

Dear Si/Madam

In response to the proposals set out in the Green Paper I would like to draw your attention to the attached report 'Third Sector: Investment for growth'. Although it researched organisations engaged in waste minimisation and resource reuse, the majority of the issues and examples are pertinent to all sectors.

In 2009 WRAP and REalliance commissioned a 'state of the market' research project to understand the barriers and opportunities facing civil society organisations seeking to deliver service contracts relating to resource recovery. The I4G report (attached) was published in November 2009 and provides much useful information relevant to the question of modernising commissioning.

Key barriers included the unnecessarily complex procurement methods that exclude many civil society organisations, often due to size or turnover:

"The local authority is paying lip service to environmental considerations and cheapness is still 90% of the consideration. We have turnover issues with bidding for contracts - not enough reserves. Authorities are still sticking to their procurement mantra, despite the NAO/OTS/Comprehensive area assessments injunction to make contracts smaller and to include third sector organisations. (Commercial Composting TSO Manager)" (I4G p34)

REalliance believes that there is significant scope for Local Authorities to procure significant parts of these services from civil society organisations, either directly or via the major waste subcontractors. The Investment for Growth Report finds that

"The key to enabling private-third sector partnerships to flourish is at the commissioning stage. By requiring contractors to deliver services, and additional social and environmental benefits, in ways that require them to recognise the crucial contribution of smaller partners to achieving all the contract requirements, alters the nature of the working relationship. Network organisations can very helpfully broker relationships to support culture change between local authorities, TSOs [third sector/ civil society organisations] and private sector contractors to deliver much more effective sub-contracts." (I4G p46)

The key finance issue for CSOs is working cash flow. Where the CSO has to pay out wages, rents and leases before they receive payment in arrears for their services they need enough cash flow to sustain this. As contracts have become larger the amount of working capital needed to buffer payment in arrears becomes very significant. (see Third Sector: Investment for growth (2009) p47)

The Government's emphasis on a zero waste economy is welcomed. It will create greater opportunities for enterprise around resource reuse, and civil society organisations are well-placed to carry out this work, adding social value at the same time. CSOs have a wealth of knowledge and experience in maximising social

value and ensuring local engagement and impact. However, without new procurement and contract mechanisms there is a danger that they will continue to be excluded from contributing within their capacity. If the rules are the same then the same players will deliver the same results.

Regards

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