



Comprehensive Spending Review: Review of the future role of the Third Sector in social and economic regeneration – Amicus response

1. Executive summary

- Amicus is an important stakeholder in the Third Sector representing 30,000 members. The outcomes of this review will significantly impact on their jobs.
- Due to the independence of the Third Sector it has developed good models of advocacy, campaigning and innovation. Running statutory services could undermine these strengths.
- Funding processes based on excessive bidding, administration and auditing take up too much time and resources for Third Sector organisations which could be better deployed elsewhere.
- The private sector has a possible role in the Third Sector. This should not undermine either the independence of the Sector, place financial obligations on the sector or be used as a 'Trojan horse' for privatisation.
- Terms and conditions in parts of the sector are currently some of the worst in the economy and this has a knock on effect on service users. The current competitive funding environment is making this worse.
- Amicus believes that an Industry Standard and Framework should be set up for jobs and employment procedures in the sector based on models in the public sector such as Agenda for Change.
- Human Resource systems in the sector can be poor and in need of development. Amicus believes more collaborative approaches would help this, including closer working with trade unions.
- Amicus recommends that a sector-wide pension scheme should be set up.
- Volunteers require similar protections to other employees in some areas, including access to training and development. However, Amicus does not believe that full employment rights would be appropriate.
- The Third Sector should have its own skills escalator and better co-ordination across the Sector Skills Councils and its own national 'virtual university'.
- Amicus believes that the whole system of the Compact and Change Up Hubs have to be reviewed to bring benefit to the sector.
- Amicus suggests a collaborative model of improving public service design. This would involve a comprehensive stakeholder group designing the service, and the framework for the contract. This collaborative model is diametrically opposed to the Government's model of contestable tendering.

2. Introduction

Amicus is the UK's second largest trade union with 1.2 million members across the Private, Public and Third Sectors. Our members work in a range of industries including manufacturing, financial services, print, media, construction, not for profit, local government, education and health sectors.

Amicus represents nearly 30,000 people working in the Third Sector. Our membership works in a wide range of Third Sector organisations, including charities, housing associations, social enterprises, small community organisations, professional bodies, NDPBs and faith bodies.

As a trade union, Amicus is one of the few stakeholder organisations representing the needs of the workforce in the sector. Our experience in other sectors, both public and private, puts us in a unique position to evaluate what works well in the sector, as well as to identify where there are gaps or scope for improvement.

The joint Treasury and Cabinet Office Third Sector Review is of major importance to Amicus members and its outcomes will significantly impact on many members' jobs and terms and conditions. The review is an opportunity to greatly improve the infrastructure for employees working in the sector and to create an effective framework for sustainable working practices for many years to come.

In light of this, Amicus has conducted a comprehensive consultation on the review. This has included a series of consultation events attended by representatives, activists and members working in the frontline of service provision across the country. In addition, Amicus has received input through responses to our monthly Amicus sector e-bulletin.

Amicus calls on the Government to take seriously the issues affecting employees in the sector and to work with trade unions at all levels of this review. Amicus would welcome any opportunity to continue dialogue beyond the formal consultation period as part of a pragmatic approach to the future working of the Third Sector.

2.1 Relationship between the sectors

Amicus recognises that there has always been a close relationship between the various sectors in certain aspects of the operation of the Third Sector, particularly between the public and Third Sectors, and that the dynamic of this relationship has continued to change with time. It would be wrong to put each sector into silos, since this has never been the reality of how the sectors work. Current thinking in government suggests that the sectors should work closer together. This would enable the Third Sector to assist in developing and delivering public services.

Amicus policy firmly argues against the fragmentation and privatisation of public services and believes that these services should remain in the control of the public sector. However, it is also recognised that many public services are, and always have been, delivered by the Third Sector.

The Third Sector is changing. Many organisations that grew out of local communities are becoming larger through merger. Good examples of this are Housing Associations, which have been encouraged to merge by government, which risk losing some of their original identity. However, the Third Sector has maintained an ethos and has a workforce devoted to serve.

Amicus strongly believes that before further change happens, there needs to be a root and branch independent review of what is needed from our public services and how that need could be best served. Within such a review questions should be asked as to what the Third Sector does best, what its expertise is and what is unique about it. Such a needs based analysis would reform services, not according to financial

models and political persuasions, but from the need to meet the requirements of people on the ground.

Amicus members working in the Third Sector would argue that the strength of their organisation comes from their independence from the state. This enables organisations in the sector to work beyond statutory requirements. It frees up time for innovation and comprehensive service development at a reasonable resource level to match this objective in order to reach those in society that statutory services can't or don't reach. Through this work the sector can not only deal with the urgent issues of the day, but also provide the preventative measures to reduce the risk of issues developing in the future. Many of our members have at some point transferred from the public sector to work in the Not For Profit Sector for this very reason, albeit often on worse terms and conditions of employment, whilst others have made a career choice to work in the Third Sector.

A care leavers project in Newcastle provides a good example of where a non profit organisation and the Local Authority worked well together. The charity ran the project in which there was a high ratio of employees to service users. With this, the employees could build meaningful relationships with their service users, mentor them and so on. The project started as a part Local Authority and part voluntary income funded project, and it seconded some staff over from the Local Authorities. As the service users were entitled to Housing Benefit, this resource was put back into the project, together with a service charge. The project therefore became 100% self financing. This project has become a very successful and demonstrates the strength of sector collaboration.

The CAB works very closely with the public sector signposting clients to CAB services. However, with some services hived off to other providers who have won contracts from them, greater confusions arise for the service user since the CABs no longer provide the comprehensive service they did and the service user then has to hunt for who does provide the service. This type of contracting is therefore to everybody's disadvantage. Services should be kept together wherever possible, since fragmentation will work against the service users' interests.

The sector also prides itself on its campaigning and advocacy role which could be seen to create conflict between statutory provision and the identification of further sector/societal need. Amicus therefore believes a relationship of working alongside the public sector delivery of public services, adding value, as opposed to being the sole deliverer, is the way forward.

Amicus believes the separation from the profit driven private sector is also important and gives the sector a unique role in the contribution it can make.

2.2 Models of Procurement

With funding in the sector changing from statutory as well as independent sources, the sector has been forced to adapt from a grant receiving sector to one of fierce competition within a rigid framework of service design. In order to gain resources to run projects, services often have to be adapted to fit the contract criteria to be successful in winning contracts, thus organisations often feel directed by the market rather than their own aspirations for the service and the needs of service users.

Clearly this model does not draw on the expertise in the sector to apply it to wider service delivery. This in itself brings frustration to professionals operating in the sector and compromises the ethos of the sector. Amicus therefore believes that

competition or contestability does not draw out the sector's best attributes and assets.

It is recognised across the sector that if you secure statutory funding it makes it easier to go on to drawing down pockets of money from other funders and sources, so it is important, even if you are not entirely content with the statutory funding constraints to first win this money to enable you to have success for funds to spend on the things you really want to. This form of funding triggers to other sources needs to be looked into to.

One body remarked that they were set up by Royal Charter and therefore the funders have to follow the principles stipulated in this. The members believed that this provided them with a degree of protection. Other organisations find that they have no choice but to cut services, and now have to turn away service users, which they never had to, and in the case of some services, they have nowhere else to turn. Similarly the restriction on free, formally funded WEA courses will mean that some of the most deprived communities may be denied opportunities which until last year they could have.

An advice organisation found that the funder stipulated that they had to close a town centre office to manage costs. However, the organisation itself, using the same budget devised an alternative strategy which would be far more suited to the service and its users. This was rejected, to the point that unless they complied with the funder they would have all their funds withdrawn. This is clearly nonsensical, but it does highlight how the inequality in power between funder and provider is detrimental to the service.

Often it is found, however, that public services are simply transferred across, so the only way that the service can be enhanced to reach a decent standard is for voluntary income to be used to make up the difference. This works against full cost recovery principles as well.

In this section Amicus will explore the impact of the current contestable model of procurement and contrast this with the more progressive model of collaboration, which Amicus believes is the solution to Third Sector procurement and will drive efficiency, draw out best practice, improve the quality in service delivery and enable choice.

2.3 The Model of Contestability

If the Government is serious about reform of public services, it has to first look at the relationship between the sectors. Amicus believes that there is scope to drive up standards in public services, however this cannot be achieved in a competitive environment, such that is being pursued at present. At this juncture, Amicus wants to outline the reality of how reliance on the current model will only transfer services to the non profit sector, not transform them, as suggested by the NCVO¹, and transfer them at a cost to those working in the sector.

If cutting costs is seen as the prime objective, then the current proposal would produce this, since contestability forces organisations to compete for contracts. This has a number of knock on effects which Amicus as a trade union, is grappling with on a daily basis in the sector. These include a race to the bottom, by way of terms and

¹ NCVO. 'How voluntary and community organisations can help transform public services', June 2006

conditions, wider usage of short term contracts, increased levels of stress and bullying, and cuts in training and development budgets, and all ultimately at a cost to the service user.

If, for example, a contract is open for tender, then Organisation A, who currently runs the service, and Organisation B, who has an interest in delivering that service in the future, may both submit a bid. Organisation A will not share its proposals for how to best deliver the service for fear that Organisation B will use this information to advance their bid. Organisation B is similarly discrete about its proposals. Organisation A knows the terms that Organisation B are generally offering when bidding since they recently undercut them in a neighbouring authority. These terms are less than the organisation is currently operating on to deliver the service, so in order to guarantee they win the contract, they decide to undercut the pricing of their service. As they do this, they realise that it will be difficult to run the service, but at least they will keep the service which will be better for continuity among service users, and they believe the staff will be grateful avoiding a TUPE transfer to another organisation.

Organisation A wins the bid. However, it proves difficult to run the service, and staff themselves work excessive hours to complete the work, resulting in higher levels of stress and sickness. These factors lead to a worse service being delivered. Following this bid the staff have had to forfeit any training and development. The trade union is then approached regarding affordability of the current benefits package to staff, with management now wanting to cut terms and conditions, causing a further decline in morale among staff and retention issues.

At the next bidding round Organisation A again bids for the contract, but Organisation B undercuts them and wins the contract. The staff are TUPE'd to the new organisation and in time find the situation becomes even worse than before. And so it goes on. This produces a serious spiralling down of employee terms and conditions.

This scenario, although crude and simplified, is an example of the reality of what is happening in the sector. Not only this, but Organisation C doesn't even get a look in because it is small and can't afford the time to put together the bid in fear of failing again, and anyway it doesn't have the expertise in dealing with procurement processes despite its exemplary model of service delivery. Members, however, reported that even with well established national charities, there is not the resource or expertise to properly engage in this process, unlike in the private sector. The service that is provided by Organisation A has to be run according to the way the contract prescribes which doesn't leave scope for innovation to the service and if anything is in conflict with the model of service delivery that the organisation has built its reputation on, building further professional frustration. Of course when an organisation fails to be successful in bidding for a contract, then the money spent on putting the bid together, which was reported to us as being anything up to £100,000, for an averaged-sized project is wasted.

Members also reported that the commissioning bodies lack the skills needed to be effective in their work, since many of these bodies were service providers, and their new role has not been supported with the necessary training.

Without exception, Amicus members said that the cheaper bid does not guarantee a better service. One person said that if you were selecting a service for yourself, then you would look at quality not just for something on the cheap. This consumer mentality can't be forgotten when funding bids are being assessed. After all, as one funding organisation told us, it is normally on employee terms and conditions where

organisations make the savings in their bids, making them more competitive. Driving down employee terms and conditions is not acceptable to Amicus, nor will it guarantee getting the best value for money, if the employees aren't valued.

Members agreed that their organisation wasted so much time and resources negotiating with Local Authorities over the shape of the funding contract that there must be a more mature way of doing business. They also felt that there was an increasing amount of control in Local Authorities where in an arms length relationship it was felt that "the arm was getting shorter".

In a project in the Birmingham area, funding for a service could only be secured with the Local Authority if Christmas to New Year cover was to be provided. Up until that point, over this period the service had always been closed. For the service provider and service users, this was not a priority. The organisation could not determine this level of detail in how the service was to be provided, but the statutory funder could. The representative said that when faced with the option of deteriorating terms and conditions or job losses, he would have to defend jobs.

Another issue that our members raised with us from Manchester concerned Voluntary Action Manchester, which lost its funding when another national organisation came in with a cheaper bid. The organisation did not have any community links of contacts within the different communities and therefore could not deliver the service that had been delivered for years previously.

A similar issue occurred when a non-profit organisation working with the homeless had funders dictate that a service for social exclusion advice must be switched from a face to face service onto a phone service. Although this is cheaper, because phone services are not appropriate for the client group as they find it difficult to use the phone, the service was a wasted resource and didn't assist the service need.

For these reasons, and there are many more examples, it is clear that the competitive model of service design, where organisations have little or no input, can destroy a service, or certainly ensure that the best service framework hasn't been put together.

Although a simplified summary of what is happening, this is very real in the Third Sector today. Clearly there are few winners when this model is applied, and the numerous opportunities for driving up best practice are wasted. Coupling this with the frequent short-term funding and need for regular contract renewal, the detrimental impact of this model is amplified and cost for administering this model spiralled up. It must also be remembered that most organisations are dependent on several funding streams, each with its own requirements for contracting and auditing, so this further costs and complicates things.

Amicus believes that the Third Sector has an important role to play in public service reform, but instead of the model of "contestability" which drives down best practice, terms and conditions and service reform, the model of "collaboration" brings with it opportunities to benefit all stakeholders, building in efficiency, quality and choice.

2.4 The Model of Collaboration

The model of "collaboration" is how Amicus believes services should be planned and delivered. At the outset of identifying a service where improvements need to be made, whether to the pricing of that service, where the risk of the service delivery

sits, or to the outcomes of the service, a stakeholder group should be established. This group should include a wide range of participants including:

1. Those currently delivering the service
2. A range of Third Sector organisations who could deliver the service
3. Possible funders
4. Service users
5. Service commissioners
6. Trade Unions
7. Other stakeholder partners

It is essential that this group includes front line professionals, not just managers, since these are the people with the greatest expertise on how to develop and deliver a service to produce the desired outcomes which are obtainable, realistic, and can be provided within a devised timescale. This group working together makes for a powerful voice, however it is important to understand the relationship between the parties. If the funders have more power than professionals and service users, very quickly you move from a productive relationship looking at service requirements to one which is dictated by resources. Only true partnership would work here. Also organisations should be funded to participate in this group.

Often larger Third Sector organisations are good at bringing in smaller organisations, and depend on these because of their niche focus and specific expertise. This relationship is also important in looking at service design and delivery.

All stakeholders then need to identify their contribution to service delivery. Since the framework for the quality of the service would have been set. For instance, two charities may identify a couple of employees each to work on the transformation of the service aspect of the project, however the public sector may continue to deliver the bulk of the service, thereby getting public authorities and non profit organisations to work collaboratively.

Collaboration at a national level will only work if there is collaboration at a local level as well. An example of this was when one umbrella organisation had established good standards with Government, yet all the subsidiary organisations, i.e. those that had relationships with Local Authorities and delivered services locally were not able to implement the standards because the Local Authorities would not fund this putting quality at risk.

Where there is competing interest for delivering part of the service, continuity of delivery must be seen as desirable wherever possible. Where there is a new service the most suitable body should be selected to deliver the service. The process at this stage should not lead to commissioners looking at lowest price, but should lead them to take a holistic view of what is being offered in each tender. Obviously compliance with regulation sets the parameters for this process. The public sector, as collaboration of public and Third Sector or Third Sector organisations should be about to be considered for running the service.

At the outset, the current service should be analysed, together with all its strengths and weaknesses, or if no current service is provided, then the gap which has arisen between the agencies should be analysed. The group should then discuss how the service can be developed to provide the best service for the service users, and should seek to look at the long-term benefits, rather than just the short-term solutions.

Amicus members report examples where organisations had to adjust their service provision to reach targets set by the commissioners which were not appropriate for the service users at the expense of providing the service that was actually required. In a national non-profit organisation, Amicus members reported that the organisation had been penalised for either exceeding or not reaching its target. Another example comes from members working in Housing Associations. These workers pointed out that in response to the competitive funding, housing associations have learnt that collaboration in order to campaign for more secure funding is the most sustainable way to work. It is important that the whole sector learns from the painful experiences of Housing Associations' during the 1980s.

Drawing on the expertise from the Third Sector as well as other stakeholders, will leave contractors a framework in which to devise service requirements. Accompanying this framework there should be a set of industry standards of terms and conditions, applied to all contracts (referred to in more detail below). Also, any regulatory requirements which impact on the service to be provided should be drawn in with the contract design, together with the rest of the detailed drafting of the strategy.

Once the service framework has been set out, including the estimated pricing of the work, inclusive of full cost recovery principles, the funders need to consider the role that they are to play and how each part of the budget is funded. Different sectors could well have different roles to play in resourcing the service, whether through financial provision or gifts in kind. If the service designed is currently being delivered by the public sector, there is no reason why this should not continue within the given framework. Likewise with the Third Sector. Collaboration between the two sectors on delivering a more comprehensive service may also prove desirable so that statutory and non-statutory parts of a service can be delivered seamlessly, as is currently sometimes the case. Service Level Agreements are good examples of this.

With better collaboration, the need for excessive auditing should also diminish, since stakeholders would play an active role in reviewing the service throughout the contract period and mark against the service design, as well as look at ways that the service could be further improved during the contract period, not just at the next funding stage.

2.5 Contestability v. Collaboration

This could equally be phrased cheaper v. better services provision. Amicus believes that these two models are diametrically opposed and therefore the Government has to decide which of the two objectives it primarily views as important. From understanding the Government's key objectives, it would appear that the collaborative model is best aimed at servicing the aims of public services reform.

3.1 Funding Contracts

Funding is clearly of interest to the Treasury in this review of the sector, as it is to all the stakeholders. As a trade union, Amicus believes that public finances should fund public services, and that this should be held publicly accountable through our elected representatives in local, regional, national, UK and European governments. However, there are good examples of how other revenues of income and gifts in kind can expand the current allocated funding. Cost savings through more effective ways of working and delivering services also need to be taken into account. It was felt by representatives of many organisations that funders need to have a better understanding of the changing nature of the sector, and changing nature of funding in

the sector from traditional sources. Members reported examples where wrong assumptions of the model of funding in operation, by commissioners, were made.

One public service provider adequately illustrated how funding criteria often totally by-passed the purpose of the organisation. In order for the organisation to meet the criteria it had to produce a “glossy” internal communication. This communication was of no value to the employees, however because it fulfilled criteria, the organisation satisfied that particular criteria.

Another organisation based in Liverpool had to change its name in order to win funding. Clearly nothing to do with the service it was delivering.

Other services have described that from year to year the contract requirement changed, and therefore the organisation had to keep reinventing itself, which was of no benefit to either the service user or the organisation, and in reality to the funder.

Another example of a service being delivered well was asked by the Local Authority to reduce its costs, so that the organisation took on more of the funding itself through its voluntary income. The organisation delivering a statutory service on behalf of the Local Authority felt abused by this.

Representatives reported that organisations were “excited” about the use of direct payments, cutting out the middle tier of administration, since this would create greater freedoms for organisations to develop their services. A carers’ charity thought that this would be of huge benefit to the work that they do and remove some of the time delays that currently exist to receive funding however caution was raised that this method of funding must safeguard against inequalities arising. Others thought that this would improve funding since cutting out the middle stages would mean more resources went straight to service users.

3.2 Longer Term Funding

The short term nature of contracts also increases costs since organisations engage in continual procurement activity using resources which could be better spent elsewhere. In our report ‘Short Term Funding, Short Term Thinking’², our members identified 5 to 10 year funding cycles as being more suited to the sector and its needs. Any term shorter than this is deemed to be of little value. The use of tools and a one stop shop to make procurement processes less arduous were also cited by our members as being good ways organisations can reduce the amount of time and money spent on trying to win contracts for service delivery.

Longer contracts should have trigger points for extending contracts if the service delivery is on target, thus increasing financial security for the long term in a service and thus jobs. No members could understand why, if a service is being delivered on target did the funding have to be opened up to full competition again, due to the negative impact that this has on employees, service users and costs. As one representative said, “If it isn’t broken, why try and fix it. Surely this is common sense”. If contracts are to be extended, renewed or terminated, then this must be done in good time before the contract naturally expires enabling the service to be planned and dealt with accordingly, as well as the employee in regards to their future.

Longer term funding also helps an organisation build its identity, which is really important, particularly if you are also dependent on voluntary income. If, like with

²‘Short Term Funding, Short Term Thinking’, Amicus (2005)

NCH, your slogan is “helping the children who need it the most” is applied to a project to which funding is only for 12 months, and then they do not win further funding for this, then this makes a mockery of the organisation.

One organisation in Stoke said that the 12 month contracts that they were on meant that every year staff went through a difficult March waiting to hear if they would have a job for the following month. This is no way to run an organisation, let alone support employees.

In one area of Liverpool a youth club was set up by a charity, however when the funding ran out they weren't able to secure further funding and so the centre had to close. This centre, over that time, had become a major provision to a deprived community, and its loss meant that the community no longer had any provision. Clearly this is an example of poor application of short term funding.

It is the short term nature of funding that forces organisations to use temporary contracts. This way of working is wholly unsatisfactory, does not allow opportunities for team development, which in turn is not in the best interest of service users. It is also an inefficient way of working, not good for service delivery and prevents an organisation planning for the future. People working these contracts have to think of themselves, and are therefore likely to start looking for alternative employment early on into the contract, to have some employment stability.

3.3 Contract Termination and Renewal

Amicus has learnt of many horror stories where future funding hasn't been confirmed until after the date of renewal is due, as was the case with a small organisation dealing with employment in the North West dependent on Local Authority funding where management made personal financial arrangements to pay the other employees from their own bank accounts. Another example came from a national counselling charity dependent on central Government funding, where they only learnt of being refunded by phone on the last day of the old financial year, and then not told the amount until weeks later when they were already spending the budget. Another organisation didn't receive the amount they were verbally promised, which meant that they had to part fund the project themselves. Sadly, several members conceded that this is part of the culture of the Third Sector, and you just have to carry on and hope that your funding is confirmed as soon as possible and that this is just one of the hazards associated with working in the sector.

Amicus has other examples of organisations expecting to be successful where they were told that they had been unsuccessful in insufficient time to meet the contractual and statutory redundancy arrangements, and therefore being forced to break the law to terminate the employees' contracts. There is absolutely no reason, apart from poor contract management by the funders, that sufficient notice of contract renewal can't be provided.

Penalties should be served on the contractors that fail to provide sufficient notice on a contract, so our members don't have to forfeit their redundancy payments because the organisations had become insolvent. This penalty should be paid to wind down a service over an appropriate timescale and pay the proper redundancy rates to the employees affected. The funder should carry this risk. This should also apply to late announcements regarding continued funding too, as making contingency arrangements within organisations comes at a cost. There should be effective mechanisms of auditing contractors and for grievances to be made. This penalty

mechanism should drive better efficiency into the commissioners' side of the tendering process.

If an organisation is unable to fulfil the requirements of a contract and the funding authority decides to withdraw the contract, then this can be a costly process as well as painful for the staff involved. Again collaboration should prevent this scenario from occurring in the first place. Again sufficient time should be given to the employees to assist them in their futures.

Short termism in contracting creates job insecurity, which in turn causes employees to be under stress of finding alternative employment. If more secure employment is available elsewhere, people will leave their current posts early to take up such opportunities. This skill drain is avoidable. In the Third Sector there are now many who have come to expect, not through choice, the casual nature of employment, i.e. you could be an employee one day and redundant, acting or a volunteer the next. If people are less financially stable, this will impact on their home, their family as well as themselves.

The shorter time the employee is with their employer, the less likely the employer is to invest in that employee in terms of learning and development. The opportunities for that employee to develop the service will be curbed since there will only be time to run the service, thus encroaching on their job satisfaction from under utilising their skills. All this is again at a cost to the service user. If, as happens, the employee relocates to more stable employment, the service users are left in a more vulnerable situation with vacancies and constant change of employees. The outcome of this could be more detrimental than had the service not been provided in the first place.

The politics should also be taken out of the process of contract renewal. Many organisations, although unable to definitively prove it, know that the reason that they do not win contracts is due to political differences either between individuals or cultures of organisations. This can arise due to the campaigning element of an organisations work. All systems should be totally transparent.

When organisations are not successful, they should also receive feedback to learn why their bid failed, and assistance to try and succeed in the future.

Employees themselves are also highly unlikely to join a pension scheme if they believe that they are there for a short term, and thus adding to those who will have little in the way of financial security in their pensionable years. Clearly long term funding is essential to change this culture. Following on from the collaborative approach, and the wider engagement of stakeholders, this should provide for greater stability.

Finally, continual TUPE cannot be seen as the right way forward for service users or employees as different organisations deliver the service. TUPE in itself doesn't provide the level of protection that employees would want and therefore organisations are often uncertain as to the future of their terms, even if their post transfers to their new organisation.

3.4 Funding Contract Administration

Amicus through its research into short term funding demonstrated in its report 'Short Term Funding, Short Term Thinking'³ how excessive bidding, auditing and general

³'Short Term Funding, Short Term Thinking', Amicus (2005)

administration processes for the funding mechanism is a resource drain on frontline service delivery.

One national children's charity described how project leaders who used to be involved in front line provision of services for children now spend the majority of their time on administrating contracts, auditing or bidding for new sources of funding. Clearly this is not why they went to work for the organisation, and has simply created another tier of administrators in the sector. This example was not in isolation.

Amicus members in the frontline of service delivery report that more and more of their time is being spent on form filling, providing information to their line management, writing reports and involved in meetings which bare little content regarding direct service users. In one children's project in the North East, it became a standing joke that they never saw children at their children's project. In saying this, clearly our professional members were greatly saddened by the direction things had gone, and wanted this redressed.

Supporting People is a good example of this. It is widely reported that 50p of every £1 spent on Supporting People is taken up with administration. When Amicus met with Lord Rooker to discuss this problem, he recognised that one Housing Association could be relating with any number of Local Authorities, each with its own procuring and auditing criteria and deadlines. The system itself suited the Local Authorities, comprising of 1/3rd of the engagement with the funding stream, however the 2/3rd of service engagement, according to the Department of Communities and Local Government i.e. the Housing Associations and Non-Profit Organisations were having to work to this criteria. Amicus argued that there should be one set of criteria which suited all stakeholders, thus streamlining the work.

Third sector organisations are increasingly having to gain new skills and employ additional experts, where this is feasible, to work on procuring potential work, and often without success. It also excludes many organisations, particularly the smaller ones, from participating in the process in the first place. This use of resource would certainly cause objection to those that contribute to charity organisations through their own voluntary income and donations. Some organisations that depend on contracts for their survival have to buy in consultants, often on extortionate fees to enable them to be successful. Better support should be available, enabling access to all organisations.

Also the amount of paperwork for making a bid should be dramatically cut. If standard electronic forms were used by all funders, even if a page or two could be adapted for particular situations, then organisations would only have to complete a form once, tweaking it to a particular need. If this is electronic, then they could forward this one form to all the funders it wants to engage with. Members certainly believe that it would be achievable for all Local Authorities to use one standard form and process and likewise all government departments.

One of our representatives talked about how a manager of a project in his charity had won a contract for £5000. However, when calculation was made for administrating this contract it came to £4000; these sums of money hardly being worth chasing.

Another example of a contract's administration costs came where a charity in the South West demanded detailed accounting to the point of petty cash receipts, without which the money would not be paid, so the charity had to underwrite some of the funding, as it would have cost more to administrate than to pay the money itself.

Often in these situations an employee simply won't make a claim, paying the expense themselves.

Another contract only allowed a limited amount of administration support to go with it, however to meet the administrative demands of the contract, it would have taken far more hours than were funded for.

Full support should be made available to all organisations and consortia of organisations to help them complete the tender application process and any other stages of the procedure, so that no organisation is put at a disadvantage because of its capacity to deal with such processes.

Creating an additional tier of governance of contracts for services in the Public Sector, i.e. PCTs, as opposed to the current governance of service, is another additional cost which would be reduced if the collaborative approach is taken.

One national organisation has totally re-arranged its finances to match with the contracting world. It has separated out all its accounts as to what money is spent on within each service from the Local Authority funder, and what money has come from voluntary income. One of the key reasons for doing this was that the organisation was continually subsidising the statutory funding with its own funding to deliver a service, so the true cost was not being seen.

3.5 Efficiency Savings

Many Third Sector organisations also have opportunities to make efficiency savings. As a trade union, Amicus often identifies wasted resources, which Amicus believes could be better utilised elsewhere. The union is good at this and therefore good HR will listen to their trade unions if they are willing to make savings. Often Amicus comes across poor human resource practices, as an example, where cases have unnecessarily spiralled out of proportion due to the lack of management ability to address issues. These errors can be costly if they reach tribunals, but avoidable if training is put there in the first place.

Smarter ways of carrying out the business of the organisation, as well as greater utilisation of the technology available will certainly be an investment in the medium to long term and provide resource savings in the sector over this period.

IT has been one area where efficiencies have been seen, for instance in electronic purchasing systems, and this saved some time compared to the traditional form filling, which still operates in many organisations. Video conferencing makes for another good example, saving time and travel costs.

By working with more developed services from other organisations or sectors, and reviewing the way that they managed themselves, can only improve skills in this area of best deploying resources. It was felt that if "industry-wide" standards were produced then it would save so much expenditure. This would also reduce this constant reinventing of the wheel. Sharing information and good practice was seen as key in reducing organisational costs.

Again, often generated by short-term funding, organisations often need to engage temporary staff from agencies to carry out the work. This is not only expensive for the organisation, but also has an impact on the service and the rest of the team, for instance in having to carry out inductions and training, for this often very short term position. Funding contracts never make provision for this.

The use of consultants was also deemed as a wasted resource that could be ill afforded by the sector. One national charity used consultants to cut down on substantive posts, however no benefit could be seen by the organisation. In fact often these consultants were of poor quality.

Where an organisation underspends on their annual budget, there is often a rush to spend the remainder of the budget, not always on the most strategic area, because of fear that either this money will be clawed back, or an underspend will lead to a reduced budget the following year. There needs to be a mechanism where organisations can continue to spend this budget on the needs of the service in a more beneficial way.

3.6 Other Forms of Funding

With voluntary income not increasing in the sector, and certainly not in proportion to its work, other sources of income need consideration. The Private Sector is already a resource for the sector. There are a number of ways it engages with the Third Sector, and this needs to be reviewed to see if optimal engagement in this type of activity is being utilised.

For example, the private sector could be a key provider of volunteers to assist projects with their service provision. Companies should be encouraged to release employees more to volunteer for organisations, whether in support or mentoring roles. This could be part of a company's corporate social responsibility. The release of volunteers would enable more effective mentoring in the sector, which could be mutually beneficial to the company as well as the Third Sector organisation. Similarly secondments could be utilised, in either direction, or both, to add value to each party. Incentivising this "giving" in proportion to the service provided could release more resources to the Third Sector. It was felt that if training could be provided for these roles, by a central resource, then this would be a positive incentive and benefit to the private sector companies releasing their employees. Amicus notes however that the opt-out from the working-time directive is making this kind of collaboration difficult, since employees have little time to volunteer as they are working such long hours.

There needs to be an understanding that there are benefits to the Private Sector for lending skill to the Third Sector. For example it could give an employee valuable experience in event organising or project management to enhance the training they have received in this area.

With the sector dependent on the Private Sector for their charitable contributions, it was cautioned by members that as the Private Sector itself breaks into smaller organisations, this relationship may be difficult to maintain. It is their experience that smaller organisations are not as readily available to release volunteers and therefore any policy development around this area needs to consider the wider changes in the economy.

The private sector, as with other sectors, is key at encouraging payroll giving in a tax efficient way by employees. Other companies set up their own charitable trusts or foundations.

There is one organisation, for example, called Arts and Business where small arts organisations get matched funding from the organisation for projects. The organisation also has a skills bank and a board bank, which enables people to sit on boards of arts organisations.

In the North West, there is a Community and Voluntary Sector Fund for renewal and development across the sector. This is contributed to by Private Sector companies, however this model removes organisations own person involvement in service delivery, whilst enabling them to meet altruistic aims. This was viewed as good practice by our members. This fund amounted to several million pounds.

In one organisation the employees were told that all innovation had to be designed elsewhere, so employees had to look for sponsorships so that they could carry out this work.

Another example, of private sector organisations being involved in giving to the sector, falls as part of their planning requirements, where they are required to resurrect buildings, not under PFI but as part of the planning criteria, thus contributing to the resourcing of the services through infrastructure. For instance, if Supermarket A wished to build on a site, then it would be compelled, if it is to gain planning permission, to agree to build a project facility on its site. If say, this is a project for working with young people, there would be a business argument that it would be attracting custom to itself due to the proximity of the centre. The build design would have to include stakeholders from service users and organisations that would use the facilities to make sure that the right facility is put in place and is appropriately equipped. Morrisons in Rochdale would be an example of this, where they built a community centre under these terms.

The supermarket might release some of its staff each week to volunteer for the project. This could help build staff morale and increase productivity for the private sector company and add value to the charitable organisation, whilst not committing the charity to any PFI arrangements, financial or other obligations. The Third Sector is often housed in some of the worst buildings, so this could really add value to the sector, whilst not adding cost to the sector, nor the state.

There are also good examples of the Co-operative working with the community, providing funding and sharing good practice. Another example would be the Royal Bank of Scotland running the CAB's money service.

The private sector could make a contribution in a variety of ways to the Third Sector, however clear boundaries have to be put between the two sectors. The last thing the employees and the public want to see is that Third Sector organisations, or the current element of private sector involvement in the Third Sector, used, or seen to be used, as the 'Trojan horse' by which the Private Sector becomes the sector that has the free range on delivering any service anywhere. Our members said universally that choice was not, in their experience, or in that of anyone they knew, a key concern, however the privatisation of service was of major concern. It is very important that this point is heard so that confidence can be built into services.

Where the private sector had been used in the Third Sector to deliver services, for instance in running an advice line, members remarked that whilst they looked good on paper, they did not understand the culture of the sector, and therefore the service that they provided was not appropriate and more costly. This emphasises the fact that not all the sectors are the same, as can be viewed by some policy advisors, and therefore clear distinctions have to be made between them.

Voluntary income is clearly a source of funding that many organisations depend on. Although it is difficult to bring in voluntary income into all organisations, it is often the "service extras" that it can help to pay for like Easter eggs, equipment, or some specialist posts. Some voluntary income may be earmarked for a specific purpose by

the donor. This can sometimes be difficult to manage if it does not tie in with the organisation's priorities.

Other sources of income from small charitable trusts to large independent funding bodies should also adhere to principles contained within this document in order to add value financially and otherwise.

3.7 Full Cost Recovery

Full Cost Recovery principles should be fully embraced in all funding contracts so that the true costs of running the service are met by those procuring the service. For too long, contracts have just covered the service to be delivered and have excluded the on costs to the organisation for doing this. If only part of the costs are met by funders, then budgets within organisations are further squeezed when it comes to actually paying for the service to be delivered. For example, a recent survey of visual impairment charities⁴ showed that of 108 contracts won by 32 voluntary organisations half were under funded by at least 10%, a quarter were under funded by 25% and nearly a tenth were under funded by 75%.

In the sector, it is found that many funders still do not accept the principle of Full Cost Recovery, so there needs to be further promotion and education. Examples were given where different Local Authorities were inconsistent in their approach to Full Cost Recovery. Amicus believes that all contracts should be based on the principles of Full Cost Recovery. Engagement in collaborative processes of putting together contract design should be covered by Full Cost Recovery principles and will create a level playing field.

Some organisations will not bid for funds if Full Cost Recovery is not offered.

4.1 Transferring Risk

One of the major considerations in this debate on public services delivery is knowing who will carry the risk. There are several risk factors that need to be taken into account, but key ones are financial and service outcomes. There is an expectation by the public that the state should carry the risk, since this is the institution to whom the public pay their taxes, and whom they hold accountable through the electoral process. If the state tries to transfer its risk to the Third Sector, then it will be mitigating its responsibility to the welfare of the public.

When looking at financial risk, this is about who has the responsibility for the spending of budgets to input into services to produce the desired result. Amicus believes that this risk will have to remain with the state, since if they are not delivering services directly, they will be the ones that are commissioning the services.

However, when it comes to who carries the risk with regards to outcomes, the state is trying and transfer this onto the commissioned services, i.e. the Third Sector. Again Amicus firmly believes that the responsibility has to rest primarily with the state since they still determine the majority share of the budget for the delivery of the services, and as discussed in this paper, the size of the financial pot will, in part, determine the outcomes of the services delivered. If the state tries to transfer this risk to the Third Sector, then it will be mitigating its responsibility to the welfare of the public. Notwithstanding this, all stakeholders still have a responsibility with regards to risk,

⁴ RNIB and National Association of Local Societies for Visually Impaired People Survey (2006)

but this has to be seen within the jurisdiction and constraints in which they operate, whether service deliverer or service user.

One Housing Association described how they had agreed to manage stock and then the housing policy changed which meant that all the difficult tenants were now being placed within the Housing Association stock. Clearly the Local Authority should have carried the risk in this situation, however the cost of this fell on the Housing Association.

4.2 Auditing Services

Amicus members know too well that the auditing process are arduous in the sector and they often pull resources away from frontline delivery of services to complete the paper chase that has to ensue with each process. Our members believe that their involvement in the design of auditing processes is essential to ensure that they are relevant to the services that are being delivered and so they are kept to a minimal to meet the requirements to ensure good governance. This should not take them away from service delivery. Amicus believes that the standardisation of processes will save resources in the sector. Using technology will also simplify things. Amicus believes that the stakeholder group, as described in the collaborative model, should therefore play a role in the formal and informal auditing processes.

Members and organisations have also observed that auditing processes in the Third Sector can often be far more detailed than for other sectors that procure resources. A review of all procurement processes should not only provide a level playing field, but assist in determining what information is essential and what is not.

Because the services are locally funded and delivered auditing the Local Authorities to see that they are comprehensive in their approach as commissioners is important. Amicus members reported how a good homeless service was being provided in one Local Authority and almost nothing happened in the next, thus creating the migration of a problem across authorities. Better consistency is needed across the whole of the UK.

Whilst members agreed that service auditing is important to help monitor what has taken place and to improve the quality of the service, as reported by a member working in a project working with the homeless in the West Midlands, the detailed and excessive auditing that he was involved with under contract with the public body funder wasted so much time. This was very frustrating since most of the paperwork was never read. Members agreed that all auditing processes should be devised as a means of ensuring quality and could have a double function of assisting the end user of the service. All organisations need to keep more records to prevent them from litigation, it was felt that this requirement should be funded and fit in with the requirements of information for the auditing process.

Another organisation based in London said that there was a feeling among staff that “they were a national statistics organisation not an advice service”. Whilst another organisation said that they had to set up a department of about 20 people to deal auditing activity. As this was not funded, others had to face the consequences of posts being frozen to provide this service. Balance is needed in all this and looking for opportunities to maximise the frontline delivery of services.

Nonetheless, Amicus does believe that good processes of service governance are essential so that confidence can be built into the service, and that the service can develop to reach highest possible standards in its delivery to service users. The

governance agenda focused on quality services for service user and delivered by organisations' staff and volunteers, all professionals in their field, enables outcomes to be measured and services reviewed.

Members from Housing Associations believed their very comprehensive auditing processes, however detailed and intense these were, as appropriate although hard to come out successful in all areas. One Housing Association changed its whole method of service delivery and employed customer service managers to work on housing estates with the tenants. The members from this Housing Association said that as a result of this, the organisation has been much better at meeting the needs of tenants.

It has always to be remembered that much of the work of the sector is hard to measure, as the benefits are long term. An arts project enabled a young person to eventually go to drama school. This individual said that had the youth theatre project not been there, he would have ended up with a life of crime. The social and financial investment in such a project would be hard to account for. This kind of example demonstrates that there has to be a culture change in auditing, since much of the sector is about changing peoples' lives.

Similarly a Sure Start project in Leicester has enabled all the pre-school children to learn English before starting school, in an area where English is the second language, this will have a knock on benefit on SATs results, GCSEs and eventual outcomes for these children.

An example of auditing which should not be mirrored occurred when a Local Authority wanted statistics which meant that employees own work was being monitored on their delivery rate and contact time with clients. This led to the organisation having to set personal targets. In order to achieve these impossible targets and thus meet the requirement of the contracts employees had to take work home with them. Many people turned up for work when they were sick, some worked late, whilst others went off with stress. On top of this a bullying culture developed in the organisation. This kind of practice must be stopped and the effect of auditing processes fully thought through.

There will be need for continued accountability through independent assessment as well, since public finances and services are involved and should be held to account.

4.3 Raising standards

Delivering high quality services according to set standards has to be an objective for the sector. As has already discussed, there is a cost to this, but there are also non-cost elements too. For instance, through proper application of appraisals, managers have the ability to discuss where cost savings can be made, and how standards can be raised. Appraisals also provide opportunities for employees with management to assess work prioritisation. Far too many organisations have no system of appraisal.

When organisations meet and exceed standards, attention should be drawn to the reasons for the success. The 'Beacon Council' model works well in this regard. The status and authority that this then provides organisations can not only benefit the organisations themselves, but also other organisations that are not doing as well. Best practice can be observed by others, and direct support and advice could also be made available from the successful organisations. Service auditing was welcomed by representatives in all areas.

So, if organisations are not reaching the standards required of them, instead of just removing contracts, the organisation/organisation's service can be identified as needing support and a panel/team of professionals, i.e. from 'beacon status organisations' can then support the organisation to help it recover. This would develop skills, but more importantly prevent unexpected termination of contracts, and the possibility of unplanned TUPE processes or redundancies.

The Children's Society would like to assist other bodies, like Local Authorities to improve the standards in their services. One way that this can be achieved is for the charity to take on a service for a limited period of time and work with the Local Authority, so that when it is returned to the Local Authority, it is different and improved. However, in the experience of our members, it is at this juncture that the Local Authorities do not want to take the service back.

Whether formally or informally recognised, members noted across several organisations, that when funds were cut, the quality of services fell. In interpreting services the member said that the fall in terms and rates of pay had an impact on those that were willing to work below the rate for the job, and therefore the service not only attracted not well qualified interpreters, but those that would not be up to the standard for the job. When interpreters are involved in providing services in the courts or for the police, this has a massive implication, including that on public safety.

One organisation set up a customer relations call centre because services got worse, however this was not funded for, but necessary for improving quality.

4.4 Investment for the Longer Term

The Government recognises that much of the Third Sector's work focuses on securing long term results. This is due to its ability to focus its work and its funding towards producing sustainable solutions rather than government targets. As one social worker put it, when he worked for a Local Authority he had to look after 50 families, but when he started working for a national children's charity he was given 8. The same social worker, given the right level of resource, is able to deliver a totally different service. In the one instance the social worker could only fire fight, in the other, he could invest in lives and bring about real results. This is the enviable added value of Third Sector delivery, since the right level of service requires the right level of resourcing.

The NCVO would describe this kind of change in service provision as transforming a service not simply transferring it. In other words, currently many organisations don't have the right to shape the service which the service commissioners want to be delivered, i.e. under funding of a public service. Simply transferring this service without an additional injection of funding would achieve little, but if on the other hand, services are transformed, i.e. through better levels of resourcing, there is no need to transfer them anywhere since the superior service could be delivered in its current setting.

Amicus members frequently tell us that they left working for the public sector, often for poorer terms and conditions and less job security because they wanted to get away from the fire fighting model of service delivery. Therefore all services have to have the right level of resources, each according their need. Simply moving services between sectors on the same level of funding won't make any difference to service outcomes. If the Third Sector is to simply run statutory services then it will lose the cutting edge that it currently has, and there will be no benefit in doing this, and if anything, it will compromise or harm Third Sector organisations. An example of

where this could be damaging could be the loss of the unique relationship between the Third Sector organisation and its donors, since they would not want to feel that their contributions are simply substituting state responsibilities.

Amicus members know that real, long term outcomes have to be core to any service. Prevention is better than treatment, and in the long term this is the cheaper option since employees are not left to pick up the aftermath of poor service delivery in the future. Over longer timescales services will develop and become more strategic in what they can achieve. The moral argument to the social cost has to be taken into account too. If services are poorly funded, then you can expect them to be poor in their delivery, impacting on the life chances of vulnerable people.

4.5 Engaging service users

The Third Sector has developed many good models for engaging service users in the creation and the development of the services it provides, whilst being able to give steerage and advice to them. Through processes of negotiation and consultation it has been able to then develop the services that are most appropriate for the particular client group they are there to serve. The result is buy-in and ownership from those who depend on the service. This engagement is not at the expense of what has to be provided to meet service need and achieve the appropriate targets for the service. When developing services for service users, our members believe that their engagement forms an important part of innovation and therefore funding should cover this area of work too. As has already been suggested in the 'Collaborative Model' of service delivery, Amicus also believes that service users can be used in a similar way, in the way that contracts are developed, and therefore should be classified as one of the stakeholders of this group.

There was a time, and sadly still true today, that funding organisations would create space for consultation with service users. Sadly these were funder led, and therefore used as a means for justifying what the funder wanted. Proper participation avoids this kind of manipulation.

Amicus learnt of a disability project where a centre which was to be used by wheelchair users was built on the top of a hill and the building had such heavy doors that they had to be changed. Clearly involvement of service users would not have advocated such a site, nor the door system, which would have cost to be changed.

The WEA, for example, talks with both students and employers/communities to identify what courses are needed, and will as a result of this put on a course that will meet these needs. However, the funding for this is another question that has newly arisen due to new government priorities which will be detrimental to this type of education.

Housing Associations are another good example of organisations that have to consult with their tenants. They have become adept at working in the communities with people living in communities. Arena Housing Association testifies that engaging tenants has improved the services that they are providing, because it is what people want to be provided. It is a partnership aimed at improving standards.

The Third Sector has many good models of service user engagement, and these should be looked into as part of this review of the Third Sector. The key childrens' charities are particularly good at "participation" or service user involvement, however they warn that good participation does cost money, and can take time to build up confidence in the process and to get it right.

A Housing Association in the North West gave a good example of service users taking responsibility for the services they required. They wanted window cleaning, and were then fully engaged in the process of selecting the contractor to provide this service. This made the tenants understand the process and take responsibility for their service. As tenants are often with a Housing Association for a long time, if not the rest of their lives it is very important to engage them. This involvement cannot be tokenistic.

4.6 Faith based organisations

Amicus represents a number of organisations which are closely linked with churches and other faith bodies or are churches themselves. Many of these organisations have strong community links, however when they bid for funding they are often rejected for fear of the influence of proselytising their faith, as opposed to working out their faith in social action to those in need. Being able to bid on a level playing field is important.

Amicus is also concerned that office holders have no employment rights under UK law, therefore when a contract comes to an end, there is no redundancy for Ministers of Religion. Clearly Amicus believes that employment rights should be extended to Ministers so that this protection can be built in.

4.7 Advocacy and campaigning

The sector prides itself on its campaigning and advocacy role. As independent organisations, often with origins and links with their direct communities, many charities and community groups are extremely well placed to propose necessary changes to services and creative solutions to problems, as well as to campaign on this agenda. It is necessary with the increased level of core services being delivered by the Third Sector that its role in advocacy and campaigning are safeguarded against conflicts of interest arising.

One qualifications body that recognises Amicus said that they publicly have to support the Government, however privately they believe that the Government's strategy is not complete, and therefore they have to walk the fine line of campaigning and service delivery depending on state funding, and as a result they have to change the service they deliver from the one that they would want to deliver. Government should aim to reduce such conflicts. This kind of situation can present difficulties for organisations' campaigns to government. Again, the collaborative model should remove these conflicts and help facilitate more constructive dialogue.

Another example of this type of conflict occurred in an organisation which opposed youth custody and yet received state funding by the Youth Justice Board to run a service for those in youth custody.

Yet another organisation said that they had to campaign at a number of levels, saying one thing to the Government in public, and then another behind closed doors as a means of maintaining a good relationship with their funder, yet campaigning hard in a second arena. A fairer funding structure would remove this need for things to happen in this way. The organisation saw its role therefore to influence things rather than change things.

It may even be inappropriate for certain organisations to take on core service delivery because the contract designed could be in direct conflict with the ethos of the

organisation and how it believes service should be delivered. Nonetheless, state funding may still be necessary for the organisation to provide the advocacy service or some other aspect of its work. It is certainly in the interest of our members working in these organisations that appropriate funding arrangements can be found to support their valuable work.

4.8 Space for innovation

One of the Third Sector's strengths is its ability to innovate and to move into the gaps between services. With independence from statutory requirements, and the flexibility of the sector, this allows employees to be at their most creative whether it is with service design or service delivery, engaging service users or effectively utilising volunteers. The employees are also good at innovation in the sector, since they have to be resourceful and think on their feet, and because they want to provide the best service to the widest community that require it. If services and the sector are to progress, then appropriate space must be provided to develop services further. Forums, networks, conferences, web discussions all form part of this, however, within contracts time and resources must be provided to enable this activity. Often the smallest organisations are the most resourceful in this but larger organisations need to encourage everyone to take their services to the next level. It is such innovation that enables organisations to reach the most marginalised, or new audiences. Communicating the outcome of developments is key for the benefit of all. Although funded, City and Guilds were able to create new courses, even under the current constraints, however they needed to make sure that it could pay for itself. Amicus believes that funding for innovation should be included in contracts but that innovation should be sector driven and not a condition of funding.

In NCH there are often occasions where employees identify additional needs to those of the service they are funded to provide. The only way that this service can be devised and developed is by applying for other sources of funding. An example of this was in a mediation project in Durham dealing with parents separating. The project identified that the service should be more comprehensive and work in schools, since it would not be right to single out children, and therefore a package had to be put together to deliver this, with grant funding being sought.

Another example of innovation can be attributed to a respite care project in Scarborough where services were being brought together. The project identified that there wasn't a service for toddlers so a nursery was planned, next to the Children's Centre. This then attracted 3 year funding to run.

The Workers Education Association provided the example that they were able to provide their services where service users wanted courses run, and providing a community or employer were willing to provide funding and release people for training, then the course would be run. This flexibility is unique to the sector.

One member said that the reason why the sector is more resourceful and innovative is because it is more willing to take risks, and you have to take risks to move things on. The Government must make sure that funding restraints do not curb this type of risk-taking activity.

NCH has a specific innovation fund which is designed to assist the Methodist Church, one of its key stakeholders, address local needs in partnership with NCH.

Sadly some gaps in public funding for public services have meant that services traditionally delivered by the public sector have been identified as still necessary and

have been picked up by the Third Sector. Education for adults outside of the Skills for Life agenda is a classic example of this.

5.1 Impact of contracting on Human Resources

In a tight contracting environment, organisations have to look at ways of streamlining their organisations in order to win a contract. There is a range of ways that organisations make efficiency savings, but often it is through crude methods of cost cutting, for instance, freezing posts, not replacing people when they leave, underestimating the resources, human or other, required to fulfil a contract, and more dramatically, making people redundant, or cutting the terms and conditions benefits package to employees.

Amicus is currently inundated with organisations going down this path. Our representatives report to us about redundancies, reorganisations, and reduction in benefits from below inflation pay increases, removal of training, apart from regulatory requirements only, cuts in terms like antisocial working payments, and cuts in pension provision.

5.2 Impact of Contracting on Employees

Reducing the headcount of those delivering services through frozen posts, unfilled vacancies and redundancies, doesn't just impact on those that leave, but also those that remain as they have to pick up the service and deliver it. Often individuals find themselves covering the work of more than one person, or carrying a service that is understaffed so that the service users do not lose out, such is their commitment to their service users. The long-hours culture is prevalent in the Third Sector, where achieving a fair work-life balance becomes more than just a challenge. In a workforce that is disproportionately female, and in a society where women still carry the greater levels of parenting and caring responsibilities, it is wrong that such pressures are placed on employees.

Amicus knows from its membership, that without exception, employees are dedicated to their service users and will therefore work the excessive hours necessary in order to ensure that the service is delivered to the highest standard. However, this comes at a cost. Long hours is linked to increased symptoms of stress, a negative impact on family life, poor opportunities for development and lifelong learning, low morale and increased sickness. Amicus also has evidence that bullying becomes more prevalent in such an environment, and therefore team working can become further strained. As well as employees suffering, so do the service users who often have "tears and fears" to deal with, as one member put it, when they learn of the impact of changes in their service. Often project leaders have to spend all their time monitoring services, chasing resources, and so themselves are under stress and are no longer best positioned to manage and invest valuable time in their staff. In one organisation in the South West the representative reported that people came to work when they were sick as they wouldn't take time out for the impact that it would have on the stress of other colleagues. Managers were identified as a group of employers who disproportionately suffered from stress as they tried to balance the enormous pressures placed on them. Many leave or become ill from these pressures. Often in these situations people, who desperately need it, don't take their leave, or work during it.

Amicus believes that an industry standard of terms and conditions to be included in all contracts, would ensure that organisations do not undercut employment terms to the extent that is currently happening in order to simply win contracts, to the

detriment of employees. This would have a positive impact on the situations described above.

5.3 Better sector co-ordination

Co-ordination across organisations in the Third Sector can always improve, although there are many infrastructure bodies. In the development of standards in sector terms and conditions, lifelong learning opportunities, sound pensions, etc. the sector needs to work closer industrially. This would also meet some of the objectives behind the Warwick Agreement and the commitment to Sector Forums, although members believed that there would have to be a system of Sub-Sector Forums in order for them to be fully relevant in the sector and its spectrum of interests and ranges of working conditions.

With better co-ordination, you can get better collaboration. Organisations working together can share facilities, like office space, or even employees, particularly in support services, as well as looking at ways of streamlining systems, removing duplication, sharing tools and training. Charity Share, set up between the NSPCC and The Children's Society is a good example where two organisations worked together to create one organisation to provide its IT function. This has not led to either of the charities losing their own identity yet has saved resources through this shared service. In Manchester there is a scheme where many organisations are housed under one roof. The building was purpose built and they were provided with a receptionist, although this service was then cut. For the service user, requiring support and advice from a number of agencies, this project acted like a one stop shop, since their experience would have been of a comprehensive holistic service provided, albeit by a range of service providers.

With training, as an example, some organisations do not have the capacity to provide this themselves, and due to economies of scale, cannot afford to properly invest in training through other channels. If courses are being run in the sector, then mechanisms need to be developed so that employees from other organisations can benefit from the training, and at a reasonable cost. For example, if a large Charity X is planning to run a course on Child Protection, then Charity Y could share the responsibility for putting on the training and the costs of this, or maybe Charities X and Y could each agree to run one of the two Child Protection courses that year. Charity Z which employs only a very few people, should then be able to find out about the course and send its employees onto it, at a reasonable price, and probably in a more suitable venue, cutting travelling costs as well. Amicus believes a system like Learn Direct would greatly enhance co-operation when it comes to running courses in the Third Sector, and would enable more employees to engage in development, thus benefiting the sector.

In a similar way, there should be mechanisms to share best practice in all areas of HR and even in professional issues. Currently this is too ad hoc to systematically reach all areas of the sector.

Another initiative that members suggested to reduce costs would be for there to be agreements on recruitment, so that instead of organisations spending large sums of money on recruitment, job vacancies, in the first instance could be advertised among partner organisations. This wouldn't make these organisations any more vulnerable, since employees pick up on all the external advertising anyway. The website would be a good way of administering these vacancy pools and aid situations where employees are being made redundant.

The fragmentation of services could also be avoided with careful planning in this area. It is well known among public service workers, that the structures within the public sector maximise inter-professional and intra-professional working, accountability and governance. It is this practice which maintains standards and builds a framework for safe service delivery. When services are more disparate, the opportunities for such relationships diminish, and if different agencies are delivering different aspects of the service, then the objectives in service may also differ. None of this will be of benefit to the service users. This can already be an issue in the Third Sector, therefore the Government needs to ensure that the systems of professional governance and supervision are put in place, even if these are multi-agency, to ensure professional practice evolves and progresses. This will break down the silos in which people work and enhance co-ordination.

If, for example, there were several care in community projects, where different agencies provided different services from different organisations and if there was an elderly service user requiring 5 services, it would not make sense if they all turned up at the same time. If they all turned up a different times but on the same day, then that would be a slight improvement, but if they all turned up on different days, and part of the service users need was to see people daily, although this would not in itself be classified as a service, then the optimum use of co-ordination could be realised.

Amicus members have shared with us the benefit of creating secondment opportunities between charities. Again this model would help organisations to improve its practice as well as individuals gaining valuable experience in working in different environments. Secondments need not be restricted to the Third Sector, but could also cross sectors too.

Better co-ordination across government departments is also desperately needed to ensure consistency in the way that government works with the sector.

6.1 Terms and Conditions

Amicus' experience of the Third Sector is that it lacks a level of cross organisational co-ordination in the area of terms and conditions. Whilst many infrastructure bodies and processes have been put in place, these are not currently functioning to their full potential. If a sector standard for terms and conditions, learning and development, health and safety, and pensions, for example, are put in place, then this will help bring organisations up to a better standard. Support for improved practice to work alongside this is also needed.

Having a framework of industry terms and conditions similar to that in the public sector, would help the sector and help create a level playing field. The framework would have to be "fit for purpose". Amicus believes that this should form an integral part of any procurement policy. Not only would this save new and small organisations, which have restricted HR capacity, reinventing the wheel by enabling them to inherit sets of good, well developed policies, but would save all organisations a lot of work and ensure industry standards across the whole sector. A framework is key, as members reported that it was the procurement activity in the sector that was driving down their terms and conditions. A member from a Housing Association particularly highlighted this problem in their organisation which is dependent on Supporting People funding. These could cover a broad range of areas of employment and cover all aspects of human resources. Working along side this should be support to develop best practice in the sector. Working with sector organisations, trade unions and ACAS could help develop the framework. Amicus believes that if such a

system can be developed for the NHS through Agenda for Change and Improving Working Lives, for example, then there is no reason why this cannot be achieved in this sector. In fact these can act as models of good practice for the sector.

Having commonality in terms and conditions does not detract from organisations being able to create their own identities through the way that it rewards and manages staff. Members from an organisation in the education part of the Third Sector reported that members look to Further Education institutes and Local Authorities as comparators, and if their organisation makes agreements out of line with these, then members simply move to work in the better organisations. With a casualised workforce, retention is a very real issue, however it is a widespread concern.

Pay is always a big issue in the Third Sector, and rarely matches, let alone exceeds pay in other sectors. The CAB in Manchester has not had an increase in its funding for 8 years despite rises in the cost of living and pension provision. Other organisations testified to the same difficulty. Clearly this is not acceptable, and funders must be forced to make adequate provision in their budgets to deal with these kinds of issues, which they would have to pay out to their own workforces.

Another example of where shared work on terms and conditions could really benefit organisations is in the area of job evaluation. Job evaluation is an extremely complex field and many organisations shy away from addressing inequalities of pay in their pay systems. If off the peg job evaluation schemes for the sector could be a tool that is developed, this would assist organisations in addressing these differentials and save them either investing in their own scheme or facing Equal Pay claims. Amicus through working with charities, even large ones, in this area know that they just don't have the capacity to undertake this work, nor the skill or finance to see it being successful. Members from small organisations certainly said that any framework and examples of best practice would certainly help improve standards in their organisation and assist management in improving its Human Resources capability. Amicus has several examples of where job evaluation has either disappeared from the bargaining agenda or been unreasonably delayed attributed to the lack of skill in dealing with such issues.

This concept is very popular amongst Amicus members, who can't understand why their terms are less favourable to public sector workers carrying out similar work, especially as many are on some of the worst terms and conditions from across the economy, including low levels of pay. Using a framework in procurement policies would provide a stick and carrot approach to raising standards. Due to the market this would create Amicus would also hope that non-contracting organisations would also raise their standards.

In professions where people work freelance, like the arts or are self employed, our members believe that there should be a setting of an industry rate and conditions as well.

Members were, however, of the strong opinion that if employers did not meet the terms of the national frameworks, then they should be liable for penalties. An example of where a voluntary agreement was established in the Further Education sector, however, has shown us that take up of this by the employer has been poor and little can be done about this due to its voluntary approach. If there is enforcement, it does not prevent the promotion of best practice, which Amicus would hope organisations would strive towards.

It has to be recognised that enforcement would also require inspection. One organisation working in the care sector took over a contract which was employing people below the National Minimum Wage for its employees. Clearly the former employer was acting unlawfully, but the employees didn't raise a complaint since they didn't know their rights. Standards need establishing and then policing.

6.2 Terms and Conditions in the Contracting Environment

It is the experience of Amicus representatives that there is a continual assault on their terms and conditions of employment forced upon them by the competitive nature of the contracting environment. Whilst Amicus would not argue against measures to ensure that organisations operate more efficiently, the impact of contestability has led to reductions in terms and conditions across all areas in the sector.

A standard set of terms and conditions, interwoven into all procurement policies would help prevent organisations from undercutting terms in order to win contracts.

Often the tight margins in which management have to administer their contracts, through restricted resources or under-funding, can have an extremely negative impact on employees, and the organisations effectiveness. For example, members said that things like long-hour working, weekend working, stress and ill health, job insecurity, poor rates of pay are all detrimental to employees as well as service users. Although members were keen to stress that they put even more pressure on themselves to ensure that service users were not detrimentally effected.

Members also found that services were merged wherever possible, and employees were expected to be more mobile to cover the service across several sites. Also members identified that promotion became harder in their organisations as less posts are available due to mergers.

Vacancy freezes and full time posts becoming part time added further pressures onto staff, and in turn their clients.

6.3 Improvements to Human Resources

Whilst our members believe that the majority of their employers are keen to provide good HR, this is often not the outcome. One representative from an advice project in the West Midlands reported that it was in fact the union that carries out the function of HR insofar as devising draft policies. The development of a standard is one thing, but as importantly, the delivery of the standard, or any other policy or practice, needs to have the right level of professional HR support behind it to ensure that this is done effectively and efficiently. In the sector Amicus and other unions have been frequently concerned about the way that matters are dealt with. Amicus has seen individual cases having to go to Tribunal unnecessarily, causing avoidable financial costs on an organisation because of poor HR practices. Other employees will opt to simply leave when things go wrong, particularly in bullying or poor handling of cases by management, creating further recruitment costs to the organisation.

Delays for long periods of time in handling cases can be detrimental to the service user. Amicus believes that proper management training would avoid such problems. Amicus members report all too many examples of poor practice. For instance, in handling redundancy and redeployment issues, as outlined by TUPE, where in one instance a member in a small project was told to just resign their post rather than look for alternative employment or be offered redundancy. In other examples

members have got to the stage in their issues where they need guidance from the organisation, only to find that the organisation has no policy for dealing with members in this area. The representative muddled through this case, as did management, but clearly the aggrieved member would have had better support had there been policies there in the first place. This organisation has now invested in a package of good HR.

One large national charity noted that whenever there was rapid growth or contraction in their organisation, HR was at its poorest, however in times of stability HR provided a good service. As the market is dictating so much change currently in the sector, this is impacting on the service HR is able to provide. Others agreed with this observation. One thing that is important for HR to recognise, especially in a time of change, is that training of managers must always be of the highest standard, as this prevents problems spiralling out of control.

In small organisations where trustees have responsibilities for HR, it is often with no experience of what is required of the role. Amicus takes numerous cases which involve the management of HR by trustees, who do not manage the employee well. Good governance in all its aspects is key, however when volunteers are meant to be providing the HR support, Amicus would ask that it is not in isolation, and that they would have a duty to use a professional HR resource. In the long term this would probably be cheaper for the organisation too.

It was widely found that organisations with poor HR were not good at consulting with their employees over changes, i.e. to policies and practice. This also has a knock on effect on morale.

In the larger organisations HR is generally of a higher quality, however Amicus know of hundreds, if not thousands, of organisations where HR management fails its employees due to the lack of accessible expertise. 'Double devolution' will mean that even less expertise is available in the smaller employing organisation, so a framework for terms and conditions as well as HR support is essential.

Poor HR also brings a cost to the state. When members become ill under the poor management of organisations, they can be off work for periods of time or even have to leave, therefore moving onto dependency on state benefits. This is particularly true where this has led to chronic states of ill health. Worse still, there is a huge cost to the individual as they become damaged through this.

Where there is poor HR, Amicus would advocate a practice where good HR is brought into the organisations to help it raise its standards. The HR which is brought in should be from a successful organisation. This concept is well rehearsed in schools which are in "special measures" or in Local Authorities.

Amicus believes that services like ACAS could be better utilised by the sector, or a similar service could be developed specifically for the sector, including a facility to bring in HR to improve the standards. Amicus does not believe that this is an option. Mentoring, bringing in external support, facilitating secondments and having a portfolio of accessible standards would help organisations improve their HR. However, without good sector co-ordination on this, it is not likely that it will be embraced. Members from small organisations where HR is managed by volunteer trustees particularly welcomed this. The concept of some form of HR trouble-shooter was also considered necessary to improve standards in HR, and for this to be accessible at low cost, since it is the organisations that can least afford good HR need the most help. Often these are non-unionised. However, all organisations recognised the value of this. It was highlighted that often HR was good nationally, but

not locally in the projects, and therefore an independent source of advice would help in these situations. This would also enable management to seek independent advice, apart from becoming dependent on trade union representatives to be management as well as union. Although there is always a raft of consultants available, this is not a good use of resource. Amicus has examples, in a small specialised organisation in Newcastle, for example, of where consultants have tried to assist management in organisations at huge costs which has had a detrimental impact on terms elsewhere.

HR is not just about dealing with problems, it is about being proactive. Good HR can stem high levels of turnover, for example. Members highlighted, in particular, that areas where there is a call centre function is an example where turnover is incredibly high, however management appeared to do little to address this area. Constant change in the service team impacts on other members and service users. These changes cost, and are not an effective use of resource, whether in recruitment or using temporary agency cover.

Where there was a strong partnership with trade unions, members believed that HR was at its best, since unions, in effect, were able to negotiate high standards of practice as well as provide “free advice” to management from their base of expertise. The sector remains largely non-unionised, although this trend is changing. However sector support to assist the unionisation of the sector would be welcomed as it would benefit the sector and the standards in the sector. Senior management of a national children’s charity is quoted as saying “If Amicus did not exist, then they would have to create it”. The Children’s Society joint management and union document on meaningful consultation is another example of good partnership working and has proved to be very effective at enhancing industrial relations. Other representatives expressed their value in strong partnership working as being able to talk through issues with management confidentially and without prejudice, which helped to bring more suitable solutions to the issues and resolve them at earlier stages. Management have to be willing to do this. Amicus’ experience is that more professional HR departments understand the importance of this in resolving issues.

Another example of good HR practice is in the area of enabling employees to have a work-life balance. Our members have cited that this is really important to them, however only where there is good HR are the benefits of this recognised. Flexible working from rearranging hours to creative use of time in lieu can enable employees to take more control of their patterns of work, which can also enhance an organisation as well as the individual. It is these types of approaches that need to be mainstreamed into the culture of the sector. Without a central drive for this, it is unlikely to happen. In the sector there is a poor use of flexible working arrangements currently. A representative from the care sector said that for employees that get few benefits, being able to work the shifts that suit you on a rota can do a lot for morale and help employees feel valued.

In organisations, and particularly small organisations, providing cover is a major problem. More often than not, when you are absent either your work remains untouched, or a colleague provides cover. However, in periods of long absence, for example maternity leave cover, it is important that alternative arrangements are made and funding should provide enough scope for organisations to employ cover.

The Chair of one of our national branches identified that underpinning all policies and practice, there should be a reminder of the role of HR as advisory to management, rather than management itself (although this can be the case in other organisations). This was reiterated by other representatives who said the more neutral the HR function in an organisation, the more trust in it.

Funders need to consider these costs, and they need to be offset against buy into national initiatives like proper learning opportunities, good health and safety and sound terms of service. A good benefits package is responsible for motivating a workforce and can be structured in a way that can draw out the best in the workforce.

6.4 TUPE

The nature of short termism in contracts also increases the propensity of the use of TUPE, another cost for the sector to take on. For employees this unstable basis of employment is of major concern, especially as it will lead to changes in terms and conditions. Trade unions, like Amicus, have concerns about the implications that the continual use of TUPE has in the sector and the organisations' capacities for handling harmonisation of terms. Amicus also has concerns over the consequences of equal pay, since the differential in terms between substantive staff and the newly TUPE'd staff could give rise to inequality pay issues, which have to be dealt with expediently, since TUPE does not provide a time limit from when protection ends and the potential of pay inequalities can be legally challenged.

If TUPE exercises were carried out in an arena where there was greater parity between terms and conditions between organisations then this would be a less painful process for the employees involved, and less costly for the employers too, for instance, in addressing harmonisation issues. Amicus has experienced many problems within organisations over the period of transfer, as legal and contractual rights are challenged by the organisational nervousness of the need to quickly assimilate terms. One charity found this to be the case when one of their fostering and adoption projects was taken over by another organisation. They found that the new body issued new contracts on worse terms and conditions, and manipulated the process in order to achieve this. Inevitable cultural changes brought about by TUPE highlights the need for change management processes to be in place. This has a direct impact on organisational costs since retention of employees is cheaper than recruitment.

6.5 Terms for Volunteers

Volunteers should also be covered by a comprehensive set of workplace policies. Amicus has developed a 'Charter for Volunteers and Employees' to raise standards in the sector. This includes the provision of proper protection for health and safety and against discrimination or bullying, as well as improving engagement of volunteers. With recent cases of volunteers taking cases against their organisations, organisations would be prudent to prevent such cases arising in the first place.

One organisation said that their volunteers had contracts which provided them with the organisations commitment to them and their training needs. Volunteers are such a valuable asset that this type of responsibility should be taken by organisations towards them.

6.6 Training and Development

This government has recognised the importance of developing skills throughout the working lives of employees and has undertaken many initiatives to promote and facilitate learning. Third Sector employees look with envy at the Skills Escalator and Knowledge and Skills Framework in the NHS among other programmes to promote learning and development in the public sector. The private sector is also embracing the learning agenda, realising that the future of their business, their sustainability and

getting the best out of their workforce is dependent on enabling staff to develop to reach their potential. Sectors have come to realise that recruitment is more expensive than training, i.e. retention.

However representatives from across the sector in Amicus universally said that opportunities for learning and development are being cut, due to costs of training or affording time off for training, to a level where only minimal statutory training is available, whilst other resources are being deprioritised, causing learning to diminish. Training in the sector used to be some of the best, however this is no longer the case due to these cuts. They reported that in their experience, even in organisations where there is trade union recognition, learning was always the first benefit to be cut. One organisation has seen nearly 2% cut from its entire budget by its funder this year which is meant for training and is expecting more to be cut next year. One thing cutting across all our discussions with members, without exception, stated that unless employers are compelled to provide a certain amount of training, then it was unlikely to ever take place, so enforceability is key.

There is a fear that employees will only use an organisation for its training and then move on to better things. This could be true, but use of training bonds has ensured that there is commitment to the organisation, and that it won't lose out from providing the training. Amicus believes that an employee going through training is far more likely to stay on and put so much more back into the organisation, with the benefits are very quickly recuperated.

6.7 Learning for Life

Amicus members support the concept of a skills escalator for the Third Sector, not developed within individual organisations, but across the sector. This will first of all provide the opportunity for all organisations and their employees, from the largest to the smallest, to engage in a lifelong learning programme and will upgrade the skills in the sector. Having such a model will also mean that organisations don't have to keep reinventing the wheel, causing duplication and spending resources, but can draw on good practice. Further to this, having one central scheme will mean that engagement in learning and development of employees and volunteers will mean that everyone will benefit, that skills will be transportable, targets for skills will be met, including government targets, and people will be motivated and will progress. Amicus therefore believes that there should be a national "virtual university" for the sector.

It was very much felt by the representatives that the Government needs to not just to press for Skills for Life, Level 2 qualifications, but enable all employees to develop, i.e. to Levels 3 and 4, so employees with more developed skills can be pushed to develop and then contribute these additional skills back into the employer. It was felt that more could be done in this area.

Also cuts in funding in the Further Education sector has meant that also it has become more difficult to access and finance courses above Level 2. An example of the cuts to learning and this policy having a negative impact on an employee occurred when an organisation was no longer able to fund the third year of a three year course to the tune of £600 for a professional qualification which meant that the employee had to do without since she couldn't fund this herself. The organisation missed out on having another qualified member of staff despite its initial investment.

There was some debate among our members about the concept of the learning agenda changing from one of engagement with the learning experience to one of skills development. It was believed that the former should not be lost sight of in the

light of the importance of the latter, the benefits of this was stressed by our leading representative at the WEA. Members would really like to see the reintroduction of the Individual Learning Accounts in the Sector, in a way that they could be better administrated to avoid fraud and distributed through the employer. These could even be match funded. Finally, service users would benefit too from better services, but may also engage themselves in the lifelong learning agenda to equip them for employment, where appropriate.

6.8 Standards in Lifelong Learning

Amicus believes that there should be a sector standard in regards to learning, which all employees must have the opportunity to engage with the agenda and that it should be a principle of all publicly funded procurement policies. Models of procurement should establish a minimum fixed amount or percentage of resources to go directly into employee development, ring-fenced for this purpose alone. Due to the tight regulatory requirements of CAB advisors, the Legal Services Commission fully fund training in their contracts with the CABs which enabled it to be delivered. In a sector where funding is tight and priorities conflicting, learning and development should be obligatory for organisations to provide. Amicus does not have to rehearse the arguments of the benefits of learning and development here, since the trade union position is well known, however in a sector which is no longer good at delivering training, due to restrictions on time and resources, Amicus knows that this agenda will benefit all.

Portability of skills through recognised formal accreditation is essential, no matter how formal or informal the training has been. This will greatly help people transferring between sectors or organisations. Amicus members would also welcome a learning portfolio, which is built on year by year, month by month, week by week and day by day, and is portable across all organisations, remaining with individuals throughout their working, and even volunteering lives.

6.9 Co-ordination with other Sectors

If the skills agenda as described is established, then this would dovetail into learning structures developed elsewhere across the economy, like in the NHS and Local Authorities. Not only would this mean that the infrastructure could be bought into the Third Sector, thus reducing the amount of work that has to be undertaken, but this would also mean that for employees transferring between the Third and Public Sectors, there would be continuity in learning and development.

6.10 Sector Skills Council

To assist in the development of learning in the sector, Amicus believes that if there is not a dedicated Sector Skills Council for the sector, co-ordination across the current Sector Skills Councils in regards to the Third Sector is essential. This was universally popular among our members, with additional scope for unique skills development needs for the sector being provided. Organisations' composition of employees currently means that they could interface with any number of Sector Skills Councils, again adding to the disjointed approach to the sector. Whilst the co-ordinated approach has been realised by the Sector Skills Council community and some measures are being put in place to address this issue across some of the Sector Skills Councils, it has to be wider reaching across all Sector Skills Councils. The structure should enable trade unions to interact with this specific aspect of the Sector Skills Councils' work.

6.11 Learn Direct Approach

In order to assist in cost cutting and increasing accessibility for all employees to engage in learning and development, Amicus wants consideration given to developing a 'Learn Direct' approach to learning so that communication on opportunities are widely known across organisations. Members saw real potential in this concept, enabling organisation to work closer together, but believed that this would have to be driven from a central point to enable it to happen.

6.12 Experiential Learning

In our consultation, Amicus members advocate all developmental opportunities including the benefits of more experiential learning, for example by mentoring and undertaking secondments. This suggestion from a representative from a national children's charity proved very popular among all our members since it enables sharing skills of specialists, as in a project in the North East where a specialist teacher has been seconded to a project for children with disabilities to enable them to better access IT. It also recognised that this experience of exchange broke down barriers between sectors. This would greatly suit the needs of the sector as well as the way that many organisations work.

Similarly there was recognition that mentoring for employees at all levels of the organisations would be of enormous benefit to assist in development, and this could cut across the sectors, and through agreements with volunteers.

These simple methods of information exchange can be relatively cost free and facilitate a wealth of information exchange.

6.13 Development of volunteers

Volunteers have always provided the backbone to the delivery of many services in the Third Sector and are a valuable asset. Improving investment in volunteers is timely, to not only make the role attractive and effective, but to also protect the organisations from incidences that could lead to court cases.

Often people volunteer to work in the sector to gain valuable experience to assist in becoming an employee in the sector. Sometimes people volunteer because they have lost their job due to the withdrawal of funding and therefore want to maintain their skills when looking for alternative employment or they volunteer post redundancy to keep a service running without payment after funding has been withdrawn, such is their dedication to the service users. Sometimes people volunteer because this is a life-choice or because their employer will provide release for this. These are just some examples of why people volunteer. Although the Russell Commission has done much work into looking at youth volunteering, all volunteers, no matter their reason, play an essential role in regards to service delivery and together save the state billions of pounds.

Training should be accredited and should cover health and safety, equality, and any other requirements of the job. After this training should be available to enable an individual to build on their skills to develop within the post, for example, as a means of acquiring relevant qualifications. Training should also enable volunteers to gain qualifications under the 'Skills for Life' initiative, which not only ups the skills for the organisation, but also the wider economy.

Many organisations in the Third Sector will train volunteers as their core function, for example those from long term unemployment, or difficult to engage in employment. Whilst meeting this need, organisations are finding their resources to enable the training of its own volunteers, often restricted. Clearly this is wrong.

6.14 A Pensions Scheme for the Sector

All sector employees need equal access to the most suitable pension scheme, since this is a major benefit to help them secure future financial provision. Amicus believes that there should be a sector-wide scheme, consisting of defined benefits and flexibility to accommodate changing employment patterns. In the public sector, no matter which Local Authority or NHS Trust an employee works for, they are still able to accrue benefits in the same pension scheme. However, in the Third Sector, pension provision varies greatly and take up not optimised since there is little scope for employees to change employer whilst maintaining their pension, except in a few examples of admitted body status with the Local Government Pension Scheme. As a first step, extending admitted body status to the NHS scheme is important; however Amicus would want to go further. Amicus believes that a sector scheme should as closely as possible match the public sector schemes.

If employees transfer from anywhere in the public sector to the Third Sector, Amicus strongly believes that members should have the right to remain in their scheme, and to continue to contribute towards this.

Changing employers due to TUPE, redundancy or for some other reason, removes the opportunity to maximise benefits under the current system, thus pensions become of little value to the employee. In a sector with a high density of women working in it, the concerns of insufficient financial security in pensionable years is very real, as across the economy. Whilst the contribution of employer and employee may vary over the life-course of the pension, according to the employer, the scheme should none the less be able to provide a defined outcome. Pensions are of importance to this review since an adequate pension would reduce the financial burden on the state in years to come, through the removal of dependence on means tested benefits that guarantee minimum income. Amicus knows that many small organisations do not manage a scheme, since they even avoid the minimum for having to offer a stakeholder pension, and those that do offer a pension, they are on such poor terms that they are of little benefit. Members believed that such a development of a sector scheme would certainly mean that more would engage in pensions as would a comprehensive education exercise. Amicus will be looking to do further work on this.

6.15 Health and Safety

Whilst evolved, Health and Safety legislation protects employees, Amicus knows that a proactive, risk assessment approach brings the most benefit. As good practice has been developed across the economy, Amicus members believe that this should be transferred into the Third Sector. To give an example, under the Warwick Agreement, developing a strategy for the protection of frontline staff from incidences of violence in the public sector was one of the principles. Employees working in the Third Sector expose themselves to many vulnerable people and equally need the same protection. Development of good sector-wide strategies to deal with health and safety is long overdue. Members recommended that there should be a system of roving inspectors that operated in the sector to ensure compliance with regulation and who could also advise organisations on how to improve their standards.

With working at home becoming more prevalent in the sector, several representatives from large national charities reported that they had never received an inspection of their workplace and that their organisations did not have a home-working policy. This caused members to question liability issues for equipment.

Out of the work that Amicus has carried out in the Third Sector, issues related to bullying are some of the most prevalent that Amicus deals with. Much of this is believed to be avoidable, but is worsening due to the competitive environment and tighter margins that organisations have to operate in, thus employees are being put under greater pressures, including carrying unrealistic workloads and working excessive hours. Representatives universally believed that management were woefully ill-equipped to identify cases before they surfaced or deal with them once they were brought to their attention. Amicus, through its partnership with the DTI and Andrea Adams Trust is developing practices of overcoming bullying environments. Amicus believes the outcomes of this work should be integrated into a Third Sector framework.

Stress is the other big issues with regards to health and safety that is impacting on our members. It has been suggested that people only recognise stress when it is too late to do anything about it. Education is needed to be provided to everyone in the workforce about how to recognise stress and how to deal with it, as well as a proactive management approach. Members from a range of organisations said that in the Third Sector there was still a stigma around stress, unlike that of a physical condition, therefore there also has to be a cultural change to understand stress, manage stress and to remove it from the workplace.

6.16 Housing

Housing was identified by this government as a major issue for 'key workers' across the public sector, and therefore housing schemes were developed for these employees to assist them in working across a range of locations, and being able to afford housing, for instance, with equity share schemes. The need for affordable housing for Third Sector employees is equally, if not more pressing, particularly where salaries are lower than those in the public sector. The short term nature of contracts has also made it difficult for members to find suitable housing, particularly if they are looking to buy. Amicus believes that the Sector should develop a similar system to that of the public sector housing arrangements for its employees, especially in the light of recruitment and retention issues and that the categories of those eligible for such housing support should be reviewed with the list being expanded, where appropriate.

6.17 The Compact and Change Up

Amicus, along with other trade unions, have found it difficult to engage with the Compact. Amicus believes that it is important for trade unions to have a relationship with the Compact since they are a major stakeholder with a unique voice in the sector and as many issues discussed by it will impact on employment. Where our members have had experience of the Compact locally, one of our members in the North West reported that this worked in some Local Authorities but not others, depending on the political will of the Council.

The unions in the sector, have also tried to have engagement with the Change Up Hubs, and especially the Workforce Development Hub. Again this has been with limited success as they choose not to recognise the role of the trade unions and the benefit of our input. In the light of the Sector Skills agenda this is very disappointing

and concerning, since it is recognised that trade union representatives are key at delivering learning as well as good HR practice on the ground.

Amicus believes that the whole system has to be reviewed to maximise benefit to the sector and fully engage the various interests involved in it and our members believe that enforcement is needed to make it work.

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