

JAPARA HUB EXTENSION TO AGREEMENT

Report Author: Executive Officer Partnerships & Community Building
Responsible Officer: Director Communities
Ward(s) affected: Walling;

The author(s) of this report and the Responsible Officer consider that the report complies with the overarching governance principles and supporting principles set out in the Local Government Act 2020.

CONFIDENTIALITY

This item is to be considered at a Council meeting that is open to the public.

SUMMARY

Japara Neighbourhood House Inc (Japara) is a not-for-profit organisation in Kilsyth that is funded by Council to deliver a range of services and activities.

Council and Japara have been in partnership for many years with formal agreements dating back to 1994. This is a long standing partnership with strong alignment of priorities around quality service provision, responsive and sustainable services and managing the Hub facility. The focus is on delivering positive community engagement and outcomes.

In order for Japara to operate the facility, there is a Hub Management Partnership Funding Agreement in place (1 July 2018 – 30 June 2023). Funding in the 2022-23 financial year is \$70,000.

A review commissioned by Council to address financial, operational and relational agreements and interactions with Japara is underway to provide recommendations that support the ongoing viability of Japara and the services it provides to the community.

Whilst the review is in its final stages, in order to provide surety to Japara of their ongoing operation, a six-month extension of the current agreement is sought to enable consideration of report recommendations and potential implementation plan.

A report to Council outlining the review findings is anticipated in the coming months.

RECOMMENDATION

That Council endorse a six-month extension to the current Hub Management Partnership Funding Agreement (1 July 2018 – 30 June 2023) for the amount of up to \$35,000.

RELATED COUNCIL DECISIONS

Past Council decisions relate to this report:

- At the Council meeting of 13 September 2022 - endorsement was made of the Strategic Neighbourhood House funding recommendations that all 11 Houses in Yarra Ranges receive the same funding each year.

In addition to the above decision a supplementary decision was made at the same meeting to grant Japara additional transitional funds as follows.

Council endorsed:

- Providing Japara Neighbourhood House Inc with a one-off stay of the funding reduction of \$4,579, proposed as part of the 2022 - 2026 Neighbourhood House Partnership Grant equalisation of funding process for all Neighbourhood Houses. This would maintain the Japara Neighbourhood House funding for Neighbourhood House activities at \$41,255 for the 2022-23 financial year;
- Providing Japara Neighbourhood House Inc with a one-off stay of funding reduction of \$2,500 outlined in their Hub Management Partnership Funding Agreement (1 July 2018 – 30 June 2023), maintaining funding for 2022-23 financial year at \$70,000; and
- Undertake a review of Yarra Ranges Council's financial, operational, and relational agreements and interactions with Japara Neighbourhood House to provide recommendations that support the ongoing viability of Japara and the services it provides to the community.

DISCUSSION

In 2022, Japara reported that their business model had been challenged by a significant downturn in income due to the impact of the pandemic and reduction in facility use, leaving the organisation and its services vulnerable to financial failure. Japara also reported a proposed Council funding reduction, efficiency savings requirements and ongoing asset management responsibility pose an operational threat to their operations.

In September 2022, Council endorsed a review of Council's financial, operational, and relational agreements and interactions with Japara. The review would provide recommendations to ensure clarity of responsibility and communication between the

two entities, and for the ongoing viability of Japara and the services it provides to the community. The review commenced in December 2022.

The Review Project Reference Group, comprising Japara Board Members and Council officers, received a draft report from the consultant in April 2023 and draft recommendations which will be presented to Councillors in the coming months.

The draft recommendations recognise the role the Hub plays, and the distinct service offerings that it comprises of, including: Maternal and Child Health, Occasional Childcare, the Neighbourhood House, U3A, Senior Citizens Club and the Bridge House.

Hub Management Partnership Funding

Since 1 July 2018, there has been a Hub Management Partnership Agreement in place providing Council funding to Japara to operate the facility. The agreement started at a level of \$77,500 and outlines an annual decrease of \$2,500 in the form of an efficiency dividend. Following the Council decision in September 2022, the efficiency dividend was not enacted in 2022-23 which has resulted in current funding at \$70,000. The agreement ends on 30 June 2023 and there is no overhold option in the agreement.

Options considered

Allow the current agreement to end on 30 June 2023 without providing further operating funding to Japara. This was not considered as this risks threatening the financial viability of Japara.

Allow the current agreement to end on 30 June 2023 and commence negotiation on a new agreement. This was not considered as a review is underway which is expected to provide recommendations on a level of funding for Japara moving forward.

Recommended option and justification

Extend the existing agreement for six months whilst the review is being completed. The amount of a six month extension is \$35,000.

The recommended option provides certainty of operational funding to Japara. The endorsement of a six month extension while the review is being finalised, removes any chance of ambiguity and enables adequate time for consideration of the review recommendations and any potential changes.

FINANCIAL ANALYSIS

The operational subsidy for Japara is included in the draft 2023-24 budget. An extension of the current agreement maintains funding while recommendations for future funding are finalised, before being considered by Council.

Should recommendations from the review be considered and implemented within the six-month period, it may be considered to transition to any new or revised arrangement prior to this time with endorsement from Council.

APPLICABLE PLANS AND POLICIES

No State or Regional Plans have a material impact on this recommendation.

This report contributes to the following strategic objective(s) in the Council Plan: connected and healthy communities and quality infrastructure and liveable places.

The recommendation supports other strategic priorities such as those in the Health and Wellbeing Plan and the major initiative to support and improve mental wellbeing.

RELEVANT LAW

Not applicable.

SUSTAINABILITY IMPLICATIONS

There are no direct sustainability implications of the decision. The review will address some opportunities for increasing sustainability and reducing climate impacts in the running of the Hub.

Economic Implications

No direct economic implications regarding the proposed extension are identified.

Social Implications

Japara is a significant investment by Council in the wellbeing of the local community. It offers a mix of services and activities that support social connection and wellbeing. Skills development, health, child and family wellbeing, lifelong learning, pathways to employment are examples of the offer through the Hub.

Environmental Implications

Not applicable for this decision.

COMMUNITY ENGAGEMENT

Engagement with the Chair and two Board members from Japara has been ongoing throughout the review process.

COLLABORATION, INNOVATION AND CONTINUOUS IMPROVEMENT

A number of Council services intersect with Japara's operations and have been engaged with the review.

RISK ASSESSMENT

The recommended extension aims to provide confidence and financial certainty for the Board and management of Japara for an interim period while the review is concluded.

There is a high-level risk that Japara will need to cease operations should this funding not be provided including staff losing their employment and a loss of service provision to the local community.

There is a reputational damage risk to Council by not extending the agreement to allow time for recommendations from the report to be considered.

CONFLICTS OF INTEREST

No officers and/or delegates acting on behalf of the Council through the Instrument of Delegation and involved in the preparation and/or authorisation of this report have any general or material conflict of interest as defined within the *Local Government Act 2020*.

ATTACHMENTS TO THE REPORT

Nil