

# Compact Plus

## Amicus Response to the Consultation

### Introduction

Amicus recognises the long history that the Voluntary and Community Sector has had in the delivery of public services, and the important role that the sector has had in this. With the Government's commitment to see an extension to this role, incorporating the innovation that the sector is well known for, it is vital that the relationship between the Public and Voluntary and Community Sectors is strengthened so that funding, governance, development and support mechanisms are viable for the growth of the sector and for the benefit of those working in the Sector, as well as service users dependent on the Sector.

In response to this and in trying to address the problems with funding that have been inherent in the original Compact, the Government has proposed a new agreement between the Public Sector and the Voluntary and Community Sector – the Compact Plus. This new agreement is of great interest to the members of Amicus who work in the Sector, since decisions made at this level will ultimately impact on our members' careers, their employment terms and the services they provide.

Funding therefore is the most crucial issue affecting the Sector, and as Amicus' surveys have demonstrated, the insecurity that short-termism and under funding brings impacts on our members in such a way that they experience little security, resulting in reduced opportunities for development and progression, access to pensions and the other benefits that substantive employment brings. Our members also have deep concerns over the impact that such insecurity in funding has on their service users, to whom they are deeply committed.

This insecurity and lack of cohesion have been an inherent problem in the Sector for decades and the recent report from the National Audit Office demonstrates that the progress that has been made by Government to alleviate these problems has been slow, including the Gershon recommendations announced in the 2004 Comprehensive Spending Review in relation to the short-term funding of the Sector. This has caused the situation regarding funding of services within the Sector to reach crisis point in many areas in relation to service provision. The Government's Efficiency Review in 2004 accepted the four key principles as outlined in the ACEVO "Surer Funding" report. These principles are: the implementation of longer term contracts, full cost recovery, shared risk between funder and provider and less waste through unnecessary bureaucracy. These are all principles that our members acknowledge and support, however little progress has been made and recent research has shown that the funding crisis is growing not

abating, particularly at a local level despite the welcomed shift in emphasis in funding the sector at a national level.

Amicus is the main trade union representing members in the Voluntary and Community Sector. Amicus is committed to ensuring that our members' voices are heard in this consultation. We consulted widely with our membership regarding this consultation and the comments and suggestions included in this response are representative of our members' views on the implementation of Compact Plus.

### **Consultation Questionnaire**

The answers below represent Amicus response to the consultation questionnaire, we have not responded to all of the questions but have responded using the headings and questions provided.

### **The Compact Plus Commitments**

#### **Question 3 – Do you support the idea of Compact Plus as a mechanism for continuing to develop the relationship between public sector bodies and the Voluntary and Community Sector?**

Amicus supports the idea of a compact and welcomes the concept of Compact Plus, however we are not convinced that the principles laid down for Compact Plus will provide our members and their organisations with more security in funding arrangements including longer term contracts, full cost recovery, shared risk between funder and provider and less waste through unnecessary bureaucracy. If the commitment to provide the Sector with the above is not met, then it will find itself in an even more difficult situation in the years to come with its expanded role. It is vital therefore that we get things right at this stage.

Government is committed to the Voluntary and Community Sector undertaking work from the Public Sector, but to ensure this is done properly there must be a serious undertaking to address the existing issues in the Sector. Funding as an issue is central to all others and therefore our members site this as the most urgent that needs addressing by the resourcing of the Compact and Compact Plus. Funding has a serious impact on our members in relation to job security, pay and conditions, training and development and, most importantly, the ability for our members to do their work in an effective and pragmatic way. Our members state that they do not want to be tied by bureaucratic measures, including excessive auditing, re-bidding for funding and having to respond to the multitude of different demands from different funding bodies, but to have a more streamlined mechanism to work with. Sound dialogue between the Sectors should meet the needs of all.

At the moment, with the present Compact Plus consultation draft Amicus cannot see why funders would be prepared to opt into the Compact, there

needs to be an incentive for them to participate in this initiative, and we do not feel that this problem has been sufficiently considered. An obligation to participate at both national and local level should be a fundamental principle of Compact Plus and without this organisations and funders alike should not be able to participate in the procuring of services within the Sector. Compact Plus, in building the relationship between the stakeholders is also about building tools and standards, to improve the functioning of organisations whether it is the better use of ICT, better standards in human resources practice or better systems of governance, without compulsory participation we could see a two-tier standard developing within the Sector and the fear is that organisations that are not appropriately tooled and managed will undercut more professional organisations in the procurement process. Therefore, participation in the Compact Plus, together with a successful audit of the implementation of the outcomes of the work of the Compact and its respective Hubs should be the route to access procurement processes for public services. The process of audit in itself need not be complex.

**Question 4 – Do you agree that a list of Compact Plus commitments should be developed?**

Amicus does agree with a set of commitments for Compact Plus, however we note that the draft commitments are quite abstract. We can see why this would be but Amicus would expect to see something that mentioned a responsibility for ensuring that there is a commitment to the training and development of staff and also a commitment to providing greater job security where possible. Amicus would also prefer to see specific commitments about funding and its sustainability.

**Question 7 – Would Compact Plus meet the diverse needs of the Voluntary and Community Sector?**

Amicus believes that the present draft of the Compact Plus could end up with smaller organisations and community groups being excluded and alienated due to the requirements of opting into the Compact. It is apparent from evidence from our members that problems with funding are most acute at the local level, this is the group that needs the most support regarding funding and building the relationship with their funding provider. We are not convinced that Compact Plus will address this.

Likewise, smaller organisations normally have a far smaller human resources capacity, and therefore additional support is needed by these organisations to function and to function well, taking on board the needs of the Sector. As an example, often small organisations will have just a handful of employees and little or no experience of employment legislation among the trustees. It is not therefore unusual for organisations to be working in a way that is contrary to employment legislation, not out of intent but as a result of poor sectoral support. It is therefore crucial that the Workforce Development Hub enables organisations such as this to put its house in order.

Amicus would also say that there should not be an opt-in requirement; Compact Plus commitments and agreements should apply to all funding providers and service providers. In this way everyone will be starting from the same level playing field and a commitment to best practice across the Sector could be followed. This across the board approach would ensure that those funding providers that have little intention of improving their relations with the Voluntary and Community Sector would have to abide by the Compact and its commitments. This would also give the Compact a legitimate base and reinforce the work already done on local Compacts, enhancing them and putting the relationship between the stakeholders on a more formal and professional basis.

### **Question 9 – How could the Compact Champion best work with those at local level to help with the move to Compact Plus?**

The concept of a Compact Champion is positive and it is the role of the Champion that is important to explore. It is well known that one of the failings of the original Compact was the problem of enforcement and infringement. A number of high profile cases have shown funders that the Voluntary and Community Sector will take action if funds are withdrawn due to misadministration or incompetence, however this can be costly and time wasting for small organisations, so is not ideal. If there is a Compact Champion then this situation will hopefully not arise, the penalties will be documented and stakeholders will know what is required of them, it will also enable organisations that are facing difficulties in delivery to seek support early, and likewise the funders. It is evident that many funders do not regard contracts with the Voluntary and Community Sector as binding, a situation that is completely untenable and can have an intolerable impact on our members and their livelihoods. These situations should be averted with a Compact Champion.

### **The Funding Relationship**

#### **Question 10 – Do you agree that the Compact Plus commitments should give a stronger emphasis to the funding relationship?**

Amicus believes that funding is the most crucial issue to affect the Sector and the workers within it. The relationship between the stakeholders is predicated on the funding regime. Amicus has such serious concerns about the way funding is managed that the commitments should have funding and the processes involved as their central core.

With better dialogue between the sectors on funding there will be a better understanding of the needs of the Voluntary and Community Sector, as well as systems put in place to match these needs. It is crucial at this stage that waste is minimalised; that funding mechanisms, whilst building in accountability are streamlined removing unnecessary bureaucracy; that

funding for services is provided on the basis of value not cost, thus enabling organisations to provide good terms of employment including development and training, family friendly policies, sickness policies and high standards in health and safety provision; that procurement in the Sector is to a standard no less than that of the Private Sector, including full cost recovery; that equality of opportunity is built within the mechanisms of all funding arrangements; that the balance of risk in funding is reviewed so that Sector organisations are not the disproportionate barer of risk as is currently the case.

### **A Kite mark Scheme**

#### **Question 11 – Do you agree that bodies and organisations should have their practices assessed when seeking to opt into Compact Plus?**

Amicus believes there should be an assessment process to enable organisations to achieve the kite mark in Compact Plus, however this should be proportionate to the size of the organisation as this could otherwise end up excluding small community groups enabling large charities to bid for work exclusively. Additional support for the smaller organisations will therefore also be a requirement of the Compact Plus. However, all organisations should engage with the Compact at local and national levels.

All organisations on both sides of the Compact should therefore be made aware of the expectations on them and to devise ways of maintaining and raising these standards. The safety net that the Compact should provide is that organisations and bodies need to provide confidence that their ambition is to professionalise the Sector and to demonstrate this in their modus operandi.

#### **Question 13 - Do you agree that Voluntary and Community organisations should explicitly opt into Compact Plus?**

Amicus believes that for Compact Plus to succeed it needs to ensure that all funders of the Voluntary and Community Sector comply. This will not happen if there is an opt-in option. The draft consultation document does not make clear what the incentives are for opting in and we do not feel that this kite mark sufficiently motivates organisations to fully embrace the Compact. Also, it must be acknowledged that for some funders, there is an actual incentive **not** to opt in, as this will mean they do not have to change their funding practices and procedures, which completely defeats the object of introducing Compact Plus. Ensuring that Compact Plus is available to everyone should address this problem.

### **Penalties for Non-implementation**

**Question 20 – Do you agree that there should not be an option to impose financial penalties or award compensation on organisations where Compact Plus has been breached?**

If standards in funding are to be raised for the benefit of all we have the responsibility to ensure that those that do not play by the rules, by implementing best practice and working for the common good of service providers, employers and users are penalised. Amicus is aware that many funders strive to put as much funding risk as possible onto the service providers, regardless of the impact on clients, staff and performance. Clearly this is unacceptable and we would hope that Compact Plus would go some way to address this.

Therefore in directly answering the question, we believe that imposing financial penalties or awarding compensation where the Compact Plus has been breached is highly appropriate, providing regulation for both funders and providers alike and thus protecting employees and service providers.

**Structures**

**Question 24 – Do you agree with the proposals for governance and structural arrangements of the Compact Champion?**

Amicus agrees that having a Compact Champion similar to an ombudsman would be a good thing for the Sector. The Champion would give Compact Plus legitimacy and focus, ensuring that funders and service providers have somewhere to go if they have issues, hopefully alleviating the need to resort to the Courts for breaches of the Compact, as is the case now.

Amicus also believes that it is vitally important that the Champion is completely neutral and independent of both Government and the Voluntary and Community Sector, but has the authority and trust of all the stakeholders.

**Rachael Maskell**  
**Amicus National Officer**  
**Community and Non Profit Sector**  
[Rachael.maskell@amicustheunion.org](mailto:Rachael.maskell@amicustheunion.org)