

For good measure

Contract, without squeezing,
voluntary and community groups
– an appeal for action





Voluntary and community groups are delivering effective and innovative services that change lives.

Funders know this.

There's no dispute that accountability, value for money, and a focus on service users are essential. Good funders will look to guarantee this. They will include 'reporting arrangements' in the contract that tell them how the money has been spent.

And rightly so.

However, reporting arrangements should not go over the top. Funders should satisfy the need for accountability without diverting the focus from delivery. If not they can end up reducing the value for money they so rightly seek.

Don't squeeze the voluntary and community sector through bureaucratic hoops till the pips squeak.

For example:

- 15% of funding for a project in Ryedale was wasted photocopying an audit trail that would later be audited.
- In Sussex, a VCS service provider was audited eight times in six weeks by local statutory partners.

We believe that excessive reporting arrangements are a burden on locally accountable, cost-effective public services.



We are not the only ones.

The Better Regulation Task Force brought this issue to the attention of the Government last year.

Their report, “Better Regulation for Civil Society: Making life easier for those who help others” (Nov 2005) recommended a number of ways to help reduce unnecessary regulatory burdens placed on voluntary and community groups.

Recommendation 11 of the report, highlights the need to find better and more appropriate ways of reporting how funds have been used. Government departments should, it says, “ensure that upper tier local authorities and the Housing Corporation, Learning and Skills Council, Jobcentre Plus and Primary Care Trusts work to ... reduce the administrative burdens arising from contracts with the VCS”.

As yet, the Government has not responded. But the issue becomes more urgent as the Government seeks to engage more VCS organisations in public service delivery.

We hope that the case studies in this leaflet will persuade you to support our call for a more balanced approach. Accountability, yes. But we must put an end to unnecessarily bureaucratic reporting arrangements that waste public money.

Practical proposals can be submitted online:

<http://www.betterregulation.gov.uk>

Case Study 1: Ryedale Voluntary Action

Ryedale VA is a locally-owned infrastructure organisation that supports the local voluntary and community sector in the North Yorkshire district of Ryedale.

It provides the local VCS with development support and advice; services and facilities. It also identifies gaps in local service provision and creates solutions; it is an advocate for the voluntary sector, providing a voice on strategic partnerships.

Project

Ryedale is a large rural area with poor public transport facilities. In response, Ryedale VA set up a local community transport scheme to help solve a number of local problems. The project ran a car scheme, with 50 volunteers providing 16,000 individual passenger journeys clocking up 140,000 miles and a rural minibus service for community groups. It also ran a Wheels-to-Work moped hire and training scheme, helping over 50 disadvantaged young people a year get to work, education or training. Without Wheels-to-Work they would have been left stranded.

Grant

£13,200 (April 2005 to December 2005).

Funder

Single Regeneration Budget Round 6, administered by North Yorkshire County Council.



Problem

Before it would release funding for the previous quarter the Council required a photocopy audit trail within two weeks. Ryedale VA was required to show evidence of every last penny. This included photocopies of staff payslips, expense claims made by volunteer drivers, printed purchase ledger invoices, and photocopies of matching bank statements. If a volunteer driver failed to cash an expense cheque within two weeks of the quarter end, payment had to be claimed next quarter. Three months' delay of payment!

Each quarterly claim needed two days' Finance Manager time and two and a half days' Finance Officer time. Without counting any other overheads incurred this adds up to around £2,000 in the life of the grant. Effectively, 15% of the grant was used photocopying an audit trail that was later inspected by VA Ryedale's own auditors.

Despite this, the project has now been successfully floated off as an independent community transport scheme called Ryecat Ltd and continues to provide vital services to the people in this corner of North Yorkshire.

“I recommend the Government improves its funding relationship with the VCS by ... streamlining and rationalising monitoring, regulatory and reporting requirements.”

Sir Peter Gershon,
‘Releasing resources to the front line’, July 2004

Case Study 2: Impact Initiatives

Impact Initiatives is a well established, user-focused, voluntary and community sector provider of quality public services. It makes a real difference to the lives of more than 4,000 people in Sussex each year.

A team of over 120 staff and 150 dedicated volunteers deliver 18 services, promoting social inclusion and improving the quality of life of their clients. Impact specialises in: specialist vocational support; older people's services; housing and support for young women; young people's services; advocacy; and neighbourhood-based children's services.

Funders

At any one time, Impact has between 15 and 20 contracts with local authorities, Primary Care Trusts, Learning and Skills Councils, Connexions and Job Centre Plus.

Problems

An audit a day: Impact is subject to Charity and Company Law, their own annual audit process and funders' audit requirements, and has achieved a number of quality standards. Despite this, in a six-week period last summer, Impact was audited eight times by local statutory contractors!

An expensive £20 note: One claim for £20,000 of funding was held up whilst the appropriateness of a £20 travel claim was queried by an accountant who had little knowledge of the nature of the project.



Full Cost Delivery: To keep on top of the detailed monitoring required for two particular contracts, Impact spent £12,000 on a new database system. This was purchased from Impact's own core funding. The contractor insisted on detailed monitoring that the new system provided, but did not contribute to costs.

Five days for you: A New Deal for Communities programme required all paperwork submitted within five days of the contract ending. An astonishing 15 months later, Impact is still awaiting the final payment from the funder who has yet to complete its own audit.

Time sheets, please: European funding through local authorities can require claims as frequently as once a month, and can include requests for photocopies of petty cash claims, bus tickets, and time sheets documenting even the smallest amount of staff involvement. This involves the time sheets of the Chief Executive, a full-time member of staff employed to monitor the one contract, a finance officer and over a dozen other staff members. Each claim ties up the finance officer for eight days. The paperwork for each monthly claim is never less than two lever arch files and no-one has ever provided feedback on its value.

During contract negotiations the accountable body insisted upon a reduction in cost of administration. Yet, as is often the case, there was no commensurate reduction in the bureaucratic burden. It costs approximately £24,000 per year to administer this funding stream.

This publication was funded by



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A copy of 'Better Regulation for Civil Society' is available here:
<http://www.brc.gov.uk/downloads/pdf/betregforcivil.pdf>

NAVCA is the new name of National Association of Councils
for Voluntary Service (NACVS).

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August 2006