

Report of results from questionnaire about contracts and commissioning sent to social enterprises and voluntary sector organisations in Cambridgeshire in April – August 2007

Scope of survey

This research is intended to capture a snapshot of social enterprise and voluntary sector involvement in public contracting procedures in the GCP area of Cambridgeshire. This information will be used to assess the effectiveness of the Commissioning Access Programme, an EEDA/GCP-funded voluntary sector capacity building initiative designed to help social enterprises and voluntary sector organisations win public sector contracts. The information will also be used to identify training and support needs within the social enterprise sector in Cambridgeshire. This sector generally includes voluntary and community organisations that are using or intending to use business techniques to generate income to fund activities to achieve a social mission, but also includes co-operatives and industrial and provident societies.

The questionnaire was sent to every organisation who had attended a Commissioning Access Programme event in 2006/07, and every organisation on the The Social Enterprise People database. The questionnaire was also distributed at Commissioning Access Programme events during the research period. As such, the questionnaire is limited to those organisations that are already trading or have considered trading, and cannot be said to represent the views of those organisations that have not yet considered trading at all and so have not been involved with The Social Enterprise People.

Responses to the questionnaire were incentivised by a prize draw for a basket of Fair Trade chocolate, valued at £25.

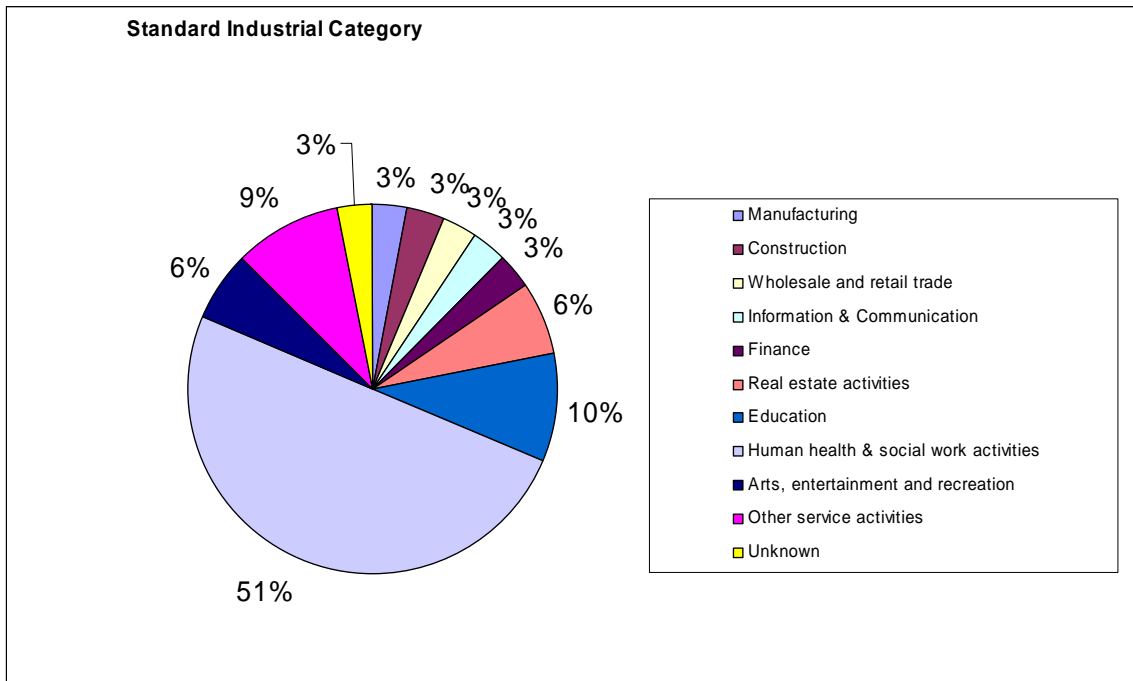
There was a total number of 250 (approx) questionnaires distributed, and there were 32 replies.

Profile of respondents

The organisations that responded are all based within the area covered by Cambridgeshire County Council.

75% (24) of the organisations that responded identified themselves as trading organisations. Of the remaining eight non-trading organisations, three earned or expected to earn some of their income under contract. The Social Enterprise People usually defines 'trading' as 'exchanging a good or product for a fee'; this definition suggests the earning of income under contract does constitute trading, so in total we may treat 84% (27) of respondees as trading organisations.

The following chart shows a breakdown of the business categories that the respondees fell into, using the Standard Industrial Categories 2007.



Organisations were allocated a business category based on their main activity, which was decided by the activity that generates the most income from any source for that organisation. A majority of respondees fell into the 'Human Health and Social Work Activities' category. Many of the respondees in this category have a number of business activities – they may receive money for offering training or care placements but also generate money from sales of goods or services the service users work on. It is important for multi-role organisations to recognise that they may be competing for contracts to supply goods or services in any of the business categories that they may fall into.

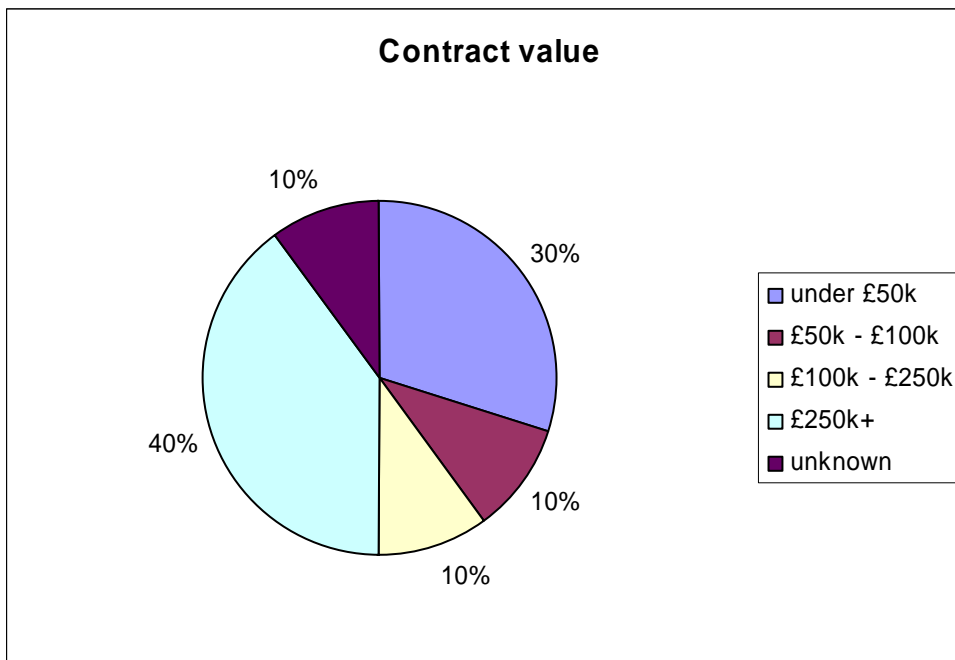
Organisations that currently earn income through contracts

38% (12) of the respondents currently earn income under contracts to public sector bodies. This shows a slight increase on the 30% of organisations surveyed in 2005 earning income under contract.¹ This could be due to the fact that organisations involved in the Commissioning Access Programme represent a large part of the sample (about 70%); but it could also represent a gradual move on the part of statutory agencies towards negotiating contracts rather than agreeing grant-funding as they have done in the past.²

However, not all organisations go through competitive bidding processes to negotiate these contracts – two organisations indicated that they do not tender for contracts but still earn income under contract. Of those who do tender, six out of ten had a better than 50% success rate.

Half of organisations that earn income from contracts earn at least half their organisational income from that source.

In this questionnaire, the value of contracts that social enterprises pursue was hollowed out in the mid-range. Only 20% of organisations pursued contracts with a value of between £50k and £250k. This suggests that social enterprises pursue contracts with a very low value or contracts with a relatively high value for this sector (the 2005 survey identified the median social enterprise in Cambridgeshire as having a turnover of £165k, with 60% of organisations surveyed having a turnover of £100k or less).

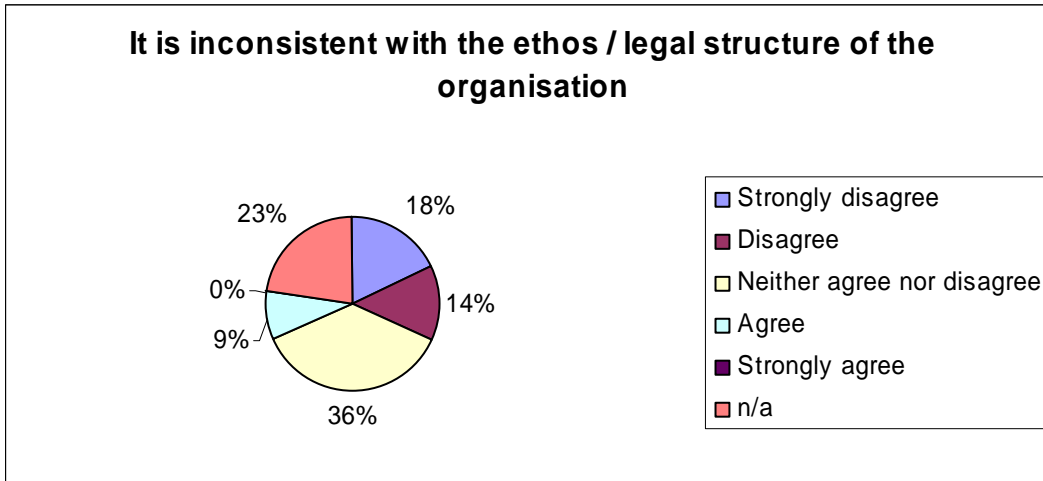


¹ See *Social Enterprise in Cambridgeshire: Needs and Priorities* Hearson, M, published by Cambridge CDA 2005 p6 – 8.

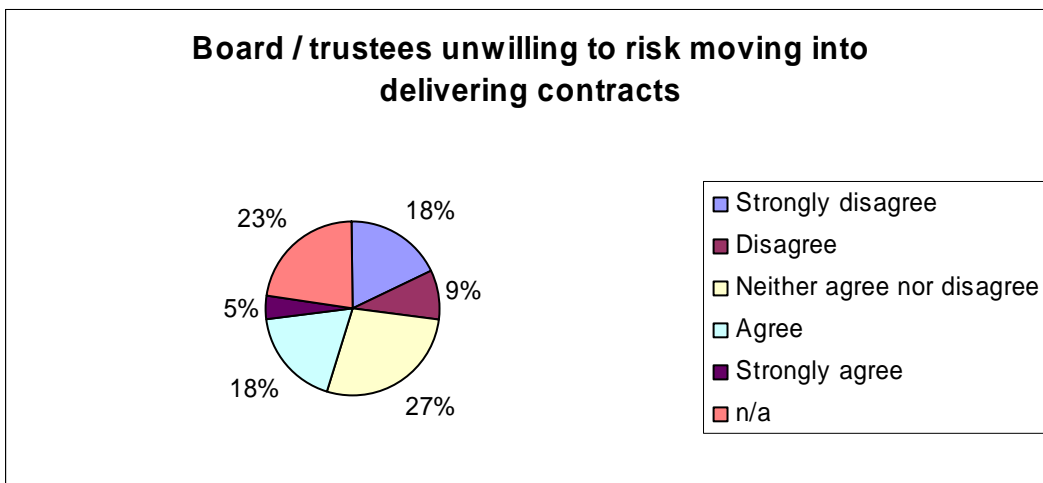
² This also fits with national trends – see NCVO Voluntary Sector Almanac 2007 for details.

Barriers to tendering

In order to examine barriers to tendering for contracts, the questionnaire asked organisations that do not tender for contracts for responses to a series of statements which offered reasons why not. The results are reproduced below.

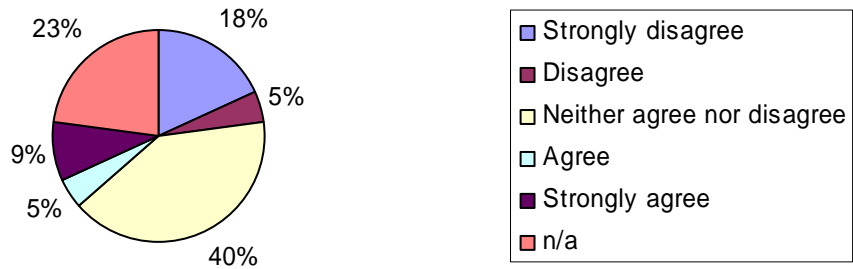


Only a small number of respondees thought that their organisation was either unsuited because of structure or ethos to delivering public sector contracts. This indicates that there are few organisations with constitutional barriers to bidding for contracts to deliver the services they offer.



A significant minority felt that their board of management was unwilling to take the risk of delivering contracts.

It will compromise organisational independence

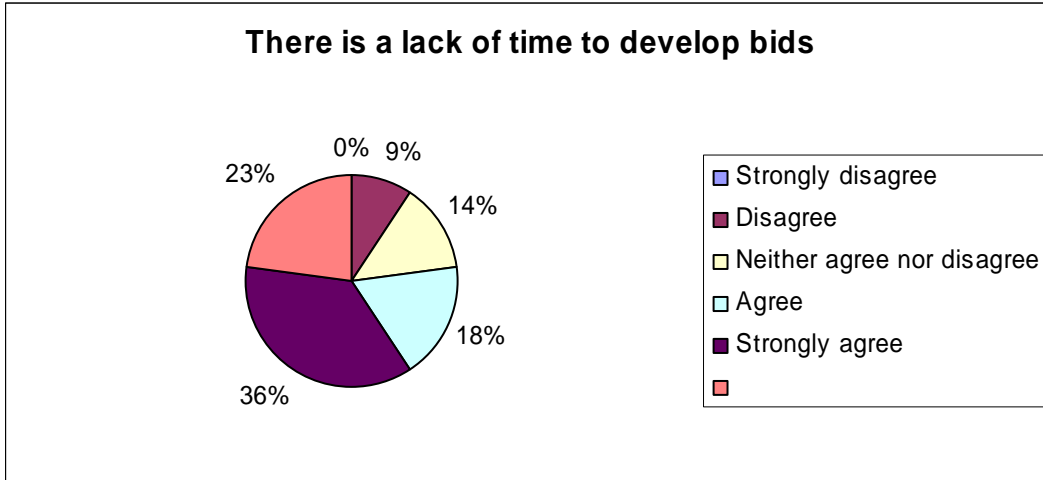


A small proportion felt that winning contracts would compromise their independence. A small proportion felt that winning contracts would not compromise independence. A larger proportion than both of these felt that it would not affect their organisation one way or the other.

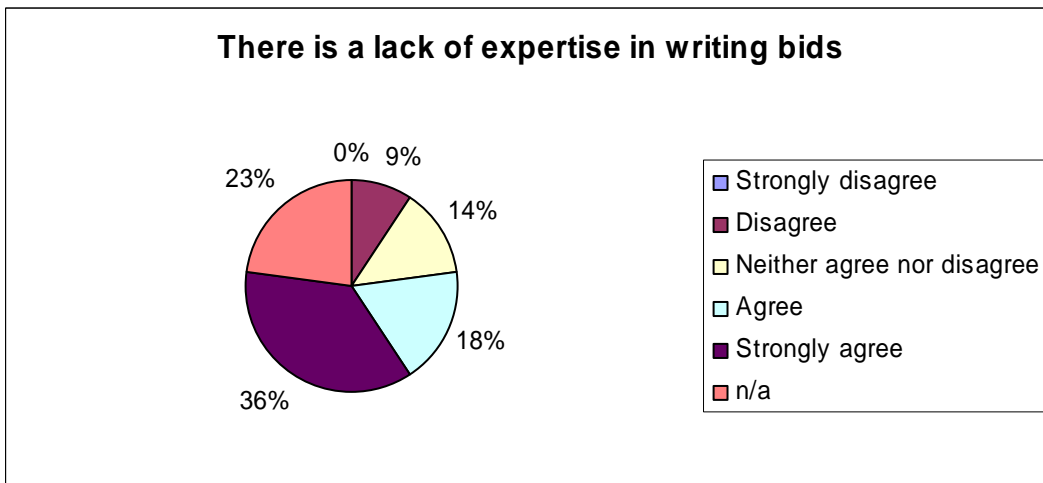
There are no goods/services we provide that are appropriate for public sector contracts



Around half of all respondees thought that there was a market for their product. Only a small number produce something that they thought the public sector would be unlikely to buy.



Just over half of all respondents have found that there is a lack of time to develop bids



Just over half of all respondents felt that there is a lack of expertise within their organisation to write bids.

Overall, only a minority of organisations felt that their organisation was unsuitable for delivering contracts because of constitutional barriers, and only a small number of organisations felt that they had nothing to supply to the public sector. Also, a perception of reduced independence did not seem to be a barrier. However, a lack of time and expertise was indicated by over half as a reason that they do not bid for contracts. A quarter also indicated unwillingness on the part of the board as a factor.

Contract Information

In order to find out some information about the main sources of contracts that social enterprises bid for, the questionnaire asked which public sector organisations offer contracts that might be considered. Eleven respondees didn't answer this question, but the remaining 21 gave the following answers (there was no restriction on the number of answers respondees could give):

Source of contracts	Frequency
Local authorities	19
Learning and Skills Council	8
Health authorities	7
JobCentre Plus	4
Supporting People	3
European Social Fund	2
Investing in Communities Fund	2
Other	6

Local authorities, including district councils as well as the county council, clearly have a key role. As joint commissioning between health and the local authority becomes more common, e.g. in administering contracts commissioned under Supporting People, this role is likely to increase in importance over time.

The important role of the local authorities was also highlighted by the responses to a question about the best places to find out information about contract opportunities; 'where would you go to find out about opportunities offered by the public sector?'

Information location	Frequency
Local Authority / PCT	7
Local infrastructure bodies	7
Internet	6
Don't know	3
Colleagues / partners	2
Get enquiries through marketing	1
Sector press	1

14 respondees did not answer this question. Amongst the remainder, the most popular routes to finding out information about contracts include the contracting authorities themselves and adverts available on the internet. These results also highlighted a role for infrastructure bodies, who are often a source of information about upcoming funding and contracting opportunities. Nobody indicated that they have membership of a tender-alert service such as supply2.gov.uk or Tenders Electronic Daily.

Confidence scores

The questionnaire also asked social enterprises about the level of confidence they have in their tendering ability.

	mean	5.7
Amongst those who do tender	median	5
	mode	5
	mean	4.6
Amongst those who don't	median	5
	mode	6

A comparison of the mean scores of those who don't tender and those who do shows that mean confidence is higher amongst those who do currently tender. However, the most common score amongst those who do tender was lower than the mean, suggesting that there may be a few very confident organisations whose high scores raise the mean figure. The mode of 5 suggests a continuing need for support even amongst those organisations who currently do tender.

Amongst those organisations who don't tender, the most common score of 6 was higher than the mean score. This suggests that there are a few organisations who lack any confidence in the process at all, and their scores are lowering the mean, indicating a need for introductory level of support to help organisations gain confidence.

Conclusion

Of the organisations who responded to the questionnaire, 84% can be regarded as trading organisations. The majority of organisations who responded work in the field of Health and Social Work Activities, although it should be remembered that organisations falling into this category may have other activities also.

38% of organisations who responded earn income under contract. Many of these contracts are large when compared with the turnover of the median social enterprise in Cambridgeshire. However, there are also a number of smaller contracts which local social enterprises pursue.

Amongst social enterprises and voluntary organisations that do not tender, the main barriers appear to be practical – a lack of time and expertise. Another barrier for a quarter of organisations appeared to be unwillingness on the part of the board of management.

Local authorities were identified by the survey as a key customer of social enterprise / voluntary sector services and products in Cambridgeshire, so if support can be offered to social enterprises which is tightly integrated with the relevant local authorities' plans, it should be most effective.