

## **Purpose**

The question and answer process of *Ki te pae tawhiti* has generated more detailed level and repeat questions than it is possible to answer individually. Accordingly we are changing the approach to ensure that centre and rūpū questions are answered on a collective basis. The purpose of this document is to provide more detail around the operational implementation of *Ki te pae tawhiti* on the common aspects that have been raised through the previous question and answer process.

If the Trust Deed is approved, the Trustees are proposing to implement a new operational model. Each centre will be given the option to accept that model and come under the authority of the Trustees, thus providing the Trustees with the authority to act which currently sits with centres or to operate independently, thus taking on the responsibilities and liabilities that current sit with the Trustees.

## **Proposed Operational Model**

There are three key areas of the operational policy that have attracted multiple questions of a similar nature. These are:

- The proposed position of Centre Kaimahi
- Financial management at the centre level
- The transfer of assets to Playcentre Aotearoa

The following sections explain in more detail how it is envisioned each of these areas will operate based upon the questions that have been asked.

The implementation of any change for an organisation of our size will take time not only because of the scale of any change but also because we want to take into account the local circumstances around the motu. This is not the sort of change that a national commercial ECE provider would impose on its operational outlets with a uniform approach. Each local centre has its own individual character and this character will be taken into consideration at every opportunity. How any change is implemented in one centre may therefore be different in another and may be implemented over a different timeframe. Whānau Communities would be involved in any change to the fullest extent possible, the only limitation being that the Trustees retain the final authority as they have the final responsibility and liability.

### **The proposed position of Centre Kaimahi**

There have been multiple questions on the Centre Kaimahi role and its implementation in local centres. We are limited in the way in which we can answer a large number of these by employment legislation. Legislation requires that if any staff are impacted by an organisational change, they will be consulted on a genuine basis, in good faith and with no pre-determined outcome. Our ethical and moral stance as a good employer acting in good faith and in accordance with our values means that we will meet our legal obligations and go as far as we can to look after our staff.

The decision of centres and rūpū over the adoption of the proposed Trust Deed will not be made until the SGM on 24th September so until that time we are unable to enter into any consultation process with staff. This means that any question relating to any element of any current staff role cannot be answered until at least the 24th September and any consultation process has begun.

Taking this in to account alongside the desire to fit to each centre's circumstances as far as possible means a flexible approach is the best way forward. It is recognised that some people may want definitive answers however these answers may be different for each centre. We will therefore set out the principles with as much related detail as is possible.

The core principles of the potential Centre Kaimahi role are:

- To remove the burden of administration and compliance from parents in local centres to enable them to recover the joy of Playcentre with time for whānau tupu ngātahi
- Provide for risk management via the control of an employment contract which a volunteer approach cannot provide

Each centre will therefore need a Centre Kaimahi role however it is possible that one Centre Kaimahi may be able to cover more than one centre. This would be subject to a number of factors including but not limited to geography, centre enrolment, centre sessions and level of parental involvement. Assessment for this would be done in consultation with any local centre involved.

The role, again dependent upon local circumstances and consultation could be implemented on a job share basis or the key responsibilities split between different people.

Recruitment of any roles in Playcentre Aotearoa is subject to our HR recruitment processes. These processes include an interview panel and the local centre would be represented on that panel for any role that is centre based.

There is also a clear statement to enable a much volunteer involvement as is desired at each centre across all areas.

### **Purpose of the role**

The purpose of the Centre Kaimahi role is to ensure that each centre to which the Centre Kaimahi is assigned is parent led and run in line with the Guiding Principles and policies and procedures of Playcentre Aotearoa.

Each centre is parent led by the centre Whānau Community. The Whānau Community is responsible for running their centre sessions, developing their centre culture and sense of community and developing their centre for future whānau to benefit from.

The role of the Centre Kaimahi is to provide whatever support may be necessary to ensure that the Whānau Community discharges that responsibility in such a way as to realise the full benefits of being in Playcentre for their tamariki and parents and that all necessary compliance requirements are met in the process.

The role is designed to relieve the compliance and administrative burden for parent led centres to the extent necessary to enable parents to focus on the Guiding Principles and the full benefits of being in Playcentre.

Playcentres around Aotearoa New Zealand operate differently depending upon a number of factors including but not limited to their local community, their Whānau Community members, the level of volunteering, the size of their role and their centre facilities. The tasks for the Centre Kaimahi may therefore vary between centres as required by the Whānau Community to meet the overall purpose and key responsibilities of the role in each centre.

### **Key responsibilities**

The key responsibilities for the role would be subject to any consultation as noted above and could include:

- Provide support to the Whānau Community in the running of the local centre by:
  - Supporting the administrative side of running meetings (e.g. minutes and agenda preparation) as required by the Whānau Community
  - Providing expertise in consensus decision-making to support the parents who facilitate Whānau Community meetings
  - Providing other support as required by the Whānau Community
  - Encouraging maximum involvement of volunteers in all aspects of the life of the centre
- Provide the support necessary for the centre's financial management
- Ensure that all compliance requirements for the centre are met and reported to Playcentre Aotearoa
- Identify and progress opportunities for growth in the centre's enrolment, revenue and wider community engagement
- If necessary, ensure that funding requirements are met by holding the necessary qualifications

### **Interaction with other centre based roles**

It is not possible to answer any questions relating to existing roles due to the employment legislation noted above. It is clear that we do not want to lose any of our great staff and any consultation process that may result from the decision of the SGM on 24th September will take feedback from existing staff into account with no pre-determined outcome.

It is possible to say however that any new operational model would have a transitional period which may allow for any change to be introduced incrementally.

### **Financial management at the centre level**

The objectives of the new financial management methodology are:

- To remove administration burden from parents
- To meet best practice requirements of financial management commensurate with a national organisation of our size and profile
- Manage risk and meet all compliance and regulatory requirements
- Enable equitable distribution of Playcentre Aotearoa funds to ensure that there are centres across the motu
- Recognise the hard mahi, commitment and engagement of volunteers at different levels in different centres and account for their local fundraising
- Recognise that Playcentre Aotearoa is responsible for all revenue, expenditure, assets and liabilities which includes building maintenance/upgrades, licensing requirements and operational costs
- Support the achievement of the charitable purposes of Playcentre Aotearoa

### **Budget Process**

A key component of the system is the budget process.

Each year, the Centre Kaimahi will run the budget process with the National Finance Team. The key elements of the process are intended to be as follows:

- The known operational costs will automatically be included in the budget template provided by the National Finance Team
  - This will take into account centres operating at different levels of sessions and enrolments
- The Centre Whānau Community, with support from their Centre Kaimahi will decide, via their annual/strategic plan, what else they would like or need to spend money on
- This is then added into the budget template by the Centre Kaimahi and submitted to the National Finance Team
- This budget is then moderated through the national budget process, consolidated into the national budget approved by the Board and reported back to the centre
- The outcome will be one of:
  - Budget approved as submitted
  - Operational costs covered but not all additional items covered
    - In the event of this outcome, a rationale will be provided with an appeal process made available. Centres can then fundraise on a tagged basis for any additional items

This approach to budgeting is a well proven and widely adopted approach that will be familiar to many who have experience in financial management.

There will also be capital budgets built into the process.

### **Fundraising**

All centres are actively encouraged to be involved in local fundraising. This is an important part of the centre profile in the local community. There will be a national resource available to help with grant applications. The Centre Kaimahi could support the Centre Whānau Community with their fundraising plan and implementation.

All funds raised via local fundraising will be tagged for the local centre for the purpose of that fundraising. Centres will be provided with reports on their tagged fundraising.

### **Tagged funds**

Funds raised will be tagged to each centre and for the purpose for which the funds are raised. Centres will be able to see those funds through reporting. Revenue raised that is required to be related to an individual centre will be allocated to that centre. The WINZ childcare subsidy is one example of this.

### **Purchasing**

Centres have various purchasing needs and there are currently multiple ways in which this is done. Under the new model, provided those ways meet minimum compliance standards, they can continue. By sharing best practice these ways can be improved over time to become more effective and efficient.

With a clear budget identified, centres can then operate within those budgets to purchase the items they need. This can be done in the multiple ways mentioned above dependent upon centre preferences. These could include local accounts with suppliers, reimbursement of expenses, centre debit card or even petty cash. By combining our buying power, it is intended that we will be able to establish national arrangements that will provide simplicity in purchasing and reduction in costs. The intent is to provide clear, simple to use systems and processes to make life as easy as possible for parents and the running of the centre.

Naturally there will need to be effective controls in place to manage the risk of fraud. Well run centres will already have these in effect and be used to their operation.

### **Fees/Donations**

Currently centres determine their own fees or donations. This process will be rolled into the budget process as noted above and form part of the centre income. There is no current intention or plan to establish a national fee or donation structure. If at some point in the future it is thought that having such a structure has merit, there would be a consultation process to ensure that any such approach is worked through effectively.

### **Equitable distribution of Playcentre Aotearoa funds**

Commonly referred to as Playcentre Aotearoa Equity Funding, the principle here is that instead of individual centres standing or falling on their own, we share our resources and move them around to ensure that we have viable centres across the motu. This means that instead of each centre trying to build up an individual reserve tucked away for a rainy day that we pool those resources and make use of them. It is designed to relieve the worry even for the most affluent of centres about a sudden reduction in role or an expected major expense.

The principle is well represented by this whakataukī:

*Nā tō rourou, nā taku rourou <sup>SEP</sup>ka ora ai te iwi.*

*With your food basket and my food basket the people will thrive.*

More is explained in the transfer of assets below however the principle underpins the budget process, where excess funds from one centre can flow to another in one year, onto another in the next year and then if required back to the original one in another year. It moves us away from the siloed thinking of the past to the one national organisation thinking of the future.

The basis of equitable distribution also applies to capital budgets, meaning that instead of a centre taking multiple years to try and raise enough funds for a capital project, the pooled funds of the organisation can make that happen far more quickly, resulting in centres that look and feel a lot better than they do with better equipment, which attracts more whānau and hence more revenue. An example of this is the Trustees' recent announcement of the \$6m property project. Playcentre buildings across the motu have been deteriorating for many years due to a lack of maintenance and funding within the individual centres and now with the added complication of ventilation and heating regulations. Alone, centres have shown they are not sustainable but with the equitable distribution approach, the organisation can thrive.

### **The transfer of assets to Playcentre Aotearoa**

The current basis of 400 different bank accounts with small pots of money managed by rotating role holders with varying levels of skill and expertise creates problems well known to the majority of centres and the audit report assessment that there is a high risk of fraud in local centres. Further changes in financial reporting and AML/CFT requirements have and will continue to compound this. At the same time, the Trustees have fiduciary responsibilities that cannot be discharged with the current model.

If there is a Yes vote in Vote 1 and the Trust Deed is accepted, the Trustees propose to complete the amalgamation by amalgamating the cash funds of all those centres who choose to come under the authority of the Trustees.

This transfer will involve the movements of funds and the closing of local centre accounts. There will be a plan developed with each centre to ensure that funds are identified correctly along with any immediate plans for those funds. Immediate plans would be expected expenditure within 12 months and those funds would then be held for those centres for that period, the excess being transferred into pooled funds.

**Tagged funds**

Funds held by centres that have been the result of grants or fundraising for a specific purpose will be tagged to the centre for those purposes and spent.

**Future grant applications**

Whilst the principle is for one national bank account with all the associated cost and efficiency benefits, we will adopt a pragmatic approach. We are currently engaging all grant providers to determine how our proposed new approach will fit with their requirements. We are not the only charity adopting this approach and grant providers are adjusting their requirements. We have already identified some areas where we will need to flex our approach, for example, the TSB Community Trust will give preference and priority to organisations that have banking with the TSB Bank Ltd. We will therefore look at how we can structure our banking to fit with those sorts of criteria.