



September 2018

Consultation on introducing multi-year funding to the Support for Volunteering Fund

Purpose

The Department of Internal Affairs is considering introducing multi-year funding to the Support for Volunteering Fund (SVF). The Department had earlier consulted with volunteer centres on introducing multi-year funding to SVF.

The purpose of this document is to continue the earlier consultations with volunteer centres with the inclusion of Volunteering New Zealand (VNZ) on if:

- there is benefit to introduce multi-year funding to SVF
- there is any issues to be addressed should multi-year funding be introduced
- the status quo of single-year funding should be retained.

Background

SVF was established in 2001 to promote and support volunteering in New Zealand to build strong, sustainable communities/hapū/iwi. Grants are made to three categories of applicants:

- Volunteering New Zealand (VNZ) to promote and support volunteering across New Zealand
- regional volunteer centres to promote good practice in recruiting, training and managing volunteers, and
- Māori, Pacific and ethnic, youth or community organisations undertaking one-off projects that promote and support volunteering/māhi aroha.

The annual appropriation for SVF is \$1.02 million. One funding round is opened each year to VNZ, volunteer centres and community organisations to apply for funding under their respective categories. Annually, the Fund receives applications from VNZ and volunteer centres and approximately 50 applications from community organisations seeking funding for one-off projects. The SVF Panel makes recommendations to the Department for decisions on grants received by the Fund.

A funding formula developed by Volunteer Centres Network Aotearoa in consultation with volunteer centres is used by the Department to calculate the funding amount for each volunteer centre. The formula uses the following criteria:

- population served
- number of staff paid hours
- number of referrals made
- number of organisations registered with them
- number of offices they have
- the percentage made up by the grant to total income.

Each year, when volunteer centres send in their applications, they provide new data which is incorporated into the funding formula.

In July 2017, six community engagement workshops were held by the Department around the country to better understand how it could reduce the administrative burden when they make applications for a grant. The feedback from the workshops indicated, amongst other things, the sector wanted greater access to multi-year funding where possible. Similar interest was received from the Department's engagement with volunteer centres in October 2017.

In February 2018, the Department asked volunteer centres if they would support the introduction of multi-year funding to SVF. Eight of the 17 volunteer centres gave their support because they saw multi-year funding easing the administration required to receive grant funding, and would give them security of funding over a period of years. The key reservations from those volunteer centres not in favour were around the opening of a new volunteer centre that would reduce the overall funds available, the need to first bed in the funding formula and concerns about being tied to a fixed grant amount over a period of years.

What is multi-year funding?

Multi-year funding is the ability to provide grants to an organisation over more than one year, through a single application at the start of the period. In our context, we are proposing that a multi-year grant would be made available for a maximum period of three years.

Multi-year funding is currently available in other grant schemes administered by the Department, such as the Lottery Community Fund.

The proposal

The Department is considering introducing multi-year funding to SVF as follows:

- making multi-year funding available to VNZ and volunteer centres so as to offer them greater security of funding and to reduce their need to make similar requests year after year
- not having multi-year funding available to community organisations seeking one-off project funding. This is because SVF does not fund ongoing volunteer services, programmes and activities other than those delivered by VNZ and volunteer centres. This means that community organisations seeking project funding will continue to apply for single-year grants.

The proposed introduction of multi-year funding to SVF will not change the Fund's purpose, funding priorities or the annual appropriation of \$1.02 million.

There will also be no change to the amount of funds available for VNZ (funds available: \$175,000) and volunteer centres (funds available: \$747,000).

The proposed key elements of multi-year funding with SVF would be:

- a) VNZ and volunteer centres would be able to apply for a multi-year grant of three years instead of a single-year grant each year
- b) community groups seeking project funding would continue to apply for single-year grants
- c) applications would continue to be made for on-going operational expenditure or be project-based
- d) budgets would still be required as part of an application
- e) grants in excess of \$10,000 for any one year during the period of the grant can come only from an organisation with registered entity status

- f) VNZ would be able to apply for a multi-year grant with three equal payments spread over the three years
- g) volunteer centres would be able to apply for a multi-year grant of either (see Appendix 1):
 - Option 1 - same annual fixed dollar value spread over three years or
 - Option 2 - variable annual dollar value paid over three years
- h) the Panel would continue to make recommendations on grants. The Department may decide to decline or give a lower amount in a multi-year grant than what had been requested (as with single-year grants currently)
- i) payments after the first year are dependent on an approved annual results report being accepted
- j) SVF and future multi-year grant payments are dependent on future Government funding (which is no different to the current situation).

Potential advantages of introducing multi-year funding

Multi-year funding would reduce the administrative burden of VNZ and volunteer centres from applying annually. This would allow VNZ and volunteer centres to focus on planning, service delivery and retention of staff. Multi-year funding also provides VNZ and volunteer centres a level of financial assurance which enables them to plan in advance and evaluate performance for service improvement.

Potential downside of introducing multi-year funding

VNZ and volunteer centres may feel they are locked into a funding amount for three years which would reduce their ability to respond to changes in their community. However, SVF grants contribute to funding outcomes (impact of the activity/service funded), rather than undertaking specific tasks. This provides VNZ and volunteer centres with some ability to respond to changing community needs.

Consultation process and associated timeframes

The Department is seeking feedback from you on the benefits and issues should multi-year funding be introduced to SVF. Specifically:

- a) Do you support the introduction of multi-year grants or the retention of single-year grants?
- b) Do you support the proposal that multi-year funding is made available only to VNZ and volunteer centres?
- c) Do you have any concern about three years being set as the maximum duration of a multi-year grant? If so, why?
- d) As a volunteer centre, which grant structure option (Option 1 or Option 2) do you prefer?
- e) As a volunteer centre, how do you suggest the emergence of new volunteer centres should be managed?
- f) Do you see any additional benefits from a multi-year grant in addition to the benefits described in the document?
- g) Do you have any other feedback that you would like the Department to consider?

Please send your feedback to Juanita Thornton at Juanita.Thornton@dia.govt.nz with the subject heading "Feedback on multi-year funding into the Support for Volunteering Fund" by 12 October 2018.

Your feedback will be collated and a recommendation made to the Minister for the Community and Voluntary Sector who will make a decision on whether or not to introduce multi-year funding to SVF. If approved, the intention is for multi-year funding to be made available for the 2019/20 SVF funding round.

Please contact Marten Schievink at Marten.Schievink@dia.govt.nz or phone +64 3 479 6511 for any questions you may have.

Options for structuring a multi-year grant for volunteer centres

Options	Description	Advantages	Disadvantages
Option 1 – Volunteer centres have guaranteed funding for three years with the same grant amount each year	<ul style="list-style-type: none"> Total funds available stays at \$747,000. Total grant amount is calculated by the funding formula using data provided by volunteer centres at the point of submitting the request. Volunteer centres get a multi-year grant in three annual equal payments. 	<ul style="list-style-type: none"> Volunteer centres have a guaranteed annual grant amount over three years. Reduced administrative costs for volunteer centres, i.e. only need to: <ol style="list-style-type: none"> submit one application instead of three provide data for the funding once every three years compared to annually at the moment. 	<ul style="list-style-type: none"> Volunteer centres may regard the funding received as not keeping up with changing/emerging needs.
Option 2 – Volunteer centres have guaranteed funding for three years with a different yearly grant amount.	<ul style="list-style-type: none"> Total funds available stays at \$747,000. Total grant amount is calculated by the funding formula using data provided annually by volunteer centres even though there is no need to submit a yearly grant request. Volunteer centres get a multi-year grant in three annual payments with each yearly payment adjusted according to the new data provided. 	<ul style="list-style-type: none"> Volunteer centres have a guaranteed annual grant amount over three years. Administrative cost savings as only need to submit one application instead of three. Variable yearly grant amount may allow volunteer centres flexibility to respond to changes. 	<ul style="list-style-type: none"> More administrative cost compared to Option 1 for volunteer centres to provide yearly data for calculation of grant amount. Yearly grant amount may fluctuate upward or downwards depending on overall data provided by all volunteer centres.
Option 3 – Status quo	<ul style="list-style-type: none"> Total funds available stays at \$747,000. Total grant amount is calculated by the funding formula using data provided annually. Each volunteer centre continues to make an annual application. 	<ul style="list-style-type: none"> Variable yearly grant amount may allow volunteer centres flexibility to respond to changes. 	<ul style="list-style-type: none"> More administrative cost compared to Option 1 and Option 2. Yearly grant amount may fluctuate upward or downwards depending on overall data provided by all volunteer centres.