

ComVoices

Advancing the community sector

ComVoices State of the Sector Survey

released December 2019

This third snapshot survey of the community sector, conducted by ComVoices, shows pressures and stresses on community organisations continue. Organisations are dealing with greater workloads, without a corresponding increase in funding. The individuals, families and whānau they are seeing have more complex needs, and some organisations are concerned that they do not have the expertise and funding to provide adequate support. Many organisations are struggling financially – and additional compliance costs from contracting changes add to the burden.

The survey was sent to all ComVoices umbrella groups (see appendix). One hundred and thirty-three organisations responded to the survey, which was carried out in November 2018. This is well down from the 286 responses to the 2016 survey. The survey gives community organisations the opportunity to discuss the issues and experiences they are facing, and to highlight trends. Some new questions have been added and others changed slightly.

Summary

Service delivery

- 69 percent of organisations report more people are using their services than two years ago (65 percent in 2016), but only 31.5 percent (34 percent in 2016) have more staff than two years ago.
- 73.5 percent are doing more work than specified in contracts (68 percent in 2016).
- The needs of clients and the community are becoming increasingly complex. As a result, service provision is becoming more challenging and time-intensive.

Financial pressures

- 34 percent of organisations were unable to offer staff a wage increase in the last two years (42 percent in 2016).
- One organisation is facing closure and 10 are worried about their financial viability. Nearly half the organisations are struggling to make ends meet – an increase from 33 percent in 2016.
- Half the organisations are using their reserves to help fund service delivery, and half of those will only be able to sustain this for one more year or less.
- The sector is highly reliant on grants, donations and central government funding. Nearly 45 percent of respondents are seeking to support themselves by generating their own income.

Organisational pressures

- The sector continues to undergo restructuring, with 44 percent of organisations saying they have restructured in the past two years. Restructuring is often carried out to change or improve the way an organisation works, or to improve its financial position.
- Half the organisations say the specifications in their government contracts have changed significantly over the past two years. This can result in additional compliance requirements and costs, without additional funding.
- Forty percent of organisations say the contract changes have not benefitted them.

Part one: The organisations

The community and voluntary sector is diverse, and organisations face different challenges. Survey respondents include social enterprises, not-for-profit and for-profit service providers, umbrella groups and organisations with no paid staff or government funding. This means it can be challenging to find a shared language that represents all respondents.

The majority of respondents in this survey fell within the social/community services sector (61 percent). About 9 percent of organisations could not find a category that described the sector that fitted them, and chose 'other' (down from 14 percent in 2016). Organisations who selected 'other' worked in areas such as the disability sector, financial support, umbrella networks, and volunteer networks.

- Social/community services 61% (34% in 2016)
- Education and research 12% (8% in 2016)
- Other 8.5% (14% in 2016)
- Health 6% (21% in 2016)
- Culture, sport and recreation 3% (7% in 2016)
- Law, advocacy and politics 3% (3.5% in 2016)
- Development and housing 2.5% (1% in 2016)
- Business and prof. services 1.5% (new category)
- Religion 1% (new category)
- Grant making/fundraising 1% (5% in 2016)
- International development 1% (new category)
- Environment 0% (5% in 2016)

Types of services and activities

Organisations were asked to describe the different types of services they provide. Respondents were able to select all categories that applied to them.

The majority of respondents provide community services (54 percent) followed by family support (37 percent), education (36 percent), youth services (28 percent) and 'other' (25 percent). Organisations who selected 'other' provided services and activities such as health, volunteering and services supporting other service providers.

The diversity of the sector is demonstrated by the large number of organisations providing services within each category. The smallest of the categories – services related to justice (4.5 percent) – are provided by six different organisations.

Income and funding

Organisations have a variety of income sources. The largest annual income reported in this survey is \$27 million. Conversely, there are three organisations operating with no income.

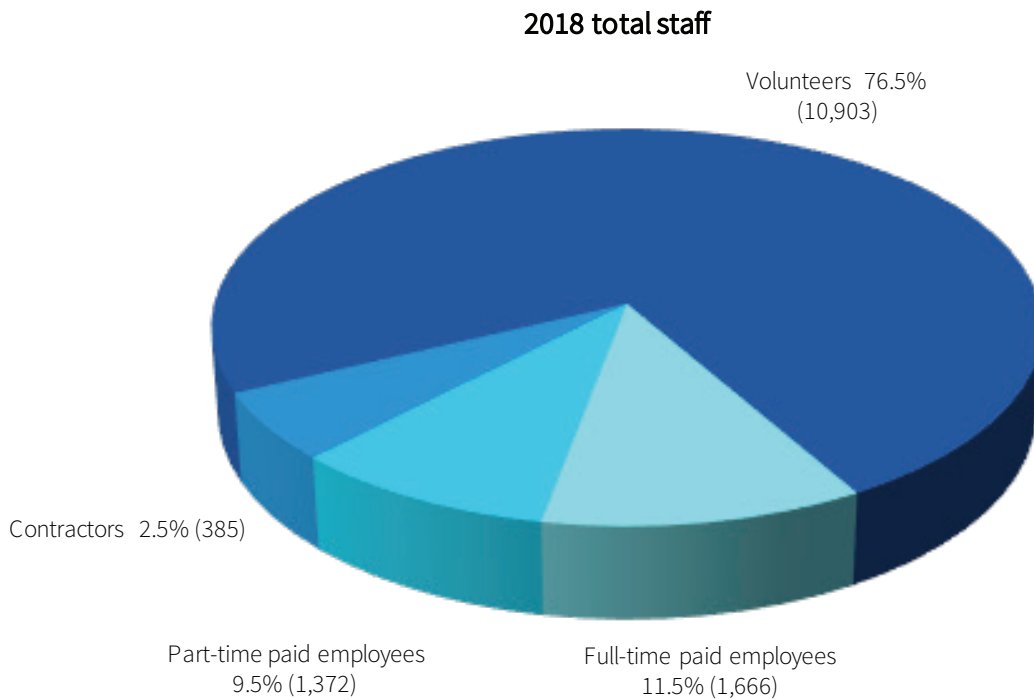
No organisations reported an annual income of over \$30 million, 16 (12 percent) reported an income of under \$30 million, 67 (50.5 percent) reported an income of under \$2 million and 50 (37.5 percent) reported an income of under \$125,000.

Nearly 80 percent of responding organisations receive income from grants. Other significant sources of income are donations (60.5 percent) and central government (57 percent). The difficulties organisations have in accessing and maintaining funding continues from previous surveys, reflected by the 43.5 percent of respondents seeking to support themselves by generating their own income.

Part two: Staffing and volunteers

Shifts in organisational staffing levels are comparable to the numbers reported in 2016. In 2018, 43 percent of respondents report having the same number of staff as they did two years ago. Of the reporting organisations, 31.5 percent have more staff than they did two years ago, while 25 percent have fewer staff.

Respondents have a total number of 14,326 people involved in the running of their organisations. This compares to 53,573 people in the 2016 survey. This large difference is likely to be due to the much lower response to the 2018 survey.



Full-time employees

A total of 1,666 full-time staff are employed by responding organisations; 11.5 percent of the 14,326 people involved in the organisations' running. Seventy percent of organisations employ at least one full-time staff member.

One organisation employs 768 of the 1,666 full-time staff reported in the survey. Nine other organisations have over 20 full-time staff members, and together they employ 462 people. The remaining 436 full-time staff members are employed by 76 organisations, who each have at least one full-time employee, but fewer than 20.

Part-time employees

Responding organisations have 1,372 part-time employees; 9.5 percent of the 14,326 total staff. At least one part-time staff member is employed by 76.5 percent of organisations.

Three organisations employ 846 of the 1,372 part-time staff members. Six organisations have between 20 and 70 part-time staff and together they employ a total of 218 people. Eighty-five organisations employ at least one part-time staff member; however, fewer than 20 collectively employ the remaining 308 people.

Contractors

A total of 385 contractors are employed by responding organisations. Contractors are not on the staff payroll but provide services on an as-needed basis. Contractors make up 2.5 percent of the 14,326 staff reported. Forty-seven percent of organisations employ at least one contractor.

One organisation employs 150 of the total 385 contractors, while eight organisations have between 10 and 23 contractors, collectively employing 120. The remaining 115 contractors are employed by 49 organisations, with each employing fewer than 10.

Volunteers

The sector is strongly supported by 10,903 volunteers, who account for 76.5 percent of the 14,326 staff. Eighty-three percent of organisations are supported by at least one volunteer; an increase of 12 percent from the 2016 survey.

Four organisations have over 1000 volunteers. Between them, they are supported by 6,243 of the total of 10,903 volunteers. Ten organisations have more than 100 volunteers, but fewer than 1000. Together, they employ 2980 volunteers. The remaining 1680 volunteers support 88 organisations, who each have fewer than 100.

Age and gender

Seventy percent of paid staff are aged between 30 and 59 years, with those aged 30-49 being the biggest cohort (44.5 percent). Other age groups have smaller proportions of staff numbers, but are represented widely across the sector.

Females make up just under 80 percent of paid staff, and female staff members are involved in the running of 93.5 percent of organisations. Although males make up a far smaller proportion of those employed by organisations (18.5 percent), 59 percent of organisations have male staff members. Those who identify as gender diverse comprise 2 percent of employees within the sector.

Restructuring and salary increases

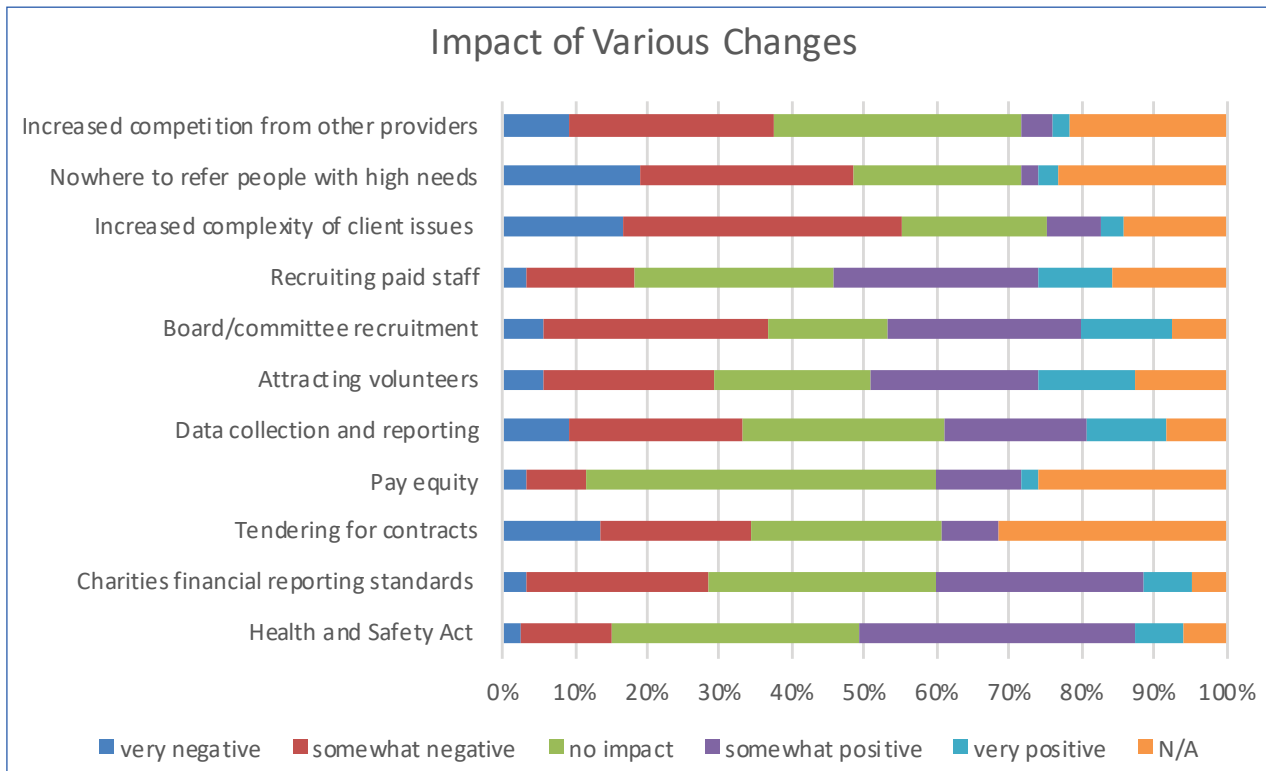
Many organisations continue to undergo restructuring (44 percent), although this number is decreasing from previous surveys. Drivers for restructuring include to change or improve the way an organisation works, or to improve its financial position.

Employees have been given wage and salary increases over the past two years by 63.5 percent of organisations. Despite this, a significant number say they have inadequate levels of funding for hiring and training staff. Organisations continue to struggle to recruit enough staff to fulfil the demands being placed on them, and to recruit staff with the necessary qualifications, skills and experiences.

Part three: Service delivery

Since this survey began in 2014, the majority of organisations have reported a steady increase in the number of people accessing their services. In the latest survey, 69 percent of organisations report more people using their services than two years before (65 percent in 2016 and 75 percent in 2014). Correspondingly, 80 percent of organisations reported that the demand for their services and activities has increased over the past two years.

For the first time, organisations were asked to evaluate the impact of various changes that have occurred within the community sector over the past two years. Increased competition from other providers, having nowhere to refer people with high needs, the increased complexity of client issues and tendering for contracts were reported as having the most negative impact on organisations.



Respondents were invited to comment on their ability to deliver services and activities. Nearly 60 percent of organisations offered comments, which had three broad themes.

1. Funding and resourcing pressures – 39 percent

The difficulties organisations have sourcing funding is a recurring theme. Many organisations say their funding is already insufficient to support their needs and the rising demand for services. They have to spend considerable time seeking funding, so have less time to spend on other tasks. Several organisations say this impacts the quality of their services, and limits time spent developing relationships with clients. Funding difficulties also make it harder to recruit and attract appropriately skilled people, maintain adequate staff numbers, and provide staff with training and support.

“The change in policy has impacted our ability to have secure, sustainable funding, which has been cut by 75 percent over the last three years; however the demand for our services has increased.”

“We struggle to recruit new volunteers, and current volunteers are aging and have less to give. With less money we struggle to deliver our service, as paid time is spent looking for grants, or doing work that was previously done by volunteers.”

2. Increasing complexity of client and community needs – 38 percent

As with previous surveys, respondents say the needs of clients and the community are becoming increasingly complex. As a result, service provision is becoming more challenging and time-intensive.

Eighty percent of organisations report an increased demand for their services and activities over the past two years. Clients have more complex issues and multiple needs; needs that have not been met by other providers.

Organisations are finding they lack the expertise and funding to provide adequate support. Nevertheless, many providers extend their services to these clients and do the best they can, worried clients will be unable to find support elsewhere. Many of the organisations reporting an increasing number of people using their services are already delivering at or beyond capacity.

“Vastly increased housing costs in particular (exacerbated by petrol increases) means we are seeing many more people who are in paid employment yet do not have sufficient income to feed their child. Spiralling debt, especially high-cost short-term lending as a method of coping, means more complex work with and on behalf of clients.”

“Clients now come to us with multiple issues and complex needs. This impacts the time required to work with them, which then creates a waiting list. This is not recognised by our one government contract.”

3. Government contracting environment – 23 percent

Some respondents were critical of the government funding environment, in particular the economic focus of government entities, the competitive contracting model and compliance requirements.

- Organisations feel the relationships they have with government entities are dictated by economic priorities, often associated with the contracting model.
- Contracts have limited terms, placing organisations in a state of perpetual exposure to funding changes, alterations, and reductions.
- Short-term contracts make future planning and strategising difficult, and numerous organisations say they have to plan through a series of ‘cycles’ of adequate and inadequate funding.
- Organisations feel the contracting model is divisive, bringing service-providers into competition with one another.
- The number of organisations working on collaborative tenders has steadily fallen since the surveys began – from 44 percent in 2014, 30 percent in 2016, to only 21 percent in the current survey.
- Organisations are finding that reporting is becoming more time consuming.

“Changes in reporting have only negatively impacted us through the added time it takes. When you’re running on a very small staff with limited hours, reporting is very laborious and time-consuming.”

“The service delivery of every organisation within the social services sector is negatively impacted by the capitalist and ‘business’ run processes and contracts. Innovation is stifled as we lock ourselves into silos to protect our work from others versus collaborating. This is the issue that has the largest impact upon our service delivery.”

Part four: Government contracting and service delivery

The 2016 survey had questions about central government funding for the first time; and the 2018 survey also includes local government, to better reflect the significant contracting occurring at the district and city levels.

In the 2018 survey, main funders of the organisations receiving central or local government funding were:

Ministry of Social Development	46.5%
Oranga Tamariki	34.5%
District or city council	22.5%
Ministry of Education	18.5%
Ministry of Health	14.5%
Tertiary Education Commission	13.5%
District health board	12%
Ministry of Justice	12%
ACC	10.5%
Other	9.5%
MBIE	8%
Department of Corrections	6.5%
Department of Internal Affairs	6.5%
Te Puni Kōkiri	2.5%

'Other' central government funders included New Zealand on Air, New Zealand Police, the Ministry of Housing and Urban Development, Ministry of Foreign Affairs and Trade, Creative New Zealand, and the Ministry of Transport.

The majority of organisations have the same number of government contracts as two years ago (60 percent), 17.5 percent say the number of contracts has decreased, and 21.5 percent say they have increased. Of those with government contracts, 78 percent have contracts that are outcomes based (an increase of 5 percent from 2016).

Slightly over half the organisations with government contracts report that the value of their contracts has stayed the same. For 30.5 percent of organisations, the value of government contracts has increased, while 14.5 percent have had the value of their contracts reduced.

Half the organisations say the specifications in their government contracts have changed significantly over the past two years. Some have additional compliance requirements and costs, without adequate adjustments to funding. Others have received changes that were confusing, problematic or unclear. Several organisations say the compliance changes contradict or undermine their goals, visions, or services.

Respondents were asked whether the changes in government contracting had been of benefit to their organisations. Responses have shifted significantly from 2016 when 31 percent of respondents were unsure whether the changes had been of benefit. In 2018, that number fell to 6.5 percent, with 40 percent saying changes were not of benefit to their organisations, and 24 percent saying they had been of benefit. The remaining 29.5 percent say the changes have had little or no impact.

As with previous surveys, the number of organisations that over-deliver on their contracted services remains high. In this survey, 73.5 percent of organisations say they provide more outputs and outcomes than they are contracted to deliver. Of these organisations, slightly over 25 percent report delivering up to 10 percent more than they are contracted to provide, 32.5 percent deliver between 11-25 percent more, 20 percent deliver between 26-50 percent more, and 20 percent deliver over 51 percent more.

“No-one wants the stories; just the numbers; arbitrary percentages and figures are requested that don't always reflect the purpose of the programme funded. Compliance is restricted by interpretation.”

“The changes to our funding have meant a significant increase in compliance, which is not congruent with the purpose of our courses, which now requires level 2 validation for every student, and NZQA approvals for schemes. However, this is not meeting the needs of the students – they don’t want a certificate, they just want to gain the skills for everyday use.”

“We now report nine times a year (up from five) due to the splitting of some of our funding.”

Part five: financial viability

The survey asked organisations to rank their current viability on a scale of 1-5.

1. We are facing closure as we are not financially viable	1%
2. We may be facing closure due to poor financial viability	8.5%
3. We are struggling to make ends meet	45.5%
4. We are doing ok financially	38%
5. We are in a very healthy financial position	6.5%
6. Don’t know	1%

Compared to the 2016 survey, 10 percent fewer organisations report doing ok financially. The number stating they are viable but struggling to make ends meet has increased by 12.5 percent.

Organisations were also asked whether they were better off, the same, or worse off financially than in 2016. In response, 24.5 percent say they are better off, 34.5 percent that they are worse off, and 41 percent that they are about the same.

In the latest survey, 50.5 percent of organisations say they are using organisational reserves to fund service delivery, continuing a trend seen in both previous surveys (2016: 41 percent, 2014: 60 percent). Of those currently using organisational reserves, half say this is sustainable for fewer than 12 months.

Forty-nine organisations made additional comments about their financial viability, falling into two broad themes.

1. How they are managing

- A number of organisations are searching for alternative sources of funding. This includes generating their own income, seeking funding from non-government sources, or adjusting their operations in the hope of fulfilling criteria and applications for future funding.
- Organisations have been forced to find ways to work within limited means. Often, this has meant reducing services and outputs, finding ways to reduce costs and foregoing things such as insurance.
- Five organisations had positive stories – they had received additional funding or benefited from projects, strategies and structures they had previously implemented.

“We have just hit the point where all the fat in the budget is taken up – we are now in real danger of running at a loss for the first time ever. Increased wages and compliance have driven up costs of delivery and yet we’ve had no funding increases for many years. If we continue down this track, then in the ComVoices 2020 survey we will be telling a different story.”

“Because we are a membership organisation, and most of the funding we receive is distributed to our members for service delivery, our equity is very modest and we run on the smell of an oily rag. This means that we can only do a portion of what we need to do and have to seek funding from other sources to support things like professional development of our member organisations. Our CE does everything – funding applications, policy development, engagement with stakeholders, contract management, communications, etc, even though she is only 0.5 FTE.”

2. How the funding environment was impacting on organisations

- Over half the additional comments suggest the funding environment places organisations in a state of uncertainty and instability.
- A prominent theme is that the fixed and often short-term nature of contracts makes organisational planning and strategising difficult. Many organisations described having to contend with financial ‘cycles’, and having to maintain services through fluctuating levels of funding.
- Organisations lack the resources and skills to satisfactorily train and provide support for their staff. Staff are often overworked, and some organisations report low morale.
- The funding process is extremely time consuming.
- The financial and quantitative values of funders are being imposed at the expense of service quality and effectiveness.
- Several comments lamented the competition for funding between organisations.

“The timeframe has been changed to align with the government funding year rather than the school/calendar year, which is OK so long as they continue to fund us. But it will be a major issue if they end the contract at some stage and don’t give us support to finish out the school year (given that this project is mainly delivered in schools).”

“Government over-funds audits of a financial nature, or of a document-related review, but does not fund or support quality improvements and outcomes.”

“There is constant pressure and stress to ensure we are financially viable, and yet there isn’t transparency in the funding streams we receive. It is difficult to plan ahead when we are only given one year contracts that we must reapply for.”

Part six: Final comments

Organisations were asked whether they had any concerns about speaking publicly about the issues they are facing. At 69.5 percent, the number of organisations that have no concerns speaking out on issues publicly is similar to the number in 2016.

The 30.5 percent of organisations with concerns about speaking publicly were worried about jeopardising relationships with funders, ministers and officials, fearing adverse responses and repercussions. One organisation described being contacted and admonished by government department officials after they raised their issues with a government minister.

Others mentioned a fear of 'rocking the boat' and developing a bad reputation, which might have consequences in an environment of-increasing competition between providers for funding. A number of organisations say speaking out had led to funders and officials perceiving them as ungrateful, and 'biting the hand that feeds' them. Several are frustrated that there is no suitable channel through which to discuss their issues. Others are skeptical about speaking out, saying it is fruitless, and inevitably fails to generate any meaningful change.

The majority of the comments recount the varying complexities and frustrations of working within the sector, and specific difficulties and frustrations organisations are having to endure. The comments describe staff burnout, ineffectual and antagonistic relationships within organisations, and the lack of change taking place across the sector.

Contact

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Appendix: ComVoices participants

- Age Concern
- Ara Taiohi
- Arthritis New Zealand
- Birthright New Zealand
- Careerforce
- Community Housing Aotearoa
- Community Networks Aotearoa
- Community Research
- Council for International Development
- The Duke of Edinburgh's Hillary Award
- English Language Partners
- Hui E!
- Inclusive NZ
- Jigsaw Whanganui
- FinCap
- National Council of Women of New Zealand
- Neighbourhood Support
- NZ Council of Christian Social Services
- NZ Federation of Multicultural Councils
- Platform Charitable Trust
- Presbyterian Support New Zealand
- Public Health Association
- Social Service Providers Aotearoa
- Te Wana Trust
- Vitae
- Volunteering New Zealand
- YMCA New Zealand