

1. Aside from Highways and utilities it seems to me that “in theory” at least, there are no new service areas which the VCS might engage as providers. Whilst many national VCS organisations have campaigned for this to be the case, I have to say that I have reservations about where this now positions the voluntary/community sector.

In the 20 years or so that I have worked in the VCS, the understanding has been that civil society organisations add value to the public sector not displace it, this has also been the approach of charitable trusts/foundations who have supported the sector financially only when, it is clear that the activity is not one that should receive “mainstream” funding.

Having charities run prisons or job centres, will inevitably mean the loss of public support for charities per se, as they become linked with punitive, government funded service delivery. Unfortunately the national VCS organisations referred to above have not asked the questions.

- What do we want our voluntary community sector to look like ?
- At what point should the VCS refuse to become an instrument of the state ?
- If it does not so refuse – how can it maintain independence from the state ? but equally how can it maintain the respect of the public – and to both of these questions I think we would have to say that “it can’t”, in which case we will see more of what has already started – that is smaller community/grass roots groups being established to campaign against the service delivery approach of those charities now serving the state apparatus.
- Introducing payment by results.

Clearly the biggest issue for the VCS is maintaining cash flow whilst awaiting payment. Groups should not be expected to use loan finance to manage cash flow. Almost all VCS groups that I am aware of would rather wind-down than accept loans – not least because of the risks they present for trustees. Where groups have reserves these are often ring fenced for liabilities should the organisation go into administration eg; redundancy costs, outstanding payments on lease arrangements (offices/equipment etc) or else to maintain salaries etc where there may be a gap in the funding arrangements, thus reserves too should not be considered as an option to manage cash flow because there is a risk that payment by results may not result in payment eg: Local Area Agreements – where despite results being achieved payment was nonetheless withdrawn or considerably reduced. How can we be certain that guarantors won’t find the small print to quibble about the outcomes, most especially given that outcomes can be notoriously difficult to measure.

- Setting proportions of specific services that should be delivered by independent organisations.

Unfortunately independent includes commercial sector as well as VCS. I would rather see an emphasis on quality of services than on who is delivery those services. The other difficulty is that small/local VCS organisations can struggle to compete with large VCS organisations and private sector who may be able to run loss leaders, just simply to secure the contract. Small organisations cannot “hide” the true costs of delivery in this way.

- Introducing new rights for communities to run services.

There are many communities who do not want to or have not the capacity to run services – one must ask then what type of services will such communities get in future ?

The central issue is whether in practise this will mean substituting paid staff with volunteers. Ultimately that must be bad for the economy and make for fragile continuity of service delivery.

2. How could government make existing public service markets more accessible to civil society organisations ?
 - Cut away unnecessary red tape by streamlining procurement processes.
 - Uniformity of approach as to when procurement should be applied would be useful. We have seen contracts with as little value as £10,000 be advertised on NEPO and therefore subject to the full rigours of a PQQ and ITT. It would be helpful if the bidding procedures were proportionate to the value of the contract and that a universal approach be used by all purchasers from police to PCT, from legal services commission to local authorities – most especially at the PQQ stage.

This might also encourage purchases to agree common approaches to the requisite evidence of quality assurance – which should also be proportionate to the value of the contract.

So for example, for a £50,000 contract purchase might ask for evidence of an externally accredited quality mark and this would be sufficient to achieve full marks. Whilst for a £500,000 contract ISO9001 might be required to achieve full marks at the PQQ stage.

The diverse requirements of the PQQ is creating new pressures for the small VCS organisations. For example our organisation with an annual turnover of approx.

£250,000 is currently working towards CHAS accreditation to achieve full marks in the Health & Safety section of the PQQ, BS855 to achieve a better score re the Environmental section of the PQQ as well as maintaining other externally verified quality marks such as NAVCA. Evidencing and maintaining these different quality marks adds to the bureaucratic burden.

In previous years our organisation has had up to 15 different funding streams at any one time (not including income generated by ourselves) ranging from SRB to Big Lottery, Coalfields Regeneration Trust, Lloyds/TSB foundation etc. Each of these had very different monitoring requirements, and some were excruciating in their complexity for relatively small pots of funding.

Current procurement arrangements does not rule out the risks that all of this will be repeated again, if we have to tender for contracts ranging from £5,000 then, judging from the way we are currently monitored by our local authority, one can expect many working days lost to quarterly monitoring returns and having to perform new tricks at the behest of purchasers (eg: constantly changing the monitoring forms themselves asking for evidence of policies not previously required).

The VCS more than any other sector seems to be constantly asked for budget details and evidence of spend. There is a reluctance to allow the VCS to incorporate “management fee’s”, or surplus into their bids.

These are genuine costs, and we would ask, why the commercial sector is allowed to make a profit, when the VCS seems not to be allowed to build up a reasonable level of reserves to cover contingencies ?

- Improve transparency of public procurement opportunities;

We especially welcome moves to make purchasers more open and transparent about their decision making, however there are risks that delivery could be stalled as legal challenges are made in respect of the process. There is also a concern that perhaps too much information is available. eg: we challenged our local authority to provide copies of all tenders received and notes from interview panels to consider how they had decided to award 2 contracts to out of area provides. Originally the authority said that this information couldn’t be shared as it related to “trade secrets”.

Upon a second challenge, the Local Authority relented and provided almost all of the information asked for. But, this is something of a hollow victory because it means that our ‘competitors’ can access information we submit in tenders and thus potentially gain competitive advantage.

- Launch a contract finder service, a free facility for small organisations to find procurement and sub-contracting opportunities all in one place.

We would especially welcome a single contract finder that is free to use where all purchasers submit their contract and subsequent sub-contracts. In relation to sub-contracts, we would suggest that it is a requirement of the original contract award that sub-contracts appear in the specified place, and that the prime contractor is required to adopt an approach akin to the Merlin standards to demonstrate performance.

There is a danger that small VCS organisations are pressured into taking on high risk/low value contracts, with some of the prime providers, and assessment of the way in which prime providers manage their sub-contracts should be a key component of monitoring.