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# Council Workshop

Pre-reading Pack

18 February 2025



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## Purpose of the Pre-Reading Pack

The purpose of this information is to give a detailed level of content prior to the workshop, including :

- Detailed feedback and commentary from the stakeholder engagement work to date, which includes discussions with
  - other local authorities in the ORC boundaries,
  - other Regional Councils, Unitary Councils and local authorities nationally,
  - central agencies and
  - environmental delivery organisations
- Detailed information on what the research and evidence says about ‘large-scale’ and the feedback we had from others on what ‘large-scale’ means to them
- Detailed information about the possible funding models, their features and SWOT for each
- Pose key questions for your thought and consideration prior to the workshop that will help inform our assessment of each model
- Allow you to form your own view and opinion (from the information provided), where each model ranks against a Risk, Value, Cost and Effort Matrix which will drive the further discussion – getting us to the point of resolution on the model/s for further investigation
- Note that both documents can be read together, although the notes are standalone (and therefore may be covered in both the reading and slide deck)

## *frequency*

### Instructions to Prepare for the Workshop

To set us up for success, and to reach a point of agreement in the Workshop, we seek the following:

- Read and review the documentation and notes provided in this page
- After reading the information on 'definition's please create your own thoughts and bring these to share
- Under each of the funding models, review the questions and answer these against each model and bring your thoughts to share
- Rate each option against the Risk, Value, Cost and Effort Matrix, using the definitions and guidance provided – we will share these and reach an agreed position on each
- Allow you to form your own view and opinion (from the information provided), where each model ranks against a Risk, Value, Cost and Effort Matrix which will drive the further discussion – getting us to the point of resolution on the model/s for further investigation
- Note down any 'burning questions' you may still have that you would like the workshop to resolve

## *frequency*

### Intended Outcomes of the Council Workshop

By the end of the workshop, Councillors will:

- **Understand what evidence and best practice tells us** about how to invest to support and achieve environmental gain
- Have a greater understanding of how this **fund and funding mechanism could impact** local TA's, community stakeholders and other funders
- **Discuss a definition of 'large-scale'** and the high level criteria that will form this definition from the Otago context
- **Discuss on the ideal long-term aspiration** of the Council for the future model of funding – determine the 'end game'
- Understand the **implications and timing of the implementation** of the large-scale fund in relation to the ORC Biodiversity Strategy refresh
- Be more **familiar with the range of funding mechanisms available**, their strengths and risks, the potential long term impacts and considerations, and insight into how the model is currently working in practice
- Identify and **agree a short list of funding model options**, based on an assessment against risk, value, cost and effort, that require further investigation for the final report to be presented to Council in May 2025.

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## Understanding what the evidence and best practice tell us

A summary of the key themes from our review of  
the research



## *frequency*

### Effectiveness of Contestable Funding

- Can foster a level playing field, allowing smaller, newly established groups to compete for funding opportunities in a transparent process
- Inherently competitive and can stifle collaboration among organisations
- Incredibly time and resource-intensive on both the funder and the providers
- Negatively impact staff retention and contribute to organisational sustainability given short-term nature, and if salary costs are not covered
- Can drive providers to alter their delivery to funding criteria over delivery against need
- Usually very project based, with 'new' initiatives given priority over maintenance of BAU activities
- Limited communication and support can be given between provider and funder to protect process transparency

## *frequency*

### Effectiveness of Direct Funding

- Greater ability for collaborative strategic long-term plans and goals to be developed in partnership between funder and provider
- Reduced administrative time and effort compared to contestable processes
- Funders can engage directly with groups or providers to address priority environmental objectives, and encourage/guide collaboration
- Smaller, newer groups, or less well-known groups may be disadvantaged
- Potential loss of transparency in the process if decisions are based on known providers, or due to individual relationships
- Can contribute to reputational risk if some groups are directly approached and others are missed out completely

## *frequency*

### Effectiveness of Investing to support partnerships, capability and collaboration (enhancing the system)

- Aligning investment with larger groups or umbrella type organisations has a number of benefits – such as greater efficiencies across entity and leveraging additional investment
- Groups can help share ideas and information, promote projects, and strengthen group identity
- There is advantage and opportunity to invest in funds to support provider sustainability and to facilitate collaboration opportunities (not necessarily through this fund)
- Collectives are still relatively new and untested, which introduces additional risk
- Collectives and groups are often geographically restricted and may not align with the ORC region.



## *frequency*

### Effectiveness of Devolution (fund management by another entity)

- Can remove the administrative burden from the Council to an entity more experienced in this role but
- The admin costs of a third party can be significantly higher, depending on systems and processes
- Makes Council a step removed from the funding and decision making processes but , those knowing what is happening on the ground are then also removed
- Ability to access other funding and donation levers such as growing endowments
- Requires significant management by the funder to ensure transparency of use, and alignment to values and goals
- Usually requires additional governance structures to support management and administration

## *frequency*

### Effectiveness of Establishment of Trust or CCO Model

- Cost to establish, administer, govern and report can be inefficient depending on the level of investment
- Provides opportunities to off-set costs and gain additional philanthropic revenue
- Can remove investment decisions closer the community and future proofed in election cycles
- Provides formal structures for co-funding and co-investment
- Allows for a brand and identity away from Council, but can also create a disconnect from the strategy to the implementation (ORC to on-the-ground delivery)
- Without significant collaboration and partnership, can lead to duplication of effort and investment

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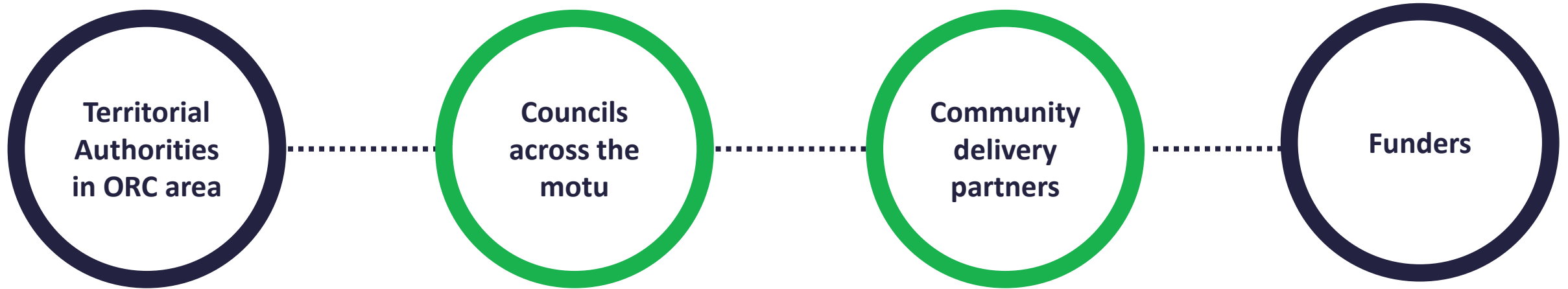
## Key Themes from Stakeholder Consultation

What we have been told so far



*frequency*

## Stakeholder Engagement



## *frequency*

### Territorial Authorities in ORC Region

- All Councils consulted with (except Clutha DC) with representation from many staff and teams. Very engaged and supportive of this project
- It is not clear what large-scale means in the Otago context
- The contestable funding process places a significant administrative burden on council staff, especially when funding is over-subscribed and grant size is small
- Councils are often not well informed about initiatives happening in other districts and there is likely duplication and gaps in what is being funded
- There is a lack of research and monitoring data to support if the gains made are sustainable
- Other funders are investing in the same providers and projects that Council's are investing in, and there is a need for a more strategic approach
- Providers are really struggling in the current financial environment & concern that this could be perpetuated depending on the funding model

#### **Key Themes:**

- Region-wide funding strategy needed
- Data and evidence still evolving
- Investment decisions would ideally come following Strategy
- Investment focused on outcomes and intergenerational gain important
- Investing in the wider 'system' is equally important as investing in activities
- The environmental issues across each TA are vastly different, as is provider capability

## *frequency*

### Other Council's across the Motu

- Range of discussions across City, District, Regional and Unitary Councils
- Many have been on a journey to evolve their funding and grant processes and models for some time, with many models being tested
- Impact has been amplified where Council's have been able to prioritise collaboration or fund collaborative activities or umbrella entities
- There is a move away from short term, contestable funding processes due to their sustainability, over-subscription, limited connection to outcomes, and high admin burden
- There is a lack of research and monitoring data to support investment prioritisation and to know if the gains made are sustainable
- There's no one-size fits all funding model – is the all dependent on the risk appetite of Council, the availability of providers and funders in the region and dependent on the capability and capacity of providers
- Implementing collaborative and connected funding processes is easily for unitary councils where roles and responsibilities are expanded and reduced complexity

#### **Key Themes:**

- Strategy & evidence before implementation
- Strength of partnership and collaboration is key
- Know the opportunities and constraints in your region and act from there
- It is a long process to evolve – some of the current models and initiatives have been in place 10+ years

## *frequency*

### Community Providers and Delivery Partners

- Range of discussions with community providers across the region
- Short-term competitive funding cycles are the biggest constraint to achieving impact and outcomes and retaining staff
- Having clear definitions and criteria are key to knowing what is priority to ORC and what will be delivered
- On the ground delivery is enhanced by strong relationships at funder level (Councils and other funders) and through collaboration on the ground
- Collaboration is more challenging in a competitive funding environment
- Variances in funding timing, requirements, criteria and accountability requirements is confusing and draining valuable resources
- Activating volunteers effectively is impossible without paid staff to support delivery
- Most receive funding from multiple sources – often from multiple Councils
- Obtaining funding to maintain existing delivery, support education and PR, and to evaluate effectiveness very hard to secure

#### **Key Themes:**

- Providers will need time to scale up and consolidate for new investment
- There needs to be clarity of what ORC wishes to purchase
- Regardless of the funding model, providers need leadership and ongoing support to be effective
- Competitive funding models are largely ineffective and not foster collaboration
- There are a large number of organisations trying to achieve the same thing creating both duplication and gaps within the system

## *frequency*

# Current and Future Funders of Environmental Initiatives

- Their investment decisions are usually driven by donor requests and the parameters of a bequest
- Their constitution or strategic plan directs where and who they will invest in – and environmental investment may not be a high priority
- There is an inherent risk for these entities to partner with Councils
- Partnering with another entity or co-funding still attracts an administration cost that needs to be covered
- Their level of maturity and standing in the community is linked with their ability to leverage additional funding
- Many are moving away from funding level projects to investing in ‘system level’ capability building and support for organisations

### **Key Themes:**

- Stand alone entities have their own strategies and priorities and able to invest in areas of their choosing
- The willingness and ability to partner is very dependent on the entity, their level of maturity and mandate
- Aligning geographical coverage is challenging
- Significant deliberate push to better align funding decisions across Councils and community funders in many areas (within and outside the environment sector)



## *frequency*

# Alignment and Timing in relation to the ORC Biodiversity Strategy

- Intent of the Strategy is to align collective biodiversity outcomes for Otago with the ways we're going to achieve them, in alignment with the NPSIB (2023)



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## Defining Large-Scale

Definitions from the evidence and proposed definition for ORC



## *frequency*

### What is large-scale?

- Basic definitions – broad, involving many people, extensive, wide-ranging, global
- No clear definition of ‘large-scale’ exists – from an environmental perspective or more generally
- The interpretation of large-scale is highly contextual
- There are many variables that can inform the definition of large-scale
  - Spatial scale – from regions to global scale
  - Time scale – from years to decades to inter-generational
  - Biological scale – level of biodiversity complexity such as entire ecosystems
  - Evidence scale – the level to which a project or initiative is deemed a biodiversity priority backed up by data and evidence
  - Implementation scale – the size of the group or organisation leading the change
  - Collaboration scale – the level of community activation and collaboration across groups and volunteers, including involvement of mana whenua
  - Financial scale – not only level of investment, but co-investment and partnership investment

## *frequency*

### By comparison, what is landscape scale?

- Again, no clear agreed definition of what constitutes landscape scale
- Premise that spatial configuration of landscape has profound effect on ecology and biodiversity found within
- Landscape scale is complex and occasionally contradictory
- Consistent wording in definitions usually relate to
  - Interconnected landscapes with many land uses and ecosystems present
  - Large geographical areas
  - Multiple benefits including environmental, social and economic
  - Multiple stakeholder interests
- The 'right scale' depends on the features of the landscape, the people and groups of people involved, recognition of cultural features and ownership of the land (such as protected land vs private land)

*frequency*

What others told us  
'large-scale' meant to  
them



## *frequency*

### Some concrete examples – ‘large-scale’ definitions and criteria already in place

#### **Auckland Council**

- Channel direct funding streams into their ‘large-scale’ initiatives
- For a project or programme to be seen as large-scale, the following conditions need to be met
  - multiple land tenure,
  - community led,
  - mana whenua connected,
  - Funding and incentivizing organisations that serve an umbrella function
- Their definition of large-scale is starting to move towards those groups who can start to take on delivery roles and responsibilities that Council would have traditionally tried to deliver on, but where they’re better placed to provide.
- AC supports these groups to by investing in their capability and capacity to ensure they are able to deliver great work in line with Council policy.

# *frequency*

## Some concrete examples

### Waikato Regional Council

- Large-scale definition has six components including:
  - Landscape scale
  - Community led and collaborative
  - Involvement and support of mana whenua
  - Long-term and inter-generational benefits
  - Co-funding
  - Landowner support and permission
- Each component has a range of elements that make up that part of the definition
- Initiatives/programmes/providers must meet at least one element of each component, except 'community led' where all elements must be demonstrated

## *frequency*

### Proposed Definition for ORC of 'large-scale'

- No one single definition is likely to be effective at encompassing all important elements
- A high-level definition is proposed (for governance purposes) with
- More detailed criteria explaining the application of the definition at a management/operational level
- The recommended criteria will be included in the final report



## *frequency*

### An Example of a Detailed Criteria Against Definition

This will need to fall under the definition, and some elements could include:

- Contribution to ORC priorities as outlined in the Biodiversity Strategy, and environmental priorities of the TA partners in the region
- Alignment with intergenerational aspirations of mana whenua, and level of support received by rūnaka
- If the programme is existing, and evidence of its effectiveness and impact
- Allowing for increased scale and/or impact, with providers demonstrating they have the capacity and capability to deliver at increased scale (such as financial and governance stability)
- Community-led with a high degree of collaboration at all levels
- Investment will be made to a legal entity
- Investment will be a minimum of three-years
- Investment is contingent on co-funding, or being on a path to co-funding
- The value of investment is contingent on how effectively providers achieve against the criteria

## ***frequency***

### **Some options we created – what are your thoughts?**

#### **Option 1**

*“Initiatives or programmes that address environmental challenges across a significant geographical area or ecosystem (as defined in our Biodiversity Strategy), and that have the goal and outcome of achieving landscape-scale or ecosystem-wide improvement. We will align our investment to work that has a high degree of coordination and collaboration at a community level, is backed by evidence, and can be sustainable, past the term of ORC investment”*

#### **Option 2**

*“Initiatives or programmes that will contribute to intergenerational enhancements in our environment, having positive outcomes at an ecosystem level in the areas of biodiversity, water quality, ecosystem restoration and climate change mitigation. We will align our investment to our strategic priorities and the priorities of our mana whenua partners”*

#### **Option 3**

*“initiatives or programmes that can achieve intergenerational outcomes at ecosystem or multi-ecosystem scale, that are community-driven, backed by evidence and science, supported by mana whenua and that enhance engagement and activation at a community and funder level.”*

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What does your definition look like?



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## Funding Model Discussion

Discussion of six possible options and agreement on preferred models for further investigation

## *frequency*

### Instructions for Assessing the Funding Models

- This section outlines six models for discussion. It also contains information on the ‘other’ models we found, which are slight variations on the core 6 models.
- Each model is outlined by its overall features, the timescale to implementation and an analysis of the strengths, opportunities, weaknesses and risks.
- Please review the content, and then note your thoughts on the questions we pose as part of each model.
- Then we ask, using your own judgement, to plot where you think each model ranks on the Risk, Value, Cost and Effort (RVCE Matrix) at the end of the reading pack.
- The notes contain guidance on how to use this matrix, and our group discussion will focus on getting alignment/consensus on the where the 6 models fit.
- We will provide A3 print outs of the questions and the consolidated SWOTs for the workshop.

## *frequency*

### Funding Models for Discussion

1.

Contestable Funding Model  
(i.e. upscaling the ECO Fund)

2.

Direct Funding Model or  
EOI

3.

Funding by Catchment or  
Biodiversity priority/plans

4.

Administration of a Fund by  
a third party  
(i.e. existing Trust or CCO)

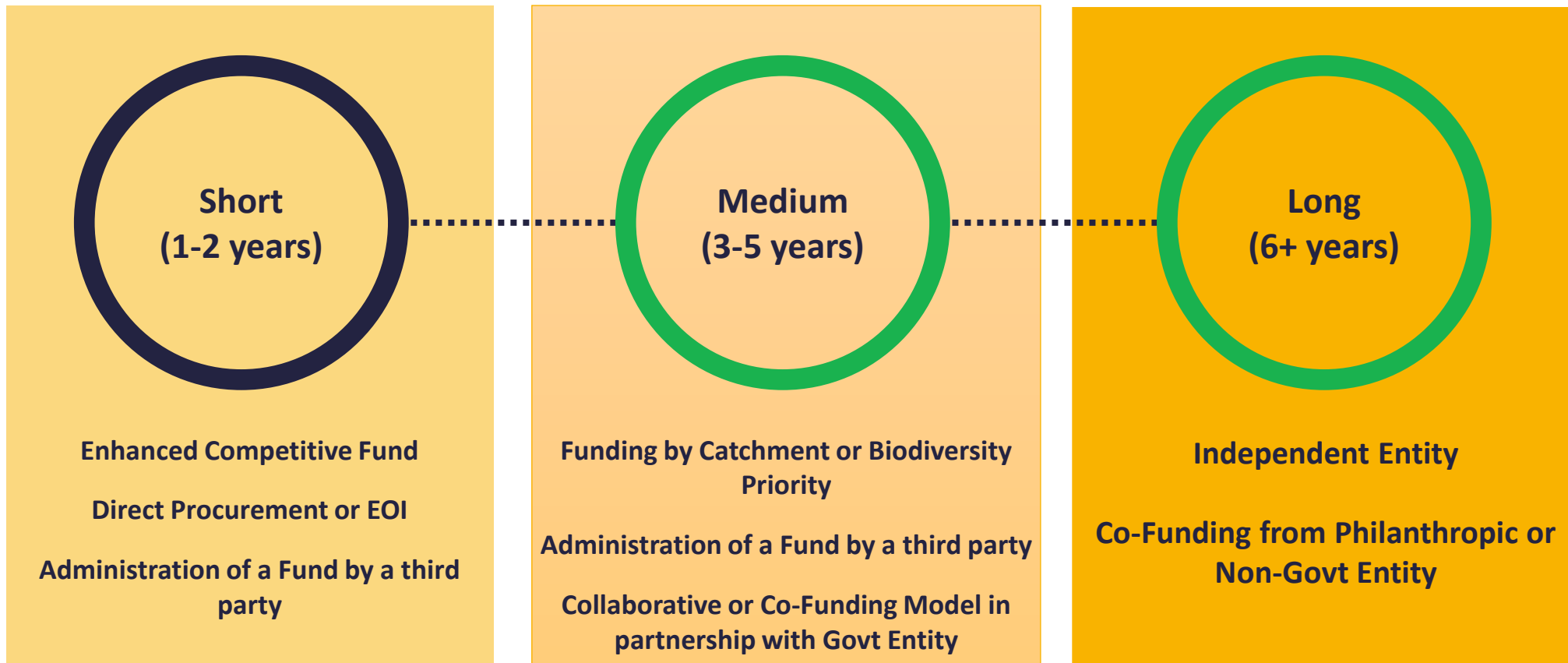
5.

Collaborative or Co-  
funding model in  
partnership with  
established organisations  
(i.e. philanthropic or other TA's)

6.

Establish stand alone Trust  
or CCO entity to leverage  
and administer funds

## Likely Timescale per Option



## ***frequency***

### **Funding Model 1: Contestable Funding Model**

#### **Key Features of Governance and Management (in the large-scale context)**

- Management of the Fund would be undertaken by ORC internally
- Detailed criteria would need to be developed by mgmt. in line with agreed definition and fund parameters
- Allocation of project size and value dependent on detailed criteria and agreed funding cycle
- Timing of the fund allocation to be determined against internal and provider capacity
- Governance and allocation decisions could be undertaken via a panel like ECO Fund
- Delivery against agreed outputs and outcomes contractually managed between provider/s and ORC staff
- Will need to determine length of contracting and number of rounds (i.e. \$6M allocated every 3 years)

#### ***Example of the Model in Practice: Waikato Regional Council's Natural Heritage Fund***



<b>Strengths</b>	<ul style="list-style-type: none"> <li>• Can be administered internally as systems already in place</li> <li>• Implemented effectively in the short term</li> <li>• In the short term, can fill funding void created by JfN ending</li> </ul>
<b>Opportunities</b>	<ul style="list-style-type: none"> <li>• Examine and realign all fund types to ensure all ‘needs’ are met across available funding</li> <li>• Consistent investment can result in being able to determine return on investment</li> </ul>
<b>Weaknesses</b>	<ul style="list-style-type: none"> <li>• Doesn’t necessarily ensure investment into the right place for the right project</li> <li>• Reduces ability for a collaborative approach between Council and communities</li> <li>• Internal capacity within current resourcing to effectively manage and administer</li> <li>• Limited opportunity for co-funding or relationship with other funders</li> <li>• Investment decisions made before Biodiversity Strategy completion</li> </ul>
<b>Risks</b>	<ul style="list-style-type: none"> <li>• Perpetuates the cycle of highly competitive funding</li> <li>• May discourage collaboration between providers</li> <li>• May inadvertently fuel the culture of funding ‘new’ projects rather</li> <li>• Doesn’t clearly foster or support long-term org. sustainability</li> </ul>
<b>Financial Implications</b>	<ul style="list-style-type: none"> <li>• Risk investing in the providers best placed, or with the resources to write the best funding applications</li> <li>• Investment may not be targeted to the highest priorities or the best environmental outcomes</li> <li>• Will need to decide number of rounds and length of investment (i.e. \$2M annually, or \$6M allocated for three years)</li> <li>• Contestable funds are expensive to administer</li> <li>• If this is a short-term measure, the length of investment needs to be long enough for benefit to the provider and community</li> </ul>
<b>Operational Implications</b>  <small>Creating a thriving Aotearoa for future generations</small>	<ul style="list-style-type: none"> <li>• Contestable funds are incredibly resource intensive to effectively manage and monitor</li> <li>• Timing of the fund to either align with, or different timing to the current ECO Fund processes</li> <li>• How evaluation or review of performance may be undertaken</li> <li>• Doesn’t easily allow for opportunities for sector wide, or Council wide collaboration</li> </ul>

## *frequency*

### Questions for Consideration...

1. How does this model align with our game plan? (that is what we want to achieve and the impact we want to have?)
2. Does this 'model in action' align with your definition of 'large-scale'?
3. If we use this model, how will we know if we're 'winning' or working towards achieving our impact/outcomes?
4. Is there anything missing from the identified strengths, opportunities, weaknesses and risks identified?
5. Are there any surprises in this or the financial and operational considerations we've outlined?
6. What is the level of cost required to get this model up and running effectively (low vs high)?
7. What is the level of effort required to get this model up and running effectively (low vs high)?
8. What the level of risk that this model presents and is this appropriate within the context of what we're trying to achieve?
9. Does the level of effort required (from us internally and from our providers/community/partners) warrant its further consideration (low vs high)?

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### **Funding Model 2: Direct Funding or EOI**

#### **Key Features of Governance and Management (in the large-scale context)**

- Management of the Fund would be undertaken by ORC internally
- Detailed criteria would need to be developed by mgmt. in line with agreed definition and fund parameters
- Allocation of project size and value dependent on detailed criteria and funding cycle
- Decisions around the type and location of initiatives funded could be Council driven and determined (as opposed to community driven and determined under a contestable model, or could be community driven)
- Providers/suppliers could be required to complete a self-assessment tool against the criteria to determine suitability to apply (pre-procurement process to get to the start line)
- Timing of the fund allocation to be determined against internal and provider capacity
- Governance and allocation decisions could be undertaken via a panel like ECO Fund
- Delivery against agreed outputs and outcomes contractually managed between provider/s and ORC staff
- Will need to determine length of contracting and number of rounds (i.e. \$6M allocated every 3 years)

#### ***Example of the Model in Practice: Auckland Council's Direct funding by Biodiversity Focus Areas***

<b>Strengths</b>	<ul style="list-style-type: none"> <li>• Can direct funding to high priority issues and ecosystems</li> <li>• Can determine suitable (or preclude) providers early due to the procurement process</li> <li>• Can be less resource and time intensive than a competitive process</li> <li>• Can allow for more provider collaboration during the process</li> </ul>
<b>Opportunities</b>	<ul style="list-style-type: none"> <li>• Can drive innovation and collaboration</li> <li>• Can enable opportunities for Council and providers to work together on long term sustainable funding options</li> </ul>
<b>Weaknesses</b>	<ul style="list-style-type: none"> <li>• Still requires significant capacity and capability internally during implementation</li> <li>• Can lose some transparency in the process if only certain providers approached</li> </ul>
<b>Risks</b>	<ul style="list-style-type: none"> <li>• May limit the pool of suitable providers if base assessment too heavily on past performance alone</li> <li>• Criteria may be too narrow and excludes some groups or communities unknowingly</li> <li>• Could damage relationship with existing providers or communities who feel excluded</li> <li>• Provider capability may be stronger in one catchment or geographical area, leading to the perception that only one part of ORC area is receiving funding</li> </ul>
<b>Financial Implications</b>	<ul style="list-style-type: none"> <li>• Risk investing in the providers best placed, or with the resources to write the best funding applications</li> <li>• This can be mitigated by a pre-procurement screening process, but this may result into investment into only one or two catchment areas</li> <li>• Investment may not be targeted to the highest priorities or the best environmental outcomes</li> <li>• Will need to decide number of rounds and length of investment (i.e. \$2M annually, or \$6M allocated for three years)</li> <li>• Contestable funds are expensive to administer</li> <li>• If this is a short-term measure, the length of investment needs to be long enough for benefit to the provider and community</li> </ul>
<b>Operational Implications</b> <small>Creating a thriving Aotearoa for future generations</small>	<ul style="list-style-type: none"> <li>• While the procurement process may be less intensive, the ongoing management and monitoring of contracts/programmes is resource intensive</li> <li>• The SWOT of this model will be largely reliant on the procurement parameters and criteria put in place</li> </ul>

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### Questions for Consideration...

1. How does this model align with our game plan? (that is what we want to achieve and the impact we want to have?)
2. Does this 'model in action' align with your definition of 'large-scale'?
3. If we use this model, how will we know if we're 'winning' or working towards achieving our impact/outcomes?
4. Is there anything missing from the identified strengths, opportunities, weaknesses and risks identified?
5. Are there any surprises in this or the financial and operational considerations we've outlined?
6. What is the level of cost required to get this model up and running effectively (low vs high)?
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8. What the level of risk that this model presents and is this appropriate within the context of what we're trying to achieve?
9. Does the level of effort required (from us internally and from our providers/community/partners) warrant its further consideration (low vs high)?

## ***frequency***

### **Funding Model 3: Funding by Catchment or Biodiversity Priority**

#### **Key Features of Governance and Management (in the large-scale context)**

- Development of the plans would occur under the current structure and partnership
- Plans would be developed as communities became activated and engaged in the process
- Implementation Plans and budgets would follow Plan sign off
- Agreed investment would be given to a community group/entity (which may be new or newly established) or to an existing community provider or umbrella entity
- Investment would need to be for a set amount and time
- Contractual arrangements and monitoring of delivery would be undertaken internally
- A timeline and plan for investment would need to be developed and managed to ensure investment would start and stop at certain times (ensuring the fund doesn't become diluted)

#### ***Example of the Model in Practice: Catlins Catchment Action Plan (Pilot)***

<b>Strengths</b>	<ul style="list-style-type: none"> <li>• Allows for systematic funding approach that is grounded in evidence and priority</li> <li>• Pilot already completed and best practice approach evolving/developing</li> </ul>
<b>Opportunities</b>	<ul style="list-style-type: none"> <li>• Allows for stronger alignment from strategy and data to implementation and action</li> <li>• Develop closer on the ground relationships and collaborations with community groups to lead action</li> <li>• More science in action initiatives</li> <li>• May allow for greater partnership and collaboration between existing community groups/providers</li> </ul>
<b>Weaknesses</b>	<ul style="list-style-type: none"> <li>• Investment may not go to area of highest biodiversity need but driven by level of community engagement</li> <li>• Likely to be only short-term investment as will dilute value and effectiveness as more plans are completed</li> <li>• Capable providers may miss out on opportunities if community action and engagement doesn't follow</li> <li>• Impact diluted over time as more Plans are completed</li> <li>• Significant internal resource required to drive the process</li> </ul>
<b>Risks</b>	<ul style="list-style-type: none"> <li>• May not be a suitable provider in the catchment area to hold and administer the funds on behalf of Council</li> <li>• Community enthusiasm and engagement may wean over time</li> <li>• Sustainability of the work post-investment if the group has no mandate or activity past the implementation of the CAP</li> <li>• May struggle to leverage additional investment if a new group needs to be established (no history of delivery)</li> </ul>
<b>Financial Implications</b>	<ul style="list-style-type: none"> <li>• Sustainability of the funding – can't fund all 10 catchments at once</li> <li>• May need a lot of support to transition groups to deliver past the life of the funding (implementation plan may be very aspirational and/or inter-generational)</li> <li>• Depending on who is funded, capability and capacity may be limited, or no formal entity to fund may exist</li> <li>• Prioritisation and timing of the funding will need take place, but this may not align with community readiness</li> </ul>
<b>Operational Implications</b> <small>Creating a thriving Aotearoa for future generations</small>	<ul style="list-style-type: none"> <li>• The internal resource and capacity required will increase as more Plans are developed</li> <li>• Additional resource will be needed to support Plan implementation in addition to Plan development</li> <li>• Resources may become spread thin on the ground over time</li> </ul>

## *frequency*

### Questions for Consideration...

1. How does this model align with our game plan? (that is what we want to achieve and the impact we want to have?)
2. Does this 'model in action' align with your definition of 'large-scale'?
3. If we use this model, how will we know if we're 'winning' or working towards achieving our impact/outcomes?
4. Is there anything missing from the identified strengths, opportunities, weaknesses and risks identified?
5. Are there any surprises in this or the financial and operational considerations we've outlined?
6. What is the level of cost required to get this model up and running effectively (low vs high)?
7. What is the level of effort required to get this model up and running effectively (low vs high)?
8. What the level of risk that this model presents and is this appropriate within the context of what we're trying to achieve?
9. Does the level of effort required (from us internally and from our providers/community/partners) warrant its further consideration (low vs high)?



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### **Funding Model 4: Administration of a Fund by a Third Party**

#### **Key Features of Governance and Management**

- ORC would enter into a service agreement or contract with an existing entity or organisation to administer the funds on behalf of ORC – could be a Charitable Entity or Community Funder or an existing CCO (Port Otago)
- The third-party entity would be responsible for the full administration costs of the fund such as the promotion of the fund, gathering applications, convening review panels, contracting with providers for delivery
- ORC staff could/would be involved in the allocation process and decision making
- The entity would be accountable under contract for all components of the fund
- In addition, it could be a requirement for the entity to leverage or raise additional funds on top of the ORC investment, but this may be long term
- Likely in the short term, the purpose would be to develop and administer on behalf of ORC

***Example of the Model in Practice: Environment Canterbury and the Christchurch Foundation (Green Philanthropy) or Destination Queenstown and the Wakatipu Community Foundation (I LOVE Wānaka and I LOVE Queenstown initiatives)***

<b>Strengths</b>	<ul style="list-style-type: none"> <li>• Reduces internal administration and capacity for ORC staff</li> <li>• Keeps the fund at arms length from Council and can be seen as a community fund rather than Council</li> </ul>
<b>Opportunities</b>	<ul style="list-style-type: none"> <li>• Removes Council from direct funding decisions, allowing for greater opportunities to attract co-investment or philanthropic investment , and lever charitable entity benefits</li> <li>• Enhance relationship and collaboration with external providers</li> <li>• Allows for pooling for funds from multiple local authorities to achieve greater efficacy and impact of investment</li> </ul>
<b>Weaknesses</b>	<ul style="list-style-type: none"> <li>• Portion of the funds needed to cover admin of the Fund</li> <li>• Investment decisions are made by those removed from the day-to-day delivery on the ground</li> <li>• Currently unknown if there are any existing organisations with the capacity and capability to deliver this on behalf of ORC &amp; not currently within PO core business or strategy</li> <li>• Still requires significant ORC management to ensure delivering against contract and KPIs</li> <li>• The ability to lever additional funds or investment could take significant time</li> </ul>
<b>Risks</b>	<ul style="list-style-type: none"> <li>• Transparency of use of rate-payer funds is potentially reduced</li> <li>• Entity is too far removed from day-to-day work, particularly if environmental funding is not their core business and investment moves further away from strategy</li> <li>• Reputational risk if contracted entity does not effectively deliver</li> </ul>
<b>Financial Implications</b>	<ul style="list-style-type: none"> <li>• Overall investment likely be diluted by circa 10% p/a to account for administration costs which may be able to be met by other internal ORC sources</li> <li>• Ability (and/or appetite) of a third-party entity to raise additional funds on behalf of Council may be limited</li> <li>• May not achieve value-for-money if entity is not capable of delivering in the medium to long term</li> </ul>
<b>Operational Implications</b>  <small>Creating a thriving Aotearoa for future generations</small>	<ul style="list-style-type: none"> <li>• Will take time to get in place, especially if no willing party comes forward or existing relationship established</li> <li>• No existing organisation may have regional mandate or reach that makes ORC</li> <li>• Significant level of internal capacity and capability required to ensure that fund is effectively being administered as well as ensuring alignment is maintained with strategy</li> <li>• Effective investment decisions may be at risk if administering this fund is outline of their core business</li> </ul>

## *frequency*

### Questions for Consideration...

1. How does this model align with our game plan? (that is what we want to achieve and the impact we want to have?)
2. Does this 'model in action' align with your definition of 'large-scale'?
3. If we use this model, how will we know if we're 'winning' or working towards achieving our impact/outcomes?
4. Is there anything missing from the identified strengths, opportunities, weaknesses and risks identified?
5. Are there any surprises in this or the financial and operational considerations we've outlined?
6. What is the level of cost required to get this model up and running effectively (low vs high)?
7. What is the level of effort required to get this model up and running effectively (low vs high)?
8. What the level of risk that this model presents and is this appropriate within the context of what we're trying to achieve?
9. Does the level of effort required (from us internally and from our providers/community/partners) warrant its further consideration (low vs high)?

## ***frequency***

### **Funding Model 5: Collaborative or Co-Funding Model in Partnership**

#### **Key Features of Governance and Management:**

- ORC would enter into a formal agreement with another party or parties under an SLA, MoU, Shared Services Agreement or other agreement. Likely partners would be other TA's, an iwi-owned entity, or a philanthropic partner
- Funding is held by a 'host' entity – which could be ORC or another partner
- This arrangement is often used for the purposes of pooling funds to achieve collaborative outcomes – to fund a coordinator or a programme manager or to contribute to achieving shared outcomes (e.g. Regional Software Holdings Ltd – which is also a CCO)
- The next phase of this model could be the pooling of funds that are to be collectively administered for grant making purposes
- An allocation panel, representing the partners would allocate funding under their terms of reference
- The 'host' or 'lead' entity may take an administrative fee to oversee and manage the process
- All entities would collectively be responsible for the investment decisions and accountability of deliverables

***Example of the Model in Practice: Biodiversity Hawkes Bay Environmental Enhancement Contestable Fund (HBRC & ECCT)***

<b>Strengths</b>	<ul style="list-style-type: none"> <li>• Can be built and eased into over time – from one partner to many, from pooling of funds to leverage additional funds and additional partners</li> <li>• Greater efficiency for providers in application process and potential streamlined accountability</li> <li>• Greater coordination of investment decisions</li> <li>• ‘singing from the same song sheet’</li> </ul>
<b>Opportunities</b>	<ul style="list-style-type: none"> <li>• To solidify a formal partnership with mana whenua and path to co-investment</li> <li>• Potential to solidify a path to formal partnership with a philanthropic entity and a path to co-investment</li> <li>• ORC to demonstrate true regional leadership</li> </ul>
<b>Weaknesses</b>	<ul style="list-style-type: none"> <li>• Challenge to align the environmental and investment priorities of co-funders with Council processes (or alignment across Council’s)</li> <li>• May require additional time and resource for ORC to act as a ‘host’ or ‘lead’</li> <li>• Can be required to report to many masters who may have differing expectations</li> <li>• Achieving alignment on funding priorities, mandated geographical boundaries can be difficult</li> </ul>
<b>Risks</b>	<ul style="list-style-type: none"> <li>• ORC value proposition will need to be strong to attract potential partners</li> <li>• The partnership and collaborations need to be working in practice already before becoming formalized – forced partnerships are rarely effective</li> <li>• Inequity in contribution can disrupt the partnership and balance of power</li> </ul>
<b>Financial Implications</b>	<ul style="list-style-type: none"> <li>• Level of investment others are able and willing to contribute</li> <li>• If funding available is to support collective action (such as Kotahitanga mō te Taiao) or if funding is available to support grant making/programme funding</li> <li>• Whether the administration costs outweigh the benefits by having a co-funding arrangement</li> <li>• The sustainability of the arrangement and investment</li> </ul>
<b>Operational Implications</b>  <small>Creating a thriving Aotearoa for future generations</small>	<ul style="list-style-type: none"> <li>• A solid trusting partnership needs to be established long before money will likely flow</li> <li>• Timing for operational decisions may not align across entities (unless partnering with Council)</li> <li>• Future proofing the arrangement if priorities change for the partner or co-funder</li> <li>• It may be difficult to find the right partner who matches priorities, aspirations and geographical reach</li> <li>• The internal capacity and capability required if ORC were to lead this (which logically they would)</li> </ul>

## *frequency*

### Questions for Consideration...

1. How does this model align with our game plan? (that is what we want to achieve and the impact we want to have?)
2. Does this 'model in action' align with your definition of 'large-scale'?
3. If we use this model, how will we know if we're 'winning' or working towards achieving our impact/outcomes?
4. Is there anything missing from the identified strengths, opportunities, weaknesses and risks identified?
5. Are there any surprises in this or the financial and operational considerations we've outlined?
6. What is the level of cost required to get this model up and running effectively (low vs high)?
7. What is the level of effort required to get this model up and running effectively (low vs high)?
8. What the level of risk that this model presents and is this appropriate within the context of what we're trying to achieve?
9. Does the level of effort required (from us internally and from our providers/community/partners) warrant its further consideration (low vs high)?

## ***frequency***

### **Funding Model 6: Establishment of New Entity (Trust or CCO)**

#### **Key Features of Governance and Management (in the large-scale context)**

- Council would establish a new entity as allowed for under the LGA
- Consideration needs to be considered of the rules and requirements, their timing and cost (e.g. developing a constitution, appointing governance and trustees, appointing staff and clarifying roles and responsibilities)
- It would likely require a number of appointed independent directors, including a Chair
- This would need to be completed prior to the distribution of funding
- Management of the Fund would be undertaken by the new entity, including development of criteria and fund parameters
- Governance and allocation decisions could be undertaken by the entity, which could have ORC Councillor and staff representation
- Delivery against agreed outputs and outcomes contractually managed between provider/s and the Trust
- Until additional funds could be raised, it is likely that funds would just be transferred in and out of the entity (but with additional overhead and operational requirements)

***Example of the Model in Practice: none identified as yet***

<b>Strengths</b>	<ul style="list-style-type: none"> <li>• Can have a separate brand and identify from Council that is meaningful and engaging for communities and potential funders</li> <li>• Leverage charitable benefits and additional investment</li> </ul>
<b>Opportunities</b>	<ul style="list-style-type: none"> <li>• Increase the overall pot of investment in environmental initiatives</li> <li>• Create innovative funding and partnership arrangements</li> <li>• Achieve regional spread and landscape scale environmental outcomes if scale of leveraged investment allows</li> </ul>
<b>Weaknesses</b>	<ul style="list-style-type: none"> <li>• Time and resource intensive to establish and administer</li> <li>• Requires separate governance, management and reporting structures which all need to be funded</li> <li>• Additional workload and expectations on existing Councillors and/or ORC to ensure effective representation</li> </ul>
<b>Risks</b>	<ul style="list-style-type: none"> <li>• Until such time as additional investment is leveraged, the model can be seen as costly, with little direct benefit to rate payers</li> <li>• ORC expertise and knowledge becomes removed from decision making processes</li> <li>• Investment loses alignment with strategy</li> </ul>
<b>Financial Implications</b>	<ul style="list-style-type: none"> <li>• Annual cost to manage and administer – own financial accounts, likely payment of Trustees/Board members</li> <li>• The charitable incentives from this model, may not out way the additional costs</li> <li>• Sustainability of the Trust in the long term, should funding decisions change with changes politically</li> <li>• May not provide value for money without committed co-investment or funding</li> <li>• May be financially better suited to a delivery partner rather than funding administration</li> </ul>
<b>Operational Implications</b>	<ul style="list-style-type: none"> <li>• Time, cost and resource to stand up and set up</li> <li>• Will require constitution, board/trustees and staff to manage if no internal ORC resource is allocated</li> <li>• Will need dedicated resource to attract and confirm co-funding or co-investment arrangements</li> <li>• Will need to meet LGA requirements of a CCO or Trust including separate financial accounts and auditing, as well as branding, marketing etc</li> </ul>



## *frequency*

### Questions for Consideration...

1. How does this model align with our game plan? (that is what we want to achieve and the impact we want to have?)
2. Does this 'model in action' align with your definition of 'large-scale'?
3. If we use this model, how will we know if we're 'winning' or working towards achieving our impact/outcomes?
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9. Does the level of effort required (from us internally and from our providers/community/partners) warrant its further consideration (low vs high)?

## *frequency*

### Other 'sort of' Models

In our discussions, we found other models being implemented by Council's which didn't quite fit the parameters we were given. These included:

- Auckland Regional Council – relationship with the NZ Nature Fund
- Taranaki Regional Council – Wild for Taranaki
- Hawkes Bay Regional Council – An Incorporated Society and a Trust in place
- Kotahitanga mō te Taiao (KMTT) – alliance between TA's, iwi and NZ Nature Conservancy

What we struggled to find (but may still find)

- Partnership between Council's and an iwi entity where they co-invest and both have funds to distribute
- Partnership between Council's and a philanthropic entity where they both have funds to distribute
- A stand-alone Trust owned by a Council (or groups of Councils) who have a mandate and role to allocate funding – most Trust and CCO models are set up as delivery partners – such as Zealandia in Wellington. Hawkes Bay is a partial fit
- Where collaborative or co-funding investment is of 'large-scale' – e.g. some models see investment circa \$50K

*frequency*

Assessing each model  
against a Risk, Value, Cost  
and Effort Matrix



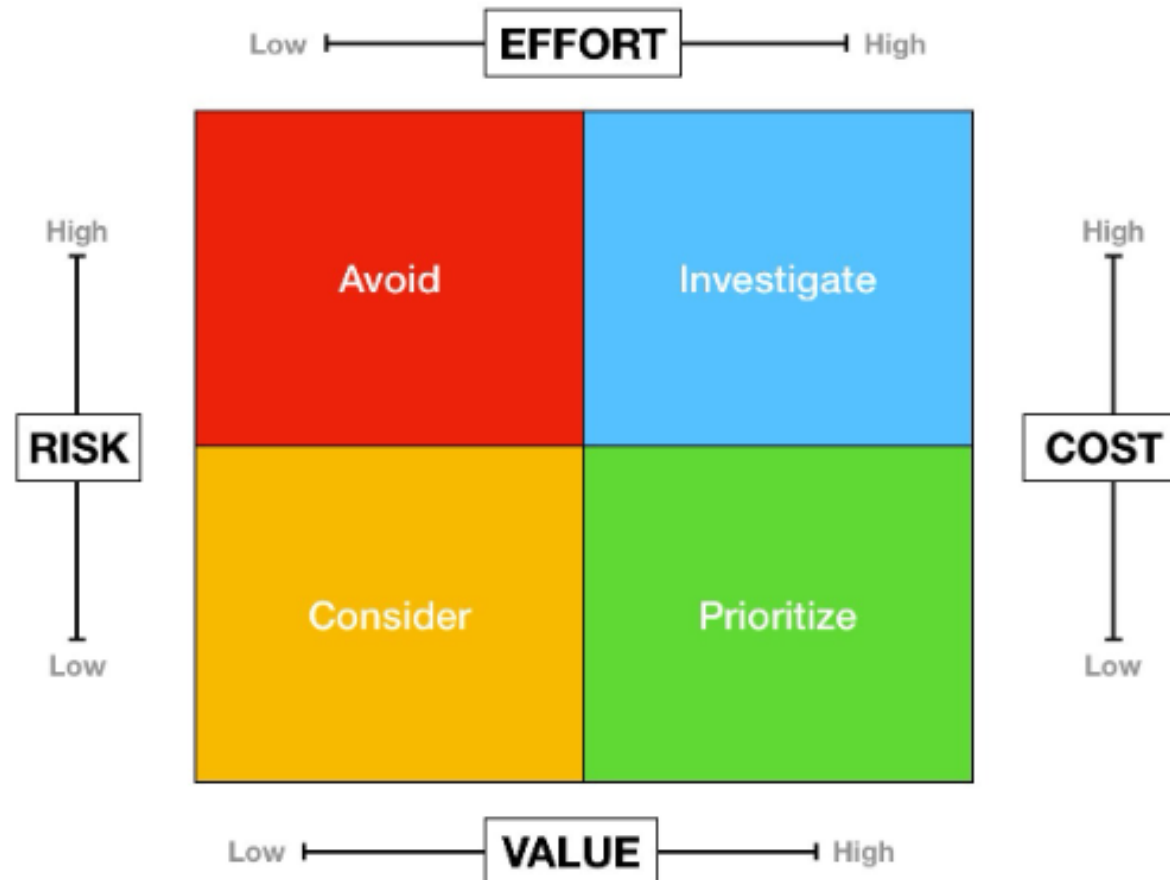
## *frequency*

### The RVCE Matrix

- Now that you have read the detail on each model and have considered the questions please use a Risk-Value-Cost-Effort Matrix to assess each model
- This matrix provides a framework to help prioritise decisions using a criteria (and definition of each criteria) in a structured and efficient way
- The final prioritisation is best determined as a group to discuss viewpoints and promote transparency
- The matrix will allow us to assess whether each model requires a low or high level of risk, value, cost and effort
- Each model must be clearly placed in a quadrant – not on a line

*frequency*

## RVCE Matrix for Decision Making



# *frequency*

## Category Definitions

- **Risk** – the level of risk to Council by using this model, which may include relationship risk, loss of money, risk to achieving your intended goals and outcomes with the funding. It can also relate to the risk of overall effective delivery, and can extend to the risk that may extend into communities/catchments
- **Value** – this relates to the alignment to what you want the fund to achieve, the economic value the investment can bring, as well as value to communities and the environment
- **Cost** – this relates to both the investment to stand up and continue to operate and administer the model, as well as the ongoing cost implications – such as the level of investment you can make in initiatives, or how thin you spread the investment
- **Effort** – this is the level of effort required to make the model operational and functional in the long-term and should take into account quality and quantity of resources needed, management time, level of in-kind support needed internally and to the sector/partners/communities

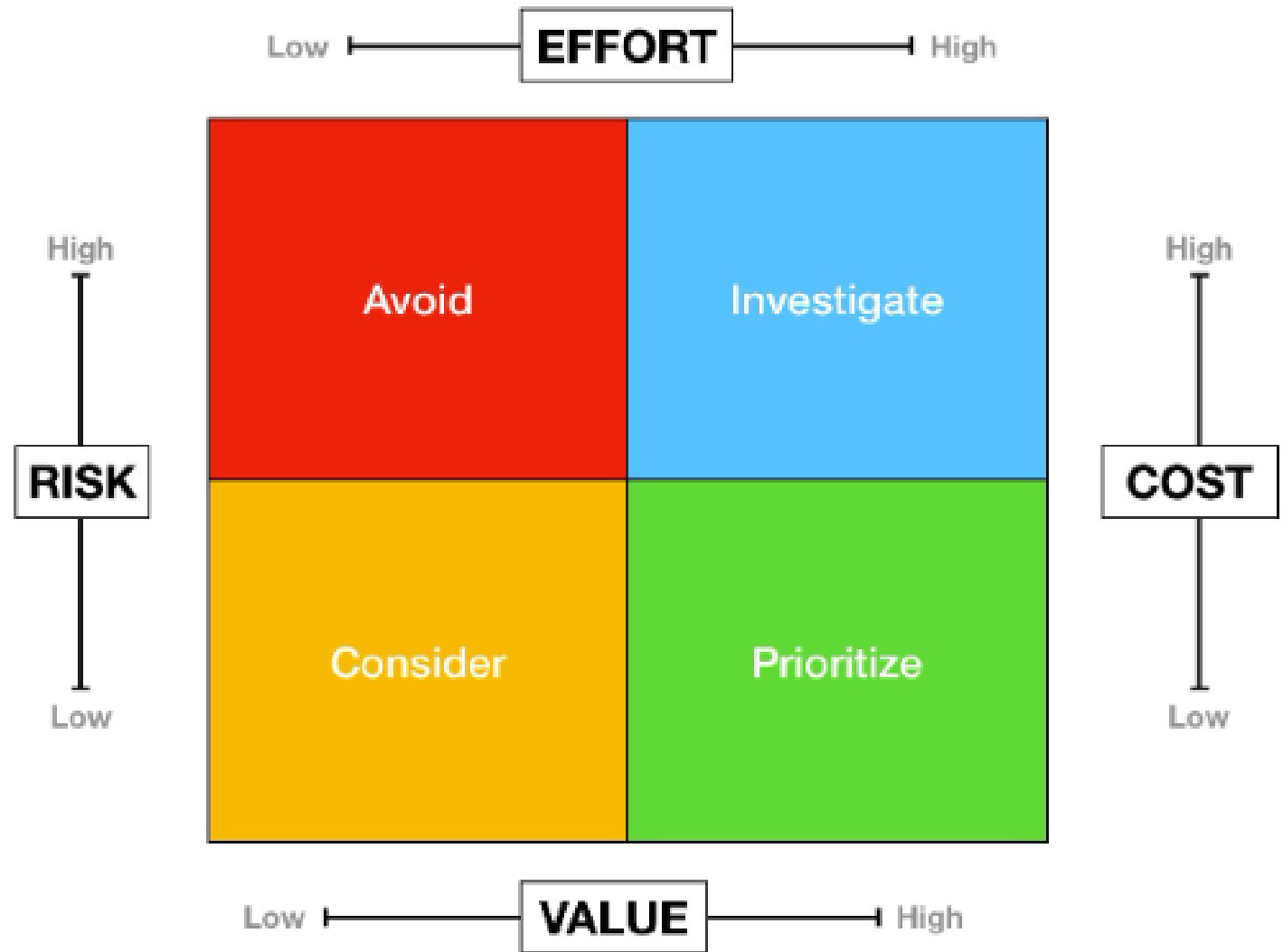
## *frequency*

### Quadrants Explained

- **Quad 1: Avoid** – these models should be avoided as they are assessed as high cost, high risk and low/lower value.
- **Quad 2: Considered** – these models could still be considered as opportunities as they require low effort, cost and risk to ORC. Their value may still be low or unknown.
- **Quad 3: Prioritised** – these models should be investigated further as we believe they create high value, and although require high effort, are low risk and cost effective
- **Quad 4: Investigated** – these models rank highly across all four assessment areas and they should be investigated further as the payback in time and effort put in may achieve substantial value

*frequency*

Plot each model on the matrix – make any notes for your reasons why





*frequency*



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**Thank you**

We look forward to the discussion!