

Strengthening Partnerships: Next Steps for Compact

The Advice Services Alliance's response to the Home Office consultation, dated March 2005

1 The Advice Services Alliance

The Advice Services Alliance (ASA) was established in 1980, and is the umbrella organisation for independent advice networks in the U.K. Our aims are to:

- Champion the development of high quality information, advice and legal services;
- Ensure that people are not denied access to such services on account of lack of means, discrimination or other disadvantage;
- Encourage co-operation between organisations providing such services;
- Provide a forum for the discussion of issues of common interest or concern to advice organisation.

Full membership of ASA is open to national networks of independent advice services in the U.K. Current full members include:

- Advice UK
- Age Concern England
- Citizens Advice
- DIAL UK (the disability information and advice service)
- Law Centres Federation
- Shelter
- Shelter Cymru
- Youth Access

Our members represent over 2,000 organisations which provide a range of services to diverse groups working mainly on a local level throughout the U.K. Most of these organisations offer services within a local area, but some of them are regional or national in scope. They are largely funded through public sector grants and contracts, and charitable fundraising. With some limited exceptions, services are offered to users free of charge and are focused on areas of law which mainly affect poorer people e.g. welfare benefits, debt, housing, employment, immigration, education and community care (now commonly referred to as 'social welfare law').

A draft of this response was sent to all of our members listed above, and their comments have been taken into account in preparing this final document.

2 ASA's response to the consultation questions

We welcome this consultation paper and its acknowledgement of the particular value that the voluntary sector brings to public services and of the key barriers faced by the sector in accessing public finance.

As a sector, we have welcomed the Treasury's statement in 2002 that it is legitimate for providers to include the relevant elements of overheads in their cost estimates before providing a given service under service agreement or contract. We agree with the consultation document that getting the funding relationship right is key.

We agree with the statement in paragraph 3.13 of the consultation paper that the evidence of improvement in the funding relationship is mixed and that voluntary and community sector organisations have a responsibility to improve their understanding of their real cost base. Having said this, we are very aware of a reluctance on the

part of individual agencies to challenge public bodies because of a fear that this might jeopardise future funding.

Therefore, we agree that an external independent body, with a watchdog role, would help to ensure that compact commitments are met.

Terms used

1. *Are you comfortable with the term ‘Voluntary & Community Sector’ as used in this document.*

The term “voluntary and community sector” is understood and recognised by the advice sector. The organisations represented by ASA see themselves as being part of the voluntary and community sector and we are therefore comfortable with the term.

2. *Would you prefer government to use another term to communicate the breadth of the sector such as ‘third sector’ or ‘not for profit sector’.*

The term “not for profit sector” is familiar to most of the advice sector. One of the sector’s major funders (the Legal Services Commission) uses this term to distinguish us from private practice solicitor practices. However, the term “not for profit sector” can include the statutory sector, and this can cause confusion in the advice sector, where clarity about independence is essential.

The term “third sector” is not used in the advice sector.

We are therefore most comfortable with being described as part of the “voluntary and community sector”.

The Compact Plus commitments

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?*

We agree that “a shorter, sharper compact” with a simple and succinct list of commitments would be preferable.

In our view, it is essential that the development of the Compact Plus commitments involves full consultation with representatives of *all* sections of the voluntary and community sector. It is important to remember that each specialist sub-sector works in a distinct context, with different funding relationships.

For example, the Advice Services Alliance is responsible for negotiating standard contract terms with the Legal Services Commission (LSC) on behalf of some 420 not-for-profit advice providers. These bureaucratic and detailed contract terms are comparable to those which apply to private practice solicitors working under the legal aid scheme.

On the other hand, many advice agencies receive funding from local authorities (sometimes in addition to LSC contract funding) on very different terms and conditions.

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

Yes, subject to the concerns expressed above about full consultation with all parts of the sector.

5. *What are your views on the draft Compact Plus commitments?*

As we have emphasised, it is essential that there should be full consultation on the final wording of the commitments.

In the meantime, we have the following suggestions/comments on those proposed in the consultation paper. In order to structure our response, we have given each “commitment” a letter. We have no comments on some of the commitments.

Public Sector Bodies

b) We strongly agree that public sector bodies should “Respect the independence of the sector, including its right within the law to campaign and to challenge policies.” We suggest that this should be expanded to include a statement that public sector bodies should respect the fundamental ethos and principles of voluntary and community sector organisations. In relation to the advice sector, this would include a commitment to respect the independence of advice providers and client confidentiality, so that they can act in their client’s interest.

c) We agree. However, we would add that public sector bodies should create opportunities for people to “influence their *practice*”. Whilst it is important that public sector bodies understand the consequences of their policy decisions, it is also essential that they understand the consequences of their poor administration of public services. Our clients often need help in dealing with the inefficient administration of public services – the recent exposure of problems in the tax credit system is a good example.

d) We agree.

e) It is our view that this clause, as drafted, is unclear.

The term “public service” can be ambiguous. A recent policy statement from the Charity Commission¹ usefully distinguishes between situations where an authority has “an absolute legal duty (with no discretion over the level of service to be provided), a legal duty but with discretion over service levels, or [is the service] purely discretionary with no legal duty?”. It is our view that each situation might, for good reasons, involve a different levels of detail in drafting contract “specifications” – and therefore possibly different procurement processes.

It is also important to acknowledge that, regardless of the nature of the authority’s statutory duty, tightly-specified contracts may not be the most effective method of delivering services. This is particularly the case when statutory bodies are procuring holistic services for vulnerable people in ever-changing external environments. People’s advice needs can change quickly, as a result of changes in legislation, developments in case law, rapid improvements or deterioration in the quality of public administration, economic and political changes. It is therefore essential that providers are able to be responsive to such changes.

We welcome the suggestion that agreed outcomes should capture the additional quality which may result from delivery by the voluntary and community sector. However, there needs to be a commitment from both sides to work together to identify and establish ways of measuring such outcomes. This may involve additional resources, at least in the short term.

¹ *Policy Statement on Charities and Public Service Delivery* (page 3), Charity Commission, June 2005

Please also see below for our comments about outcomes, under paragraph o).

f) We agree. We would emphasise the importance of co-ordination with other regulators and quasi-regulators. There is already significant duplication in the monitoring of advice agencies. Most advice agencies are regulated by Companies House and Charity Commission. Further, a substantial proportion have a Community Legal Service Quality Mark (a quality assurance system which is administered by the Legal Services Commission) and some employ solicitors who are regulated by the Law Society. It is essential that the Compact Champion does not add to the burden of bureaucracy.

g) We strongly agree with the suggestion that funding should be for periods of longer than a year and agree that longer-term funding arrangements can represent better value for money. Longer term funding arrangements can provide the resources and incentives for agencies to take a strategic approach to developing their services and this benefits users and funders.

h) Again, we agree. It is essential that a risk assessment should take place at the beginning of a procurement process. Research undertaken by the Advice Services Alliance indicates that small to medium sized advice agencies find it very difficult to absorb the additional costs caused by long term sickness, maternity leave and problems with the recruitment of suitably qualified staff. One approach to this problem could be to agree that, where possible, the cost of insurance against these eventualities should be included as a legitimate overhead.

i) We strongly agree with the principle that funders should fund the legitimate part of voluntary and community sector overheads. However, it is likely that there will be disputes over what items of expenditure are "legitimate" and there will be valid reasons for differences between sub-sectors.

One approach might be to have a joint ACT/voluntary sector working party to consider these issues. This group should involve representatives of specialist or sub-sector infrastructure organisations.

j) We are unclear about this proposed commitment. Whilst we agree that a professional approach is needed to the management of volunteers, we question whether this is an appropriate commitment for public sector bodies.

k) We agree that public sector bodies should be required to work with the breadth of the voluntary and community sector.

Voluntary and community sector

l) We agree that voluntary and community organisations should operate in an open and accountable way. Some aspects of this are already regulated by others (for example, it is a requirement of the CLS Quality Mark to have an office manual) and it is important to ensure that there isn't unnecessary duplication in regulating this commitment.

m) In our view, it is unrealistic to ask that all voluntary and community organisations should meet this commitment. Many organisations simply don't have the resources to properly consult with all stakeholders and constituents in relation to all policy matters. As an alternative, we propose that voluntary and community organisations should make it clear how their policy positions

are arrived at, providing information about who was consulted and how this was done.

n) We strongly agree that voluntary and community organisations need to have a real understanding of their cost bases and the proper application of full cost recovery. This work needs to be a priority for both service-delivery and infrastructure organisations.

o) Whilst we agree that voluntary and community organisations need to be able to identify the changes or outcomes that result from the services delivered, it is important to acknowledge that this is not a straightforward exercise.

It is our view that separate outcome frameworks need to be developed which are suitable for each specialist sub-sector. It seems to us that it is more efficient for this work to be done in a strategic way at the specialist infrastructure level.

In relation to the advice sector, we have identified that activities undertaken by voluntary and community organisations can result in outcomes on different levels. We have identified four main levels: advice or case outcomes, client outcomes, legal and policy outcomes and wider community outcomes. Whilst some of these outcomes are easier to measure than others, it is important that an outcome framework takes all of them into account. It is also true that some advice outcomes are harder to achieve, but it is still important that they are taken into account.

p) We agree that voluntary and community organisations should have robust monitoring, evaluation and financial management systems. However, we would point out that these are already the subject of regulation by Companies House, the Charities Commission and (in relation to advice) the Legal Services Commission.

q) We agree that voluntary and community organisations should implement good practice in the management and recruitment of volunteers. We suggest that they should also implement such practice in relation to paid staff.

r) We strongly agree that voluntary and community groups should embrace diversity, and would suggest that any commentary should make it clear that this includes ALL marginalised groups.

6. *Are there any that you would remove or others that you would add?*

No suggestions at present.

7. *Would Compact Plus meet the diverse needs of the voluntary and community sector?*

Careful thought needs to be put in to make sure that the process doesn't exclude sections of the voluntary and community sector. In our view, any development of the scheme will require full consultation.

We are also concerned about cost implications of these proposals on small voluntary organisations, not just the cost of a fee, but also the cost in relation to management/governance time.

8. *How best can Compact Plus work at local level and draw on best practice in Local Compact development and local partnership arrangements?*

It is important that all parts of the voluntary & community sector have access to effective infrastructure support, including specialist infrastructure organisations, which can provide relevant and targeted support.

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

We suggest that the Compact Champion will need to work with specialist infrastructure organisations in order to reach local voluntary and community organisations.

The funding relationship

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

Yes.

A kitemark scheme

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

It is important that the commitments are monitored and breaches are exposed. However, intervention needs to be proportionate and involve as little bureaucracy as possible.

12. *If so, do you think this should be done by self assessment or by an independent assessor?*

In our view, for the scheme to have some credibility, there needs to be access to independent assessment.

13. *Do you agree that voluntary and community organisations should explicitly opt into Compact Plus?*

Yes. However, we believe that there will need to be incentives for organisations to do this.

14. *Do you think that a charge should be levied on bodies and organisations that had opted into Compact Plus?*

We are concerned that the charge needs to be affordable for small voluntary and community groups. It must also be clear that such a charge should be regarded as a legitimate overhead – for full cost recovery purposes.

15. *In which areas could Compact Plus mean a lighter touch in existing performance requirements?*

As stated above, organisations which provide advice are already regulated and monitored by Companies House, the Charity Commission and the Legal Services Commission. It is essential that Compact Plus doesn't simply add to the burden of bureaucracy.

It is important that any new scheme should allow passporting against equivalent requirements in other quality or regulatory systems.

Support for organisations

16. *Do you agree with the proposals for thematic and peer review*

17. *Do you agree that thematic review should be applicable to organisations and bodies that are not members of Compact Plus?*

18. *Do you agree that peer review should be applicable to organisations that aspire to opt into Compact Plus?*

19. *Do you agree that the Compact Champion should charge a fee to some bodies or organisations that wanted to participate in peer review?*

We agree that there will need to be mechanisms for building understanding and capacity to meet the commitments of Compact Plus.

Whilst we consider thematic reviews and peer review to be interesting ideas, we are concerned that they may be expensive and duplicate work done by other regulator-type bodies. Our present view is that these proposals require further thought and, importantly, proper costing.

Penalties for non-implementation

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?*

Whilst we understand the reasons for not proposing financial penalties on organisations where Compact Plus has been breached, we are concerned that the withdrawal of Compact Plus status may not be a sufficient disincentive for members.

A renewable commitment

21. *Do you agree that members should have their commitment to Compact Plus renewed from time to time?*

Our members are not agreed about this. Some feel that renewal of commitment is important, whilst others question whether this is necessary and are concerned about the cost implications.

22. *Do you think that members of Compact Plus should have their membership renewed on a fixed basis, such as every three years, or on a more flexible basis, dependent on performance at previous renewals or evidence from thematic or peer review?*

See above.

23. *Do you think that organisations which are successful when renewing their membership of Compact Plus should be graded according to performance?*

On balance, our members think that it would probably be simpler (at least at the beginning) to have a two tier structure where organisations have either achieved Compact Plus status, or are working towards it.

Structures

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

We agree that it is essential that the Compact Champion is independent of government. We are concerned at the suggestion that some functions of the Compact Advocacy Programme might collapse into the new body and consider it essential that the sector should have access to an independent advocacy project.