Rachael Maskell, Amicus National Officer
Community and Non Profit Sector
0207 420 8979
rachael.maskell@amicustheunion.org

James Lazou, Amicus Research Officer
020 7780 4020
james.lazou@amicustheunion.org

amicus
the union

A briefing on

Employment issues in the Third Sector

Amicus is the UK's second largest trade union with 1.2 million members. It 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 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.

1. SOME EMPLOYMENT FACTS

- The National Council of Voluntary Organisations (NCVO) claims that the sector has a paid workforce of at least 608,000 and now employs 2.2% of the overall paid workforce in the UK. This figure excludes amongst others, housing associations and independent schools.

- 38% of the voluntary sector workforce is employed on a part-time basis.

- An estimated 1.1 million full-time UK workers would be needed to replace formal volunteers, well over twice the number of full-time equivalent paid employees in the voluntary sector. This would be at a cost of approximately £25.4 billion (based on the national average wage).
  Source: NCVO Almanac 2006

- Job insecurity caused by funding pressures and short term contracts means that staff turnover in the sector is unnecessarily high. On average one fifth (21%) of all employees in the sector left their jobs last year – the national average for all jobs is 16%.

- 77% of organisations have experienced retention difficulties in the past year.

- Public and Private sector spending on training and development is on average over 50% higher than the Third Sector.
  Source: People Count Survey 2006

- Wages are 20% lower on average than the Public and Private Sectors and up to 25% lower in London.
  Source: Croner Reward 2007

2. FUNDING

Funding is the underlying issue behind many of the problems in the sector. The following areas need reform:

Short term funding

- Funding cycles in the sector are far too short. This creates job insecurity, instability for service users as well as bureaucracy and stress for staff.

- Recent government announcements for three year funding as the norm are welcome but do not go far enough.

- A more stable long term system of funding should be set up. This would include longer funding cycles of between 5 and 10 years with the inclusion of 'trigger' criteria for automatic renewal if the project is achieving positive results.

Full cost recovery

- Many government contracts do not contain adequate funding to cover all the costs for running projects. Staff and administration costs are often left out of the contract forcing organisations to make cuts in other places or redirect resources away from other work to access the funding.

- In order to meet contract requirements, organisations are cutting terms and conditions of employment, including pensions, training and other benefits.

- Full Cost Recovery means that the contract will cover all associated costs for the organisation not simply the service delivery itself.

- The Office for the Third Sector told Amicus that only 57% of all public funding for the Third Sector currently achieves Full Cost Recovery.

Competitive Market

- Most government funding is currently apportioned through a competitive bidding system often called "contestable tendering." Essentially this creates a market of public service contracts, often for an ever decreasing pool of public money.

- Even with the inclusion of Full Cost Recovery principles, competition is leading organisations to undercut the true cost of service delivery in order to win or maintain contracts.

- These cuts are having a detrimental impact on employees in the Third Sector as their terms and conditions of employment are cut. This has a negative effect on the services they deliver.

- Competition is damaging collaboration in the sector. Organisations that used to work together on shared agendas now feel that they can not share information in case others use it to win funding.

- Amicus proposes a model of collaboration between funding bodies and organisation within the Third Sector. A process should exist whereby all stakeholder organisations and users should collectively work to design and deliver the best services.

Level playing field

- Funding streams are often not accessible to small organisations. Many do not have the resources or skills to access the funding or contracts available.

- Despite the fact that many smaller organisations are pioneering innovative services and projects over two-thirds of total income in the sector is now generated by 2% of the sector.

- Large organisations including those from the private sector are able to undercut other third sector organisations with their reserves in order to get contracts. If the Government persists with this policy of contestable tendering, there needs to be a level playing field in all bidding contracts.

- A 'one stop shop' for funding streams where all funding bodies can provide information as to what is available thus making it easier for smaller or new organisations to access funding.

Bureaucracy and Waste

- Administration and applications for funding currently takes up far too much organisational capacity.

- Sub-contracting is an additional waste of resource on commissioning.

- There needs to be a better system of termination and renewal of funding that gives organisations time to plan and adapt.

- The levels of administration needed to apply for funding and monitor funding contracts needs to be reduced.

- Funding contracts should involve a greater level of trust.

3. A FRAMEWORK FOR THE SECTOR

Amicus believes that there needs to be a national framework to cover employment issues in the sector:

Terms and Conditions

- The standard of terms and conditions in the Third Sector varies greatly. There should be a Third Sector standard of terms and conditions that can be used to benchmark in the Sector.

- The standard should contain good systems of health and safety and good practice to tackle issues of stress, long hours, violence at work and bullying.

- Organisations often need better management training to improve their Human Resources practices. More resources need to be put in place to support HR departments including a sector specific service like ACAS.

- Another possible solution is the use of a "beacon organisation" model, akin to beacon councils.

Training and Skills

- Funding pressures are leading organisations to cut training and development.

- Employees that change employers need to have access to career pathways and life long learning.

- Amicus is calling for a national "University" for the sector. This would help co-ordinate training and enable all organisations to develop their staff. It would also allow employees to access nationally recognised training that could be taken with them to other organisations such as through a system of skills passports to promote a recognised lifelong learning portfolio.

- A Sector Skills Council for the sector will also help organisations develop their workforce in a focused way, delivering a range of skills across the organisation.

- Co-ordinated development and training across organisations would act as a cost saving measure for all organisations and thus funders in the longer run, since this deals with economies of scale

- Unions are experts on learning issues and should therefore have a central role.

Pensions

- Many people in the Third Sector are unable access pension provision due to the short term nature of their employment or insufficient pension arrangements at their organisation.

- All employees in the sector should have the right to a final salary pension scheme. Amicus proposes a pension scheme for the Third Sector that is portable between different employers in the sector.

Volunteers

- Volunteers are a major contributor to the sector. There should be a set of standards for volunteers that includes access to training, good health and safety practices, trade union rights and protection.

4. EXAMPLES

Manchester CAB

Manchester council is forcing the Citizens Advice Bureau (CAB) to cut staff terms in order to win service bids. In particular they are being forced to cut their training budget which is ironic as they are one of the main

suppliers of training to other organisations including the council. Our members report that decisions in Manchester appear to be based on ideology and the need to make cuts rather than evidence based reviews of how best to deliver the service needed.

Refugee Legal Service

Amicus members in the Refugee Legal Service report a funding contract leading to a 3 year pay freeze for all staff. If they didn't accept this the contract would have gone elsewhere. This kind of funding crisis is the only major issue to put them in dispute with their management.

Stonham Housing, Stoke CAB and NCH

Amicus has learned of three recent cases where contracts were lost to private companies - Stonham Housing, Stoke CAB and NCH. These are all large not for profit organisations but they are being out bid by loss leading private companies. The Third Sector does not want to be used as an outrider for the privatisation of public services.

Contestability and cooperative working

Amicus members working in Save the Children, NCH, Children's Society, Bernardos and NSPCC report that competitive funding has led to a reduction in collaborative working amongst the major children's charities for fear of losing funding to another organisation. Is this really the best way to support vulnerable children in the UK?

Modernisation and efficiency

The Arts Council has really grasped modernisation and cut up to 30% of staff in its drive for efficiency. This has led to improvements but as the Amicus representative there said there is only so much you can cut without the organisation stopping to exist.

Local knowledge lost

Voluntary Action Manchester lost its funding when another national organisation came in and undercut it with a cheaper bid. The new organisation did not have any community links or contacts within the different local communities and therefore could not deliver the service that had been delivered for years previously.

Full cost recovery

A survey by RNIB and National Association of Local Societies for Visually Impaired People (2006) showed that of 108 contracts won by 32 visual impairment 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%.

Good Practice in Northern Ireland

Amicus members working for Peace and Reconciliation in Belfast have reported a positive approach to designing and implementing funding contracts for this type of work. Competitive funding in this environment is inappropriate as some voluntary sector organisations in the field could be perceived to be part of a specific community and thus funding one over another could lead to accusations of bias and sectarianism. Instead a system of collective bidding and cooperative funding has been developed whereby funders and bidding organisations get together to design the project and share the funding cooperatively between all concerned. Amicus sees this as a positive way forward to develop third sector funding.

Amicus has seconded reps in various voluntary sector organisations:

Amicus has full time Seconded Representatives in many third sector organisations. These have a positive impact on employment systems in those organisations and often lead to cost savings for the organisation. In addition to formal negotiations Seconded Reps have informal meetings with the CEO and relevant Directors to build trust and commitment for partnership working. For example at the Children's Society, the Amicus Seconded Rep has developed a relationship that enabled them to introduce new working practices and develop new staff training. Amicus has a similar relationship in the Royal Society for the Prevention of Cruelty to Animals (RSPCA) where they have been working on developing good practice in reducing a number of disciplines, grievances and jointly negotiating a new bullying and harassment procedure.