Not having readily available resources appears to be more of an issue among the smaller councils, with the issue of needing more time to complete projects (due to wet seasons) tending to impact councils in Western Regions of the state.

Just over one in two councils (56%) report that they often encounter issues with delivering projects within the forecasted time frame.

Appropriate reporting frequency for grant programs

The most popular reporting frequency for grant programs is quarterly, followed by reporting at each milestone. Quarterly reporting is particularly preferred for medium sized projects, whereas in the case of smaller or larger projects, there is equal support for either quarterly or milestone reporting. Milestone reporting appears to more favoured by councils in Rural/Regional locations.

Allocation versus Competitive based funding

Although respondents were asked whether they preferred allocation or competitive-based funding, in a number of instances they selected both options (17%), reasoning that both types have a role to play in their councils. Those responding on behalf of the larger councils appeared more likely to take this stance.

65% of survey respondents show a preference for allocation-based funding over competitive-based funding, mainly because it allows them to plan better (27%), it suits smaller councils who don't have the capacity to compete (17%) and reduces the work load related to preparing applications (13%).

17% of respondents indicate that competitive-based funding is their preferred option, this preference being more apparent among councils located in Coastal areas or in South East Queensland. Key reasons for preferring competitive-based funding are because it is perceived to be a fairer/more transparent process (23%) or allows councils to prioritise the importance of projects seeking funding (13%).

Councils in Rural/Regional areas show more concern about a lack of capacity to compete for funding, while Indigenous councils are likely to raise the issue of not having the capacity to prepare complex applications.

Reaction to proposed program streams

The majority of council respondents (86%), are in support of the themes and number of programs in the new grants model, with support being consistent throughout the regions and across both larger and smaller councils. Among the 14% preferring an alternate model, the majority support five or more streams and when given the opportunity to detail alternate streams, the main suggestions include adding new streams (i.e. community initiatives, NAIDOC, Mental Health, Children, Seniors) (50%) or combining multiple streams into one (i.e. Community and Liveability, Resource Management) (19%).

Consistency in the grants model

There is widely held expectation among councils for consistency throughout all aspects of the grants application and delivery process. In particular, consistency is expected in regards to reporting methods (52%), how applications are submitted (37%), the development of guidelines (31%) and the acquittal process (29%). Consistency of forms is considered important by 24%, while 20% of respondents expect more consistency in funding agreements, this being more commonly expressed by councils in Coastal and South East Queensland.

Support sought by councils in grant application and management

Project delivery and preparation of grant applications

Five in ten councils report regularly seeking external assistance in the area of project delivery and management (52%), while four in ten seek help in the development and preparation of grant funding applications (38%). Indigenous councils appear more likely than other councils to seek external assistance with project delivery and management.

Asset management and long term strategic planning

Six in ten councils require additional support or training in asset management (plans) (60%), with a similar proportion requiring support for long term strategic planning (57%). Western-based or smaller councils tend to express greater need for additional support or training in these areas.

When further detail is provided about additional support required, common themes to emerge are councils' needs for:

- more training in the area of asset and service management (22%)
- more support in terms of how to implement programs (21%)
- support to develop better frameworks, controls and systems (19%)
- extra funding to contract consultants where necessary (10%).

On the issue of funding for consultants, councils in Rural/Regional areas appear most in need of this type of funding.

Councils' top infrastructure spending priorities/needs

Councils' top three infrastructure spending priorities are upgrades/maintaining road infrastructure (75%), upgrades to drainage/water systems (51%) and improvements to community infrastructure (46%). Other priorities include upgrades of sewerage/energy/waste infrastructure (36%), construction of new infrastructure (15%), maintenance or renewal of existing infrastructure/ buildings

(12%) and funds to meet the needs of a growing population (i.e. housing, expansion) (7%).

Whether councils would benefit from grant programs that fund long-term strategic and asset planning

The vast majority of councils agree they would benefit from grant programs that fund long-term strategic and asset planning (94%), mainly because this would assist them in planning (36%), enable important long-terms strategies to be developed (15%), help them to be more proactive, forward thinking (12%), provide certainty of funding (11%) or provide something that they don't have the means (expertise/staffing) to deliver (9%).

Whether councils believe that current project costs, that are ineligible costs, should be funded

Seven in ten council representatives believe that current project costs, that are ineligible costs, should be funded. Specific project costs reported as being ineligible include: project management costs (40%), concept planning costs (27%), cost of staff (22%), feasibility studies (13%), administration costs (11%) costs associated with application preparation (11%), day labour (9%), business case development (7%) and land acquisition (2%).

How councils find out about new/active grants programs

In the majority of cases, councils find out about new/active grants programs via formal advice (a letter) (76%), ministerial announcements (63%) and media releases (60%). Other common sources of awareness are phone calls from Departmental staff (43%), Departmental websites (37%), the Queensland Government Grants Finder website (37%) and social media (17%).

Grants Review Survey Analysis – State Agencies

Report

Client: Department of Local Government, Racing and Multicultural Affairs (DLGRMA)   **Job #:**   191733
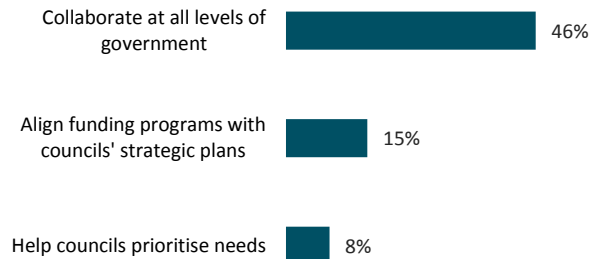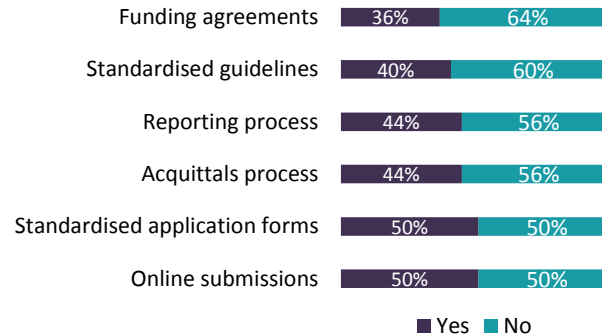
Date: 19th February 2019

Summary

SNAPSHOT – GRANTS REVIEW SURVEY – STATE AGENCIES

70% of agencies that issue grants to councils responded to the survey

How a grants program can focus on councils' needs

- Collaborate at all levels of government — 46%
- Align funding programs with councils' strategic plans — 15%
- Help councils prioritise needs — 8%

Are any barriers expected in the following areas in moving to consistency?

Area	Yes	No
Funding agreements	36%	64%
Standardised guidelines	40%	60%
Reporting process	44%	56%
Acquittals process	44%	56%
Standardised application forms	50%	50%
Online submissions	50%	50%

■ Yes ■ No

Support for proposed program streams

92% 8%

92% of state agency staff support the themes and number of proposed program streams
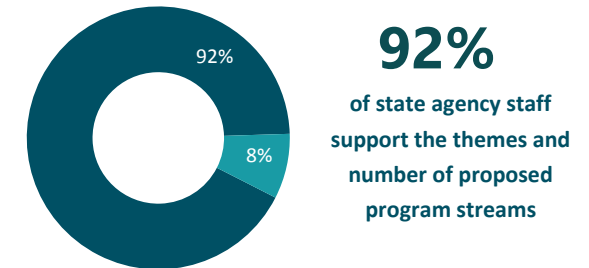
Support for multiple year programs

- Agency is able to move to multiple year programs — 83%
- Agency supports multiple year project delivery — 100%
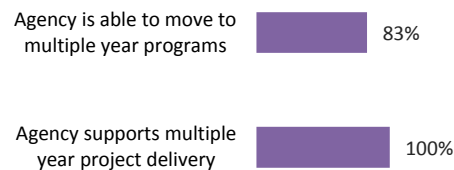
Issues to consider in new grants model

- Standardised forms/templates — 38%
- Simplify processes — 31%
- Collate forms and support material on portal — 31%
- Decrease information required of councils — 15%
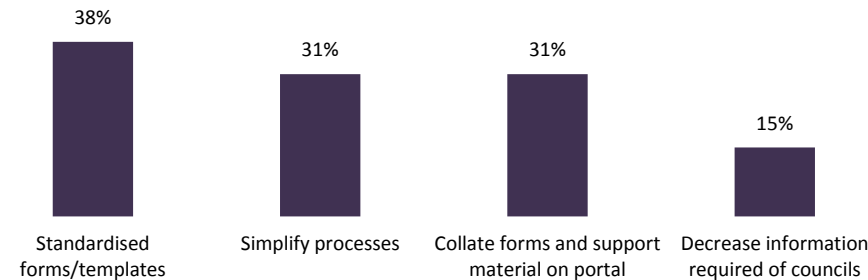
Agencies encountering issues with councils delivering projects:

40% $ outside forecasted budget

20% ⏰ outside forecasted time

Support for allocation-based funding

67% support allocation-based funding
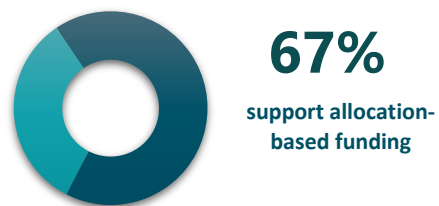
Main issues related to allocated funding

- Funding no longer prioritised
- Not suitable for all types of programs
- Needs strong accountability
- Funding needs to be conditional on demonstrated outcomes
- Model may not suit multiple applicants
- Loss of opportunity to assist councils in self-identifying their needs and proposed responses

Agency evaluation of grants

88% of agencies regularly evaluate their grant programs

Introduction

This is a summary of the results of a survey administered by the Department of Local Government, Racing and Multicultural Affairs (DLGRMA) with state agency representatives about grants to local government and the new grants model. The survey fieldwork was undertaken directly with state agencies by DLGRMA between November 2018 and January 2019. Analysis of the data and report preparation tasks were completed by Market & Communications Research Pty Ltd (MCR).

A total of 13 state agency staff (representing 10 state agencies) responded to the survey, comprising Managers/Executives/Directors (53% - 7 respondents), staff involved in the development of policy relating to grants (23% - 3 respondents) and staff involved in administering grants programs (15% - 2 respondents). One respondent did not identify their role within their agency.

The reader should note that due to the small number of agencies responding to the survey, the results reported in this document should be regarded as indicative only.

What works well in existing grant programs and processes and what improvements are suggested

77% of state agency respondents regard their existing grant programs or processes as working well. Program features and processes considered to contribute to this are:

- the ability to tailor experiences (18%)
- flexibility for council projects (18%)
- ease of use/straight forward application processes (9%)
- programs being well managed by respective state agencies (9%)

- shared service agreements (9%)
- programs with simplified reporting requirements (9%)
- programs where funding is tied to outcome (9%)
- rigorous and accountable processes (9%)
- frequent program review (9%)
- strong stakeholder engagement (9%)
- applicant capability development (9%).

Current barriers for agencies moving to a consistent administration and reporting approach to benefit councils

When asked whether any barriers are anticipated in regards to specific areas (e.g. form standardisation, online submission, reporting process etc), when moving to a consistent administration and reporting approach, the prevalence of expected barriers in each instance is as follows:

- barriers relating to standardised application forms (50%)
- barriers relating to online the method for submitting applications (50%)
- barriers relating to acquittal process (44%)
- barriers relating to reporting process (44%)
- barriers relating to standardised guidelines (40%)
- barriers relating to funding agreements (36%).

Further details about specific barriers for each of the above issues can generally be categorised into four themes:

- The cost of IT development/portal
- Variability between agencies on guidelines/agreements, which would be hard to standardise/would need to accommodate ongoing changes to guidelines/agreements
- Different reporting requirements for each agency and in some instances no reporting requirements
- Standardised processes may not work for all grant recipients.

Developing a grants program that respond to councils' needs/priorities

Seven in ten survey respondents regard current grant programs as being responsive to councils' needs and priorities. When asked what they believe to be the best way for the State to develop the new funding program with a focus on councils' needs, the main suggestions are to adopt a collaborative approach at all levels of government (46%) and to align funding programs with councils' strategic documents (15%). There is also minor mention of the need to provide assistance to councils to help them prioritise their needs (8%) and to move to a prioritised funding model where outcomes are assessed against needs and issues (8%).

Suggestions for the grants review process

When asked to provide suggestions to assist DLGRMA in developing a new model for council grant funding, the most common responses are to review the type of funding method/s on offer (i.e. allocation/consolidation) (38%), be consistent across agencies (31%), be collaborative (31%), implement a management system (23%), review past successes/failures (15%) and eliminate duplication in reporting (15%).

What issues and processes need to be considered in the new grants model

When respondents are asked for suggestions on how to improve monitoring and reporting processes for councils, the most common responses are to standardise forms/templates (38%), simplify processes (31%), collate forms and support materials on one portal (31%), improve reporting process (31%) and decrease the amount of information required of councils (15%).

Timelines to meet the needs of councils

Agency support for grant program schedules aligned to councils' budget cycles

When agencies are asked to outline any barriers associated with moving to grant programs (where the release of guidelines, grant application appraisal and decisions can occur in the financial year before funds are released), common barriers expected are: having funding limitations (31%), timing issues (i.e. ministerial discretion on timing) (15%) and a lack of capacity to deliver given current systems and processes (8%).

Agency ability to move to grant programs that extend over multiple years

The majority of agencies (83%) report they would be able to move to grant programs that extend over multiple years (i.e. funding available for more than one year). However, barriers are expected, for example expectations of limitations to how much funding would be available or how funding is managed over multiple years (15%), consideration of funding projections (8%), urgency of funding (8%) and the diversity of grant programs (8%). Barriers aside, when asked whether they would support multiple year project delivery, all respondents report that they would.

Appropriate reporting frequency for grant programs

When asked the most appropriate reporting frequency for grant programs, responses vary depending on project size. In the case of small and large projects the most common response is at each milestone (46% small projects, 38% large projects), whereas for medium sized projects the most appropriate reporting frequency is considered to be either half-yearly (31%) or at each milestone of the project (23%).

Support for moving to an allocation-based funding model

67% of state agency respondents are in support of their agency in moving towards allocation-based funding grant programs, while 33% are opposed. Among opposing agencies, the most commonly perceived barrier is the view that limited funding needs to be appropriately prioritised (23%). Other barriers relate to perceptions that this model may not be suitable for all types of programs (8%), the model may lack accountability/strong governance (8%), the funding may not be conditional on demonstrated outcomes (8%), the model may not suit multiple applicants, or the approach may result in the loss of opportunity (currently available via competitive-based granting), to assist councils in self-identifying their needs and proposed responses (8%).

What measures need to be considered in developing and funding an 'allocation' based grant program

The most common response from agencies about what needs to be considered in developing and funding an allocation-based project is the issue of how funding is allocated (i.e. being allocated based on needs/gaps in funding) (46%). Also requiring consideration are councils' capacity to deliver and spend the money allocated to them under this funding model (38%). 23% of survey respondents raise the issue of needing strict governance (i.e. timing, tying funding to evidential outcomes) should this model be adopted, with the same proportion (23%) reporting that accountability (i.e. finance/reporting/risk assessment) needs to be considered.

Response to proposed program streams

The vast majority of respondents (92%), are in support of the themes and number of programs in the new grants model. One agency representative is not in support of the model and suggests an alternative that encompass five streams rather than six. In terms of possible alternate streams to those detailed in the model, suggestions are limited, however, two agencies call for the addition of more streams (i.e. Community Initiatives, NAIDOC, Mental Health, Children, Seniors).

Consistency in the grants model

Current operational processes in use

When developing new grant programs, some agencies use internally developed processes, while others use processes that have been successfully developed and deployed in other departments/jurisdictions. For the administration of existing grants, there is a mix of internally developed and externally sourced management systems.

Whether agencies regularly undertake evaluation and analysis of grant programs, consistent with the Queensland Treasury Financial Accountability Handbook

88% of respondents report that their agency regularly undertakes evaluation and analysis of grant programs, consistent with the Queensland Treasury Financial Accountability Handbook.

Capability of councils in the grant application and management process

Whether councils deliver grant projects on time and within budget

A minority of agency respondents (20%) report regularly encountering issues with councils delivering projects within forecasted time frames. By comparison, 40% report that they regularly encounter issues with councils that have difficulty delivering projects within the forecasted budget.

IT systems used by agencies to manage grant programs

One third of responding agencies are using an in-house developed system to manage their grants management system, one third are users of a commercial off the shelf product with little or no customisation, while the remaining one third uses a commercial off the shelf product with significant customisation.

Awareness of funding programs

In the majority of cases, state agencies find out about new/active grants programs via media releases (83%). This is followed by ministerial announcements (67%), Departmental websites (58%), Queensland Government Grants Finder website (58%), less formal advice (e.g. phone calls from Departmental staff) (50%), social media (42%) and formal advice (e.g. via letter) (42%).

Grant program governance

All agencies responding to the survey report that their grant programs currently provide an effective governance framework. When probed for why these are considered effective, the most common responses are that the framework:

- provides a partnership with local government
- has good documentation process
- is in line with program management/consistent and accountable
- supports a consistent approach to making funding decisions
- is accountable/ adaptable to changing governments
- is set up to transfer funding at acquittal.

Review of Grants to Local Government consultation

How we engaged

- Face-to-face
- Workshops
- Industry forums
- Phone
- Survey
- Direct mail

Who we spoke with

77 Councils informed

19 State agencies consulted

- Local Government Association of Queensland
- Local Government Managers Australia
- Local Government Finance Professionals
- Institute of Public Works Engineering Australia
- Queensland Treasury Corporation
- Queensland Audit Office

What we heard

IT Support
Central access
Online reporting
Consistency between systems

Reporting
Less frequent reporting
Reporting linked to complexity and scale of projects

Ongoing Engagement
More consultation with councils
Greater cross-agency collaboration in development of grants programs and review of applications

Capability
Improve support for asset planning and management

Key Themes from Consultation

Council focused programs
Programs to meet council strategies and needs

Timing
Align with budget cycles
Adequate time between guideline release and closing date

Consistency
Aligns with budget cycles
Adequate time

Funding & Delivery
Multi year
Balance of allocative and competitive
Equitable

What we asked

New model
What does a customer focused grants model that supports council needs & government priorities look like ?

Support & training
How do we improve council capability, capacity and accountability for achieving results?

Program streams
Are the number and themes of the proposed streams right?

- Security of essential services
- Safe and efficient road and transport network
- Resilient communities
- Sustainable natural resource management
- Community wellbeing
- Jobs and economic growth

Key stats

96% Councils prefer grant funding over multiple years

94% Councils would benefit from grants that fund strategic and asset planning

86% Councils support proposed streams

52% Councils said reporting methods most important area for consistency

Next steps

- Finalise new grants to local government model
- Implementation Plan by mid-2019

A simple, adaptable, coordinated grants model providing value for the State, while being responsive to Community priorities