



# Yarra Ranges Council Neighbourhood House Partnership Program Evaluation (Phase 1) Report Summary

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## Statement of Recognition:

Council acknowledges the value and contribution Neighbourhood Houses provide to the Yarra Ranges community and commends them for their flexibility, adaptability and commitment to delivering their Partnering Agreement project goals throughout the COVID-19 pandemic in 2020 and into 2021. There have been unprecedented challenges during this period and Neighbourhood Houses have continued to provide information, resources, community connection and services to our community.

## Neighbourhood House Partnership Program Evaluation

The Neighbourhood House Partnership Program Evaluation Project is examination of the actions, achievements and challenges experienced by the Neighbourhood Houses under the current Partnering Agreement.

The *Neighbourhood House Partnership Program Evaluation Project Phase 1 Report* forms the basis of considerations and recommendations for the development of the Neighbourhood House Partnership Agreement 2022-2026.

The *Neighbourhood House Partnership Program Evaluation Project Phase 1 Report* considers the eleven Neighbourhood Houses in operation at the start of the Evaluation in early 2021<sup>1</sup>. They are:

Chirnside Park Community Hub (Cire Services); Healesville Living & Learning Centre; Japara Living & Learning Centre; Kallista Community House; Mt Evelyn Community House; Olinda Community House; Selby Community House; Seville Community House; Woori Community House; Yarra Glen & District Living & Learning Centre; Yarra Junction Community House (Cire Services).

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<sup>1</sup> Please note: Lilydale Neighbourhood House is currently in the early establishment phase and was not included in the Phase 1 Evaluation Report however Lilydale will participate in the next phase.

## Considerations

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Considerations for the next phase of the Evaluation Project is presented as a guide for developing the Partnership Agreement 2022-2026.

The considerations are framed as questions to facilitate deliberative engagement with Neighbourhood Houses for collaboration in co-design of the Partnership Program.

### **Consideration 1: Revoking the Memorandum of Understanding**

1. What elements of the Memorandum of Understanding are significant for the continuation of a mutually beneficial alliance?
2. Which objectives contained in the MOU should be incorporated into the Partnering Agreement itself?

### **Consideration 2: Building stronger relationships between Neighbourhood Houses and Community Development Officers**

1. How effective is the current model of regional CDO?
2. Would a dedicated Officer for Neighbourhood Houses be more effective?

### **Consideration 3: The future of network meetings**

1. How can the Strategic Network Group Meetings be better utilised to facilitate greater collaboration between Neighbourhood Houses?
2. What will the focus be for future Network Meetings – strategic, informational, relational?

### **Consideration 4: Understanding Project Planning**

1. How can we clearly define the meaning of project?
2. What are the expectations for Project Planning specifically in relation to the Partnering Agreement?

### **Consideration 5: Incorporating engagement planning into reportable actions and outcomes measures.**

1. How can we revoke the obligation to submit an annual engagement plan and still encourage Neighbourhood houses to consider engagement in their programming?
2. What is the best way to integrate engagement practices in to reportable actions and outcomes measures?

### **Consideration 6: Development of templates**

1. How can we work together to develop suitable templates?
2. What are the documents that Council requires Neighbourhood Houses to supply and why do we want them?

### **Consideration 7: Reviewing Mid-year and Annual Review Forms**

1. How can the forms be improved?
2. What are the questions that are currently effective and what needs to be improved?

### **Consideration 8: Results Based Accountability Framework**

1. How do we know that the Neighbourhood House Partnership Program is making a difference in our community?
2. What can be put in place at the beginning of the next Agreement to evaluate collective impact and develop performance measures?

### **Consideration 9: Calculation of future payment allocation**

In preparation for the new agreement, an agreed means of calculating future payments needs to be determined.

### **Consideration 10: Acquittal processes**

1. How can the Acquittal process be improved for the Neighbourhood Houses to complete and Council staff to review?
2. What are the specific categories that Neighbourhood Houses should allocate their funds against?

## **Recommendations**

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Based on the evaluation that has been undertaken, these recommendations are provided as the proposal for the best course of action to be implemented in the development of the Partnership Agreement 2022-2026.

**Recommendation 1:** Develop Neighbourhood House Partnership Program Guidelines which includes clear framework on the Partnership expectations and defines processes for managing relationships between Neighbourhood Houses and Council.

**Recommendation 2:** *Terms of Reference* to be tabled for discussion at the next Strategic Network Group Meeting, with a timetable for review established.

**Recommendation 3:** Collective development of shared *Objectives* with Neighbourhood Houses individually developing their own *Activities* to achieve positive *Outcomes*.

**Recommendation 4:** Revoke obligation to submit annual Strategic Plans and replace with requirement for submission of Strategic Plan at the application stage of the Partnering Agreement 2022-2026.

**Recommendation 5:** Develop Neighbourhood House Partnership Program Guidelines that specify the processes in SmartyGrants for Neighbourhood Houses, Community Development Officers and Grants Officers.

**Recommendation 6:** That reporting requirements of the Partnering Agreement 2022-2026 align with the DFFH Neighbourhood House Coordination Program Guidelines.

**Recommendation 7:** Examine any other financial contributions by Council to Neighbourhood Houses and ensure they taken into consideration when finalising the 2022-26 Partnership Agreements.

**Recommendation 8:** Change Partnering Agreements payment schedule to annual payment regime subject to submission of Annual Acquittal documentation.

**Recommendation 9:** Guidelines created to guide CDO and Grants Officers on the analysis of the Annual Review form.

**Recommendation 10:** Establish a short-term Project Control Group to oversee implementation of remainder of Evaluation Project.

## Evaluation

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The evaluation focuses on the five components that defines the purpose of the current Partnering Agreement:

- Partnerships
- Planning
- Programming
- Performance
- Payments.

## Partnerships



Establish a mutually beneficial alliance between the Organisation and Council for the period of the Agreement to ensure effective planning, development and delivery of the Project.

### *Memorandum of Understanding*

All Neighbourhood Houses are current signatories to MOU.

When asked in the Questionnaire about the MOU, respondents gave the following answer:

*“The Memorandum of Understanding between Council and the Neighbourhood House is a relevant document”*

Strongly agree = 1, Agree = 3, neither agree nor disagree = 3, disagree = 1

The responses by the Neighbourhood Houses as to whether the document is relevant is concerning, however there is no evidence that the objectives, principles and key understandings contained the MOU are invalid or not valued by both the Neighbourhood Houses and Council. A possible interpretation is that the justification for its introduction, to strengthen relationships, has not been effective. The facilitation of a strong, mutually beneficial relationship goes beyond the existence of a signed MOU; there needs to be an active commitment to the strengthening of relationships on an ongoing basis.

### *Community Development Officers*

Neighbourhood Houses have relationships with many departments in Council. In relation to the Partnership Program this relationship is with the Community Development Officers (CDO). There are four CDOs which cover the regions across the Yarra Ranges: Hills, Urban, Upper Yarra and Yarra Valley. Neighbourhood Houses are assigned a CDO based on the location of their facility relating to the CDO for that area.

The role of Community Development Officers is to provide a touchpoint and a system of support for Neighbourhood Houses. CDOs conduct annual and mid-year reviews with the Neighbourhood Houses as well as providing ad hoc support throughout the year.

Neighbourhood House Coordinators were asked about their relationship with their CDO in the questionnaire and the results were mixed.

Whilst 75% of respondents stated they strongly agreed or agreed with the statement *“Our Neighbourhood House has a positive and constructive relationship with Council”*, only 38% reported the same about the statement *“I have a strong relationship with our CDO”*.

*“I believe the CDO supports and respects the work of my Neighbourhood House”*

Strongly agree = 1, Agree = 3, neither agree nor disagree = 5

Comments received from Neighbourhood Houses acknowledged that CDOs have a *“big workload”* beyond their commitment to Neighbourhood Houses and suggested that *“One dedicated highly skilled person for all the houses would be better”*. It was suggested that communication could be improved, and the importance of a CDO visiting and having an onsite presence at Neighbourhood Houses was highlighted.

Community Development Officers reported that clearer definition about their role in working with Neighbourhood Houses would be beneficial. They acknowledge that conflicting priorities may result in limited attention to meet the needs of Neighbourhood Houses; however, they are committed to strengthening relationships and being more able to respond to Neighbourhood House requests for assistance.

Difficulties in the status of the relationship is a result of varying levels of expectations. There is further work to be done in strengthening the relationship between the Neighbourhood Houses and the Community Development Officers. This could be achieved with clearer systems that define the roles and responsibilities of each party to help manage expectations.

### *Networks*

Council facilitates the Neighbourhood House Strategic Group Network Meeting which is governed by Terms of Reference (see below). A nominated CDO has carriage over the secretariat functions of the Network. The group meets three times

per year and attendance by the Coordinator and a Committee of Management member at a minimum of two meetings per year is a current key performance indicator requirement for Neighbourhood Houses.

Coordinators were asked about the value of these meetings with mixed response.

*“The Strategic Group Network meetings strengthen the partnership between Council and our Neighbourhood House.”*

Strongly agree = 1, Agree = 3, neither agree nor disagree = 2, disagree = 2

These meetings are always well attended, especially now that they are conducted online due to the pandemic. The focus of the Strategic Group Network Meetings has moved away from being strategically based towards more of an information sharing opportunity, especially as a mechanism for highlighting Council-run programs and how they intersect with the Neighbourhood Houses. The time is primarily used by Council to share program information, advise about engagement opportunities or respond to a request from the Neighbourhood Houses for a guest speaker (be they internal or external to Council). A respondent in the questionnaire wrote:

*“Strategic network meeting strengthens partnership with Council but not necessarily with other NH”*

#### *Terms of Reference*

The ToR formalise the Neighbourhood House Strategic Group and provide direction for the facilitation of the Group Meetings. They have not been reviewed nor recognised in a meeting since 2017. Consideration of the direction of the Neighbourhood House Strategic Group should include reflection on the current ToR and that they are referenced in future decision-making. Tabling of ToR for review should then occur annually. This will ensure that there is evidence of reflection included in the meeting minutes and that the objectives of the meeting are being achieved.

## **Planning**



Assist Council in collecting agreed data and information for the purpose of its own Project planning.

#### *Project Planning*

Each Partnering Agreement discusses delivery of the “Project”. This is described in Schedule 1 as:

“Community development, engagement and programming for (a specified geographical) community, as further described in Schedule 4”.

In addition to setting out the terms and conditions of funding, the Neighbourhood House Partnering Agreement 2018-2021 specifies that Council agrees to assist the Neighbourhood House in implementing the “Project”. The “Project” is a concept that is shrouded in confusion – in part due to its generic nature but also because the word itself is used within the Partnering Agreement multiple times with different meanings. This has not been clearly explained to the Neighbourhood Houses, and the lack of clarity is demonstrated by these comments from Coordinators:

*“the terminology of “project” throughout the documentation does make me stop and think”*

*“Project objectives’ imply that NHs deliver projects rather than ongoing programs and services... the terminology fails to acknowledge the ongoing nature of NH activities and services. As a result, reporting on project objectives has little value for NH program and service evaluations.”*

The term Project as it is meant to be used in this context is the reason that the funding is given, and not specific to objectives or activities or the programs that Neighbourhood Houses run.

Clarification of the purpose of the ‘project’ will contribute to clearer understanding that will facilitate appropriate project planning.

#### *Key objectives and Key Activities*

Prior to signing the Neighbourhood House Partnering Agreement 2018-2021, Neighbourhood Houses were invited to develop their own Project Description and Outcomes. These are included in Schedule 4 of each Partnering Agreement and are unique to each Neighbourhood House.

There were 68 objectives identified by the 11 Neighbourhood Houses at the beginning of the Neighbourhood House Partnering Agreement 2018-2021. However, upon investigation it is evident that the many of the objectives were specific action statements of what they were going to do, for example “Amphitheatre roof covering” or “Improve main road signage”. 76% of questionnaire respondents agreed or strongly agreed that *“We have made changes to the Project Objectives over the three years”*.

Respondents in the questionnaire stated:

*“Our project objectives do not change greatly from year to year, our objective is always to provide a program that can be accessed by our whole community.”*

*“So at times the objectives need to amend and we have learnt to keep the objectives fairly broad.”*

In the development of the new Partnering Agreement for 2022-26, there is opportunity for Neighbourhood Houses to work together to develop collective

objectives that align with Community Development principles and Council’s plans and strategies. However, response was mixed to the question:

*“Having shared Project Objectives across all the Houses in Yarra Ranges would be a good idea”*

Strongly agree = 1, Agree = 3, neither agree nor disagree = 3, disagree = 1

During Workshop 2 with the Neighbourhood Houses, a proposal was put forward for a shared Project Overview and Project Objectives<sup>2</sup>. Simplification of project objectives will assist with facilitating understanding and managing project evaluation, however this will need to be workshopped with Neighbourhood Houses to ensure they agree with the direction.

## Programming



Provide opportunities for Council to clearly understand the business of the Project including programming, administrative issues and the communities in which the Project operates.

### *Organisational Programming (Governance)*

To receive Council funding, it is a requirement for Neighbourhood Houses to maintain appropriate governance practices that prove the organisation is well managed and financially viable. However, under the current Partnering Agreement, obligations for submission of governance documents may be overreaching. Reflection by the Neighbourhood House Coordinators calls into question the requirement of Neighbourhood Houses to supply governance documents to Council in order to receive funding. Comments from Neighbourhood House Coordinators include:

*“I do understand for funding contribution that YRC need to ensure houses are incorporated and insured, but we do have governing committees that also take on this responsibility”*

[In regard to KPIs] *“Is your organisation currently registered with CAV as 'incorporated' or similar should suffice. As the State Govt provides Insurance to NHs and Council is aware of this, the request for an annual Certificate of Currency lacks practical purpose”*

The following sections explore this further.

### *Strategic Vision*

The Neighbourhood House Partnering Agreement 2018-2021 requires:

*A Strategic Plan in place which is commensurate with the size and capacity of your organisation and endorsed by the Committee of Management.*

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<sup>2</sup> Terminology, including use of the term ‘Project’ may vary pending future consultation regarding understanding of “project”



75% of coordinators agreed or strongly agreed with the statement *“Our Board creates our Strategic Plan”*. All Yarra Ranges Neighbourhood Houses have current Strategic Plans uploaded in SmartyGrants.

The definition of what is required from the Strategic Plan is contested and not clearly defined, leading to confusion and unnecessary complexity. A Strategic Plan was included as a KPI as a means of maintaining oversight of governance practices, but in some cases the Strategic Plan reflects operational Implementation Plans directing the day to day activities of the Neighbourhood House rather than overarching guidance for governance and vision.

The requirement for annual submission conflicts with the lifespan of Strategic Plans, with Neighbourhood Houses, in some cases creating Strategic Plans that may span 3 to 5 years. As a result, they are uploading the same document multiple times across the life of the Agreement. Requiring the submission every year is unnecessary and burdensome.

Statements from Coordinators:

*“Council should only need to note Strategic Plans when they are not the main funding source”.*

*“We are asked to upload documents i.e. Strategic Plan, financials more often than annually, which seems a little overkill”*

It is recommended that the obligation to submit Strategic Plans annually is revoked and replaced with requirement for the submission of an Organisational Strategic Plan at the application stage of the Partnering Agreement 2022-2026. Any updates for Strategic Plans over the four years should be uploaded as they become available with the inclusion of a new question in SmartyGrants Question in Annual Review form: *“Have you renewed your Strategic Plan in the past 12 months?”*

### *Engagement Practices*

The inclusion of a community engagement plan was a recommendation from the Neighbourhood House Partnering Grant Review Report (2016). However, it has become an activity that is superfluous to the needs of Neighbourhood Houses. Only 38% of respondents agreed or strongly agreed with both of the following statements:

*“The development of an annual Engagement Plan is a useful resource for our Neighbourhood House.”*

*“Our Engagement Plan directs the projects/actions/activities we deliver”.*

### *Key Performance Indicators*

Currently Neighbourhood Houses have agreed to meeting these KPIs upon signing the agreement, which were set by Council in the creation of the Partnering Agreement document.

2018-2021 Key Performance Indicator	Recommendation for inclusion in Partnership Agreement 2022-2026
Incorporation certificate & Governance	Not considered as KPI therefore remove KPI requirement However, required documentation to be submitted as a funding condition.
Strategic Plan	Not considered as KPI therefore remove KPI requirement However, required documentation to be submitted as a funding condition
Engagement Plan	Not considered as KPI therefore remove KPI requirement Engagement practices to be incorporated into reportable Actions/Outcomes Measures
Programming & Activities	Shared Objectives will assist the direction of Neighbourhood House Programming and Activities.  Programming and Activities to be incorporated into reportable Actions.  Develop quantifiable measures to evaluate success of meeting objectives.  Objectives and Actions a KPI
Neighbourhood House Strategic Group Meeting	Not considered as KPI therefore remove KPI requirement Attendance by Coordinator and Committee member at Network meetings recommended.
Commitment to MOU	Not considered as KPI therefore remove KPI requirement Requirement to sign MOU a funding condition, if required
Evaluation Framework	Not considered as KPI therefore remove KPI requirement Evaluation measures a funding condition

Analysis of these KPIs highlight that, rather than being a quantifiable measure used to evaluate the success of the Neighbourhood Houses in meeting objectives for performance, they are have become a list of governance requirements and check-box actions.

A Neighbourhood House Coordinator stated:

*“KPIs keep us on track and help us reassess our program if we find we are not delivering what we stated we would. They give Council assurance that we are working in a way that gives them value for partnership funds.”*

The current KPIs would not be able to assist Neighbourhood Houses in this manner. Most of the current KPIs, if required, should instead be referred to as Conditions of Funding. The only Key Performance Indicator that is recommended to continue is the Programming and Activities KPI.

### *Templates*

75% of respondents agreed or strongly agreed that *“If templates were provided for guiding the structure of requested Plans (such as Strategic Plans, Engagement Plans) were provided, we would use them”*.

It is suggested that if specific documents are required as a condition for the Neighbourhood House Partnering Agreement in the future, then example templates should be provided to Neighbourhood Houses to assist with compliance. These templates should consider DFFH Guidelines and be included in Neighbourhood House Partnership Program Guidelines (when developed and released).

## **Performance**



Establish performance objectives and indicators to guide the Project which are in accordance with Council’s corporate goals and to assist both parties to measure the performance of the Project

### *Reporting - Annual and Mid-Year Review*

Neighbourhood Houses are required to submit Annual Reviews via SmartyGrants (see below). When asked about the submission of Review forms the Neighbourhood Houses reported:

*“The current Annual Review form provides an opportunity to report on all activities and programs we deliver at our Neighbourhood House”*

Strongly agree = 1, Agree = 2, neither agree nor disagree = 2, disagree = 3

*“The Annual Review form asks too many questions that are not relevant to our Neighbourhood House”.*

Agree = 1, neither agree nor disagree = 5, disagree = 2

These responses signify the need for a revision of the forms that are currently in use and the processes by which they are implemented. Further discussion on process is included in the SmartyGrants section below.

**Please note:** Neighbourhood Houses have different financial year periods which impacts on reporting and must be considered in planning for improvements in forms and for reporting processes:

- Four Houses use Calendar year reporting (1 January to 31 December)
- Seven Houses use Financial year reporting (1 July to 30 June)

### *SmartyGrants*

SmartyGrants is used for Neighborhood House Partnership Program administration and responsibility for the management of SmartyGrants sits with the Grants team within the Community Partnerships and Wellbeing team.

There has been successful utilisation of the platform by the Neighbourhood Houses and they have provided Council with positive feedback.

*The SmartyGrants platform is easy to use.*

Strongly agree = 1, Agree = 6, neither agree nor disagree = 1

*Proposed SmartyGrants Reporting Processes* highlights a suggested pathway to simplifying and streamlining the reporting processes using SmartyGrants. It considers the roles of the Grants Officer, Council finance, The Neighbourhood House and the Community Development Officer with precise timelines for activation.

### *Evaluation*

Whilst several mechanisms for evaluation were introduced (for example via the Annual Review reporting in SmartyGrants), a defined evaluation process was not developed. At Workshop 1 at least three Neighbourhood House representatives raised the issue of evaluation. There was a positive response to a suggestion that a Results Based Accountability (RBA) framework be considered, and a united approach to forward planning be taken, to collective evaluation of Neighbourhood House programming. All Houses should then be assisted to develop quantifiable measures to evaluate their progress towards meeting objectives. This would not just relate specifically to the Neighbourhood House Partnering Program but also to individual programming and collective achievements that benefit the community.

### *DFFH Neighbourhood House Coordination Program Guidelines*

The current guidelines were due for review in 2020. The Department Families, Fairness and Housing (DFFH) (formerly Department of Health and Human Services) initiated consultation sessions with Neighbourhood Houses across the state in early 2020, however this was put on hold due to the COVID-19 pandemic. It is anticipated that revised guidelines will be released later in 2021.

## Payments



Define the financial and other support that Council will provide to the Organisation over the Term.

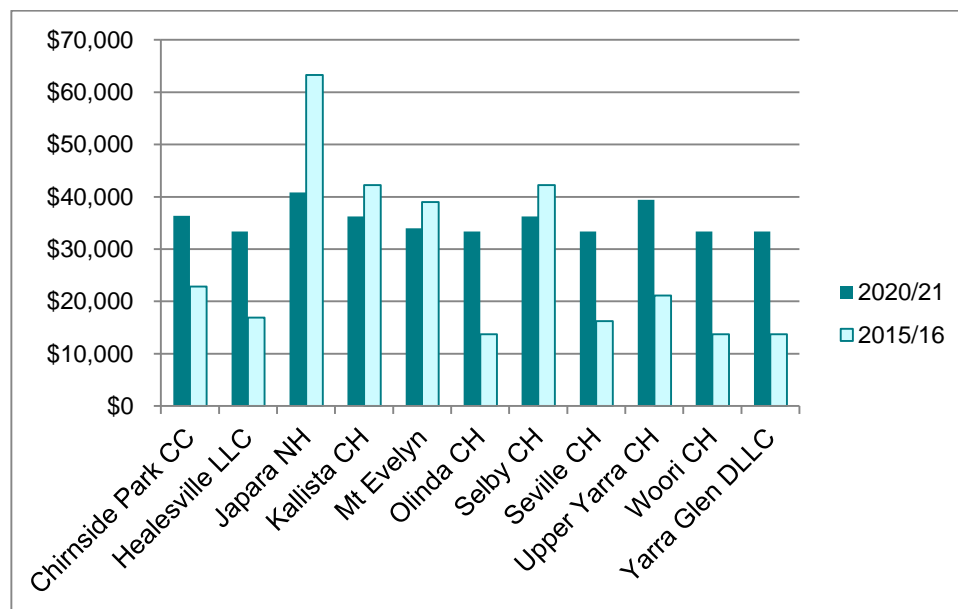
Funding distributed through the Partnership Program should produce the maximum benefit for the Yarra Ranges community and be both efficient and effective throughout the whole lifecycle of the Partnering Agreement.

The program represents a significant financial investment by Council and therefore appropriate level of accountability for the expenditure of community resources is required.

### *Funding Allocation*

The funding arrangements for the current agreement incorporated the recommendation from the Neighbourhood House Partnering Grant Review Report (2016) to more equitably redistribute funding between the Houses over 5 years, to ease the burden of change and to allow for adaptation. Starting in 2016-2017, this transition arrangement will cease at June 2021 and has, mostly, achieved its goal of balancing the distribution of funding (see *Allocation comparison, 2015/2016 to 2020/2021*).

*Allocation comparison, 2015/2016 to 2020/2021*



Council's total budget allocation to the Neighbourhood House Partnership Program over the four years of the current Agreement is \$1,553,818 for 14 Houses<sup>3</sup>. *Total expenditure for Neighbourhood House Partnership Agreement* below provides a full breakdown of each Neighbourhood House's allocation. This figure does not take into consideration contributions by Council related to building assets, infrastructure, maintenance or other forms of support that Council provides to Neighbourhood Houses which is beyond the scope of the Community Partnerships and Wellbeing team to facilitate and oversee.

#### *Payment Processes*

Neighbourhood Houses are paid every six months after they have completed their Annual Review in June-July and their Mid-Year discussion with CDOs in December-January (for more detail regarding these processes refer to previous Section 4.4 Performance).

This current clause requires doubling up on the part of Community Grants and Finance staff in following up payment eligibility, generating invoices and ensuring payment has been made. It would be more effective and efficient for both parties for Council to pay the Neighbourhood Houses their full allocation once per year after the successful submission of their annual Acquittal.

#### *Annual Review Form - Acquittals*

In the Annual Review Form there is a section for Neighbourhood Houses to provide a financial report specifically about the funding that they received from Council and how they spent these funds. It should be noted that this is separate to the organisational Financial Statement and Profit and Loss that are required to be submitted as part of the AGM Report KPI.

Neighbourhood Houses are required to attach receipts for purchases over \$500. The section is a Council Grant condition that is rarely utilised. In 2019-2020, \$381,512.06 of expenditure was reported however only \$82,902.10 of receipts were provided.

When asked in the Questionnaire about substantiating their purchases and reporting on the breakdown of itemised spending, Neighbourhood Houses did not have strong opinions either way:

*"I can easily substantiate in the Annual Review every item purchased with Partnership Agreement funding".*

Strongly agree = 1, Agree = 1, neither agree nor disagree = 5, disagree = 1

*"I do not think it is necessary to report on the breakdown of spending of Partnership Agreement funding".*

Strongly agree = 1, Agree = 0, neither agree nor disagree = 6, disagree = 1

<sup>3</sup> Belgrave South and Kimberley Place received funding in 2018-2019 however their Agreements were terminated in this year. Lilydale received funding for the first time in 2021-2022 under new Agreement. These Houses are not included in the 11 being analysed.

There is a lack of consistency in the way that the Financial Statement in the Annual Review form is completed by each House. Whilst some Houses are quite thorough in their breakdown of expenditure, others do not specify their allocation at all. Two Neighbourhood Houses failed to disclose their allocation and did not break down where they spent their funding. All Houses were approved to receive their funding in full 2020-2021 despite many not completing the Annual Review Form appropriately.

There are inconsistencies in the methodology of the reporting, as each House individually determines what category they allocate their funding to and their own definition of expenditure item they use to report against. The introduction of clearly defined categories would be beneficial for reporting and evaluation purposes.

#### *Analysis of Financials<sup>4</sup>*

Financial viability and sustainability continue to be of significant concern to all Houses, and there is little doubt that most Houses are highly vulnerable to critical incidents, as is the continual tension between pricing and decisions to ensure program viability, accessibility and continuity for the community. However, analysis of the most recent Balance Sheets and Profit and Loss statements highlight several positives.

These figures presented below have been extracted from more extensive sets of figures that have been provided to Council in the Annual Reports of each Neighbourhood House.

#### **Profit and Loss**

9 out of 11 Neighbourhood Houses saw a profit in their most recent Profit and Loss statement provided to Council. For one of the Neighbourhood Houses with a deficit, it was the only year out of the previous three years where they experienced a negative result. The other House however has experienced deficits over the past three years, albeit the level of loss is decreasing (Note: it is recommended that Council highlights this issue with the Neighbourhood House to assess their viability and ascertain their strategy to rectify the deficit).

#### **Liquidity Ratio<sup>5</sup>**

A liquidity ratio is a financial ratio used to determine an organisation's ability to pay its short-term debt obligations. The metric helps determine if an organisation can use its current, or liquid, assets to cover its current liabilities. When analysing this data, it is preferable to see a Neighbourhood House with a liquidity ratio above 1.0. A ratio of 1 means that if necessary, the Neighbourhood House can exactly pay off all its current liabilities with its current assets. A ratio of less than 1 (e.g., 0.75) would imply that a Neighbourhood House is not able to satisfy its current liabilities.

In terms of capacity to have current assts (ie cash) to cover total liabilities, all but one Neighbourhood House can cover their short-term obligations. Six Houses have a

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<sup>4</sup> Council's Finance department provides assistance and advice in analysing Neighbourhood House financial data.

<sup>5</sup> Current Ratio = Current assets divided by total liabilities

satisfactory liquidity ratio between 1 and 2, with three Houses being over 2. One House is in a very healthy position with a ratio of 12.33, whilst one may face difficulties with negative working capital, with their ratio at 0.18 (Note: it is recommended that Council highlights this issue with the Neighbourhood House to assess their viability and ascertain their strategy to cover liabilities in case of emergency).

### **Expenses<sup>6</sup>**

There are large discrepancies in the ways in which Neighbourhood Houses allocate their expenditure to employee costs (from only 26.37% up to 91.36% of total organisation budget), program scheduling (with a minimal 0.34% up to 35.23%) and venue contributions (from 1.33% to a massive 19.91% of their budget). It is not for Council to advise Neighbourhood Houses how to spend their organisational budget. However, this data is useful for consideration of further analysis when determining acquittal processes and allocation of Council funding for use in these three areas.

### **Consultation**

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The voice and experience of the Neighbourhood houses were essential to reporting on the strengths and achievements of the Partnering Agreement 2018-2021 and highlighting areas where action for improvement is needed. Consultation undertaken included discussions at Network meetings, two workshops (23 March and 11 May 2021), a questionnaire (opened on 23 April 2021 and closed 4 May 2021), and phone conversations and emails with coordinators.

There were strong levels of participation, especially in Workshop 1, however Neighbourhood Houses would benefit from more frequent discussion about the systems and processes that are embedded in the Partnering Agreement and encouragement to continue to contribute toward the development of a new Partnering Agreement.

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<sup>6</sup> The author has categorised organisational spending on the three categories based on the language used in each Neighbourhood House's Profit and Loss Statement.