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**Compact on Relations between
Government and the Voluntary and
Community Sector in England**





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Presented to Parliament
by the Secretary of State for the Home Department
By Command of Her Majesty
November 1998

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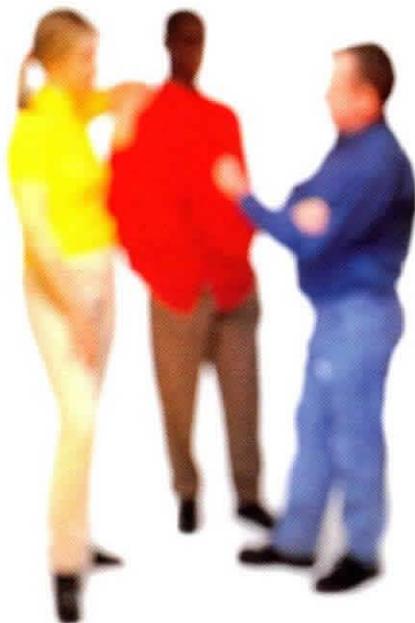
Message from the Prime Minister

This Compact between Government and the voluntary and community sector provides a framework which will help guide our relationship at every level. It recognises that Government and the sector fulfil complementary roles in the development and delivery of public policy and services, and that the Government has a role in promoting voluntary and community activity in all areas of our national life.

The work of voluntary and community organisations is central to the Government's mission to make this the Giving Age. They enable individuals to contribute to the development of their communities. By so doing, they promote citizenship, help to re-establish a sense of community and make a crucial contribution to our shared aim of a just and inclusive society. This Compact will strengthen the relationship between Government and the voluntary and community sector and is a document of both practical and symbolic importance.

Tony Blair

The Rt. Hon. Tony Blair MP



Compact on Relations between Government and the Voluntary and Community Sector in England

Joint foreword by the Home Secretary and Sir Kenneth Stowe, Chair of the English voluntary and community sector's Working Group on Government Relations

The voluntary and community sector has a vital role in society as the nation's 'third sector', working alongside the state and the market. Through its engagement of volunteers, the services it provides and the support it gives to individuals and groups, its contribution to community and civil life is immense, invaluable and irreplaceable.

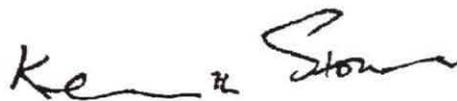
This Compact is aimed at creating a new approach to partnership between Government and the voluntary and community sector. It provides a framework to enable relations to be carried out differently and better than before. Government and voluntary and community organisations share many aspirations - the pursuit of inclusiveness, dedication to public life, and support for the development of healthy communities. The Compact is a starting point for developing our partnership, based on shared values and mutual respect.

The voluntary and community sector's Working Group on Government Relations carried out a major consultation exercise to determine the sector's views on developing the Compact. We are delighted that the Compact embodies the key considerations which emerged and we should like to thank the many thousands of voluntary and community organisations which participated in the process of consultation. We hope that for them and the many beneficiaries and users of the services of the voluntary and community sector the Compact will lead to more effective and fruitful relations with Government.

We shall now carry it forward - developing codes of good practice in key areas and working closely with the Local Government Association and others to encourage the adoption of its principles and undertakings at local level. We look forward to making substantial progress when we make our first annual report to Parliament in 1999.



The Rt. Hon. Jack Straw MP



Sir Kenneth Stowe

Status of the Compact

- 1 The Compact in England has been drawn up in partnership following extensive consultation with the voluntary and community sector and Government Departments. The Compact is deliberately not exhaustive but, recognising the diversity of the voluntary and community sector and its activities, should be seen as a general framework and an enabling mechanism to enhance the relationship between Government and the sector.
- 2 The Compact is a memorandum concerning relations between the Government and the voluntary and community sector. It is not a legally binding document. Its authority is derived from its endorsement by Government and by the voluntary and community sector itself through its consultation process. The Compact will initially apply to central Government Departments, including Government Offices for the Regions, and 'Next Steps' Executive Agencies (whilst applying in principle to all 'Next Steps' Executive Agencies, in practice the Compact will only have effect where those agencies have a relationship with the voluntary and community sector). The Compact will apply to the range of organisations in the voluntary and community sector. Annex A describes how the Compact was developed.
- 3 Compacts have been developed in other parts of the United Kingdom. As part of the implementation process, guidance will be prepared to address the issues which arise under the Compact in respect of those Government Departments and 'Next Steps' Executive Agencies which have responsibilities in more than one part of the United Kingdom.

Shared vision

- 4 The Compact arises out of the Deakin Commission Report on the *Future of the Voluntary Sector* and the policy document *Building the Future Together*, prepared by the Government when in Opposition. Both concluded that Government and the voluntary and community sector have a number of complementary functions and shared values and that a Compact to further their understanding and develop their relationship would be highly desirable. The Compact is an expression of the commitment of Government and the voluntary and community sector to work in partnership for the betterment of society and to nurture and support voluntary and community activity. As part of this process, the Compact sets out the key principles and undertakings which should underpin the relationship between Government and the voluntary and community sector in England.
- 5 The underlying philosophy of the Compact is that voluntary and community activity is fundamental to the development of a democratic, socially inclusive society. Voluntary and community groups, as independent, not-for-profit organisations, bring distinctive value to society and fulfil a role that is distinct from both the state and the market. They enable individuals to contribute to public life and the development of their communities by providing the opportunity for voluntary action. In doing so they engage the skills, interests, beliefs and values of individuals and groups. The



Government and the voluntary and community sector recognise and value the vital contribution of volunteers in our society, and the important role of voluntary organisations in helping them to make that contribution.

- 6 Voluntary and community organisations make a major and literally incalculable contribution to the development of society and to the social, cultural, economic and political life of the nation. They act as pathfinders for the involvement of users in the design and delivery of services and often act as advocates for those who otherwise have no voice. In doing so they promote both equality and diversity. They help to alleviate poverty, improve the quality of life and involve the socially excluded. The voluntary and community sector also makes an important direct economic contribution to the nation.
- 7 The Compact recognises that these attributes are a major benefit to society and that Government can play a positive role both in promoting volunteering and in supporting the work of voluntary and community organisations. The scope and nature of activity by voluntary and community organisations is such that whenever Government legislates or regulates it can have an impact on their work, positive or negative. The Compact will help to make that impact positive.

Shared principles

- 8 The shared principles which underpin the Compact are set out below.
 - 8.1 Voluntary action is an essential component of democratic society.
 - 8.2 An independent and diverse voluntary and community sector is fundamental to the well-being of society.
 - 8.3 In the development and delivery of public policy and services, the Government and the voluntary and community sector have distinct but complementary roles.
 - 8.4 There is added value in working in partnership towards common aims and objectives. Meaningful consultation builds relationships, improves policy development and enhances the design and delivery of services and programmes.
 - 8.5 The Government and the voluntary and community sector have different forms of accountability and are answerable to a different range of stakeholders. But common to both is the need for integrity, objectivity, accountability, openness, honesty and leadership.
 - 8.6 Voluntary and community organisations are entitled to campaign within the law in order to advance their aims.
 - 8.7 The Government plays a significant role, among other things, as a funder of some voluntary and community organisations. Funding can be an important element of the



relationship between Government and the voluntary and community sector.

- 8.8** Both Government and the voluntary and community sector acknowledge the importance of promoting equality of opportunity for all people, regardless of race, age, disability, gender, sexual orientation or religion.

Undertakings by Government

- 9** The undertakings by Government are set out below.

Independence

- 9.1** To recognise and support the independence of the sector, including its right within the law, to campaign, to comment on Government policy, and to challenge that policy, irrespective of any funding relationship that might exist, and to determine and manage its own affairs.

Funding

- 9.2** To take account of the recommendations of the Better Regulation Task Force report on *Access to Government Funding for the Voluntary Sector* (which referred to the need for greater proportionality, targeting, consistency and transparency in Government funding frameworks) and to pay particular regard to the concept of strategic funding, ensuring the continued capacity of voluntary and community organisations to respond to Government initiatives.

- 9.3** To develop in consultation with the sector a code of good practice to address principles of good funding for Government Departments. This will promote:

- (a) the allocation of resources against clear and consistent criteria, including value for money;
- (b) funding policies which take account of the objectives of voluntary and community organisations and their need to operate efficiently and effectively;
- (c) common, transparent arrangements for agreeing and evaluating objectives, performance indicators and their associated targets, facilitating prompt payment, reviewing financial support, consulting upon changes to the funding position, and informing voluntary and community organisations about future funding as early as possible, normally before the end of the current grant period; and
- (d) the value of long-term, multi-year funding, where appropriate, to assist longer term planning and stability.



- 9.4** To recognise the importance of infrastructure to the voluntary and community sector and volunteering and, where appropriate, to support its development at national, regional and local level.

Policy development and consultation

- 9.5** To appraise new policies and procedures, particularly at the developmental stage, so as to identify as far as possible implications for the sector.
- 9.6** Subject to considerations of urgency, sensitivity or confidentiality (for example, in the preparation of advice for Ministers) to consult the sector on issues that are likely to affect it, particularly where Government is proposing new roles and responsibilities for the sector, for example, in the delivery of statutory services. Such consultation should be timely and allow reasonable timescales for response, taking into account the need of organisations to consult their users, beneficiaries and stakeholders.
- 9.7** To take account positively of the specific needs, interests and contributions of those parts of the sector which represent women, minority groups and the socially excluded.
- 9.8** To respect the confidentiality of information provided by the sector, within the constraints of the law and the proper performance of public duties, when given access to it on that basis.
- 9.9** To develop jointly with the sector a code of good practice covering consultation, policy appraisal and implementation. This will draw on central guidance on impact assessment and excellence in consultation developed by the Cabinet Office.

Better Government

- 9.10** To promote effective working relationships, consistency of approach and good practice between Government and the sector, particularly where cross-Departmental issues are concerned.
- 9.11** To adhere to the principles of open government (which seeks to ensure that whenever possible decisions and findings are made public) and good regulation.
- 9.12** To review the operation of the Compact annually in conjunction with the sector.
- 9.13** To promote the adoption of the Compact by other public bodies.



Undertakings by the voluntary and community sector

10 The undertakings by the voluntary and community sector are set out below.

Funding and accountability

10.1 To maintain high standards of governance and conduct and meet reporting and accountability obligations to funders and users. Where applicable, to observe the accounting framework for charities.

10.2 To respect and be accountable to the law, and in the case of charities observe the appropriate guidance from the Charity Commission, including that on political activities and campaigning.

10.3 To develop quality standards appropriate to the organisation.

Policy development and consultation

10.4 To ensure that service users, volunteers, members and supporters are informed and consulted, where appropriate, about activities and policy positions when presenting a case to Government or responding to Government consultations, and to communicate accurately the views put to them in the course of such representations.

10.5 To respect the confidentiality of Government information, when given access to it on that basis.

Good practice

10.6 To promote effective working relationships with Government, other agencies and across the voluntary and community sector.

10.7 To involve users, wherever possible, in the development and management of activities and services.

10.8 To put in place policies for promoting best practice and equality of opportunity in activities, employment, involvement of volunteers and service provision.

10.9 To review the operation of the Compact annually in conjunction with the Government.



Issues relating to community groups and black and minority ethnic organisations

- 11 Although the principles and undertakings contained in the Compact apply across the voluntary and community sector, particular consideration needs to be given to the specific needs, interests and contribution of community groups and Black and minority ethnic voluntary and community organisations.
- 12 **Community groups**, as associations of people who come together to pursue a common cause or interest, often on a mutual basis, are usually run entirely by volunteers for people like themselves. If they have a relationship with Government for the most part it will be with local rather than central Government. However, they may well be affected, directly or indirectly, by Government legislation, regulation and changes in social policy. It is important that the distinctive needs and interests of community groups are taken into account as their perspective and concerns may differ from those of other voluntary organisations. A code of good practice will be developed to facilitate and reflect this.
- 13 Despite their work with a diverse range of groups and communities, many **Black and minority ethnic voluntary and community organisations** feel outside the traditional structures of the voluntary and community sector. The Compact provides a framework for ensuring that support for, and involvement of, these organisations are mainstream issues for both Government and the voluntary and community sector. In particular, resources need to be targeted at Black and minority ethnic infrastructure organisations, whose aim is to increase the effectiveness of the Black and minority ethnic voluntary and community organisations at national, regional and local level. Equally, steps will need to be taken by both Government and the voluntary and community sector to ensure that Black and minority ethnic organisations have the opportunity to be directly involved in partnerships, consultation and decision making. This will help these organisations to develop and realise their potential. These concerns will be addressed through a specific code of good practice which will reflect the distinctive needs and circumstances of Black and minority ethnic voluntary and community organisations.

Resolution of disagreements

- 14 The Compact sets out a general framework for enhancing the relationship between Government and the voluntary and community sector. As far as possible disagreements over the application of that framework should be resolved between the parties. To assist this process, where both parties agree, mediation may be a useful way to try to reach agreement, including seeking the view of a mediator. Where behaviour which contravenes this framework constitutes maladministration, a complaint may be brought to the Parliamentary Commissioner for Administration in the usual way. The Government will, in the light of experience, consider whether there is a need to strengthen the complaints and redress process in relation to the Compact.



Taking the Compact forward

- 15** The Compact, as a framework document, is a starting point not a conclusion. The Government and the voluntary and community sector are committed to working together to develop its application and effectiveness. As part of that process, codes of good practice will be prepared in the areas of funding, consultation and policy appraisal, volunteering, community groups, including those which are faith based, and Black and minority ethnic organisations.
- 16** As part of the process of making the Compact work, there will be an annual meeting between the Government and representatives of the voluntary and community sector to review the operation of the Compact and its development. The report of that meeting will be published and placed in the Library of the Houses of Parliament.
- 17** As noted in paragraph 2, the Compact will initially apply to central Government Departments, including Government Offices for the Regions, and 'Next Steps' Executive Agencies. The Government intends to encourage actively its extension to other public bodies, for example, Non-Departmental Public Bodies, and to local government, who will be invited to adopt and adapt the Compact to suit their relationship with the voluntary and community sector.



Building the Compact

- 1** The impetus for the Compact stems from the recommendations of the Deakin Commission Report on the *Future of the Voluntary Sector* and from the policy document *Building the Future Together*, published by the Government when in Opposition. The Deakin Commission concluded that Government should recognise the legitimacy of the voluntary and community sector's diverse roles and its own responsibility to promote a healthy sector. It proposed a 'concordat' drawn up between representatives of Government and the sector, laying down basic principles for future relations. *Building the Future Together* concluded that a Compact, underpinned by a set of principles, was necessary as the basis for a partnership between Government and the sector.
- 2** A Ministerial Group chaired by a Home Office Minister will oversee the implementation of the Compact within Government. The following Departments are represented on the group: the Home Office, Department for Culture, Media and Sport, Department for Education and Employment, Department of the Environment, Transport and the Regions, Department of Health, Department of Social Security, Scottish Office, Welsh Office and Northern Ireland Office. The Charity Commission has observer status. The aim of the Group is to oversee and monitor the implementation of the Compact; encourage its adoption by other public agencies; promote consistency within Government Departments on voluntary, volunteering and community issues; and promote good communication between the Government and the voluntary and community sector.
- 3** A voluntary and community sector Working Group on Government Relations was set up to consider ways of enhancing relations between the sector and Government in England. It is comprised of representatives from leading voluntary and community sector umbrella bodies, including representatives from community groups and organisations, volunteering organisations, Councils for Voluntary Service, the National Council for Voluntary Organisations and Black and minority ethnic organisations. It is chaired by Sir Kenneth Stowe, Trustee of the Carnegie UK Trust.
- 4** The aim of the voluntary and community sector's Working Group was to examine in detail the nature of the Compact, to consult with other voluntary and community organisations over its proposed content and to liaise with Government. A Reference Group was also set up, with membership drawn from 65 voluntary organisations, to act as a sounding board to the activities of the Working Group before and during discussion with Government. The feedback from the Reference Group was used to prepare a draft consultative document which was then made widely available to the voluntary and community sector for consultation, backed up by a series of seminars and consultation events throughout England. The consultation process was seen by the Working Group as crucial to its standing and acceptability.

- 5 The consultative document was circulated widely across the voluntary and community sector for comment and, as part of a twin track process to develop the Compact, the Government also carried out its own consultation across Departments. The structure and content of the consultative document formed the basis of the Compact drawn up between Government and the voluntary and community sector.

Specific consultation

- 6 The number of community groups is estimated to run into the hundreds of thousands. They include membership bodies where members of the community are able to offer their services to others, campaigning bodies, self-help, leisure and arts groups. The **Community Sector Coalition** carried out a specific consultation among representatives of **community groups** and their national bodies which showed that these groups, while being diffuse, have a particular importance to an independent, democratic and free society. While seeing many areas of common interest with the traditional voluntary sector the consultation identified many areas of divergence due to the different priorities, organisation and ethos of community groups.
- 7 The consultation showed that although much of the work of community groups is at a local level, decisions at a national level can often have an impact on the environment within which community groups work. In particular, it was felt that appropriate procedures and consultation processes, issues of proportionality and capacity building, and the lay management nature of community organisations necessitated specific understanding and recognition within the Compact, and the need for a specific code of good practice. The consultation process revealed that many community groups felt that their particular nature and circumstances required recognition as a separate sector.
- 8 A specific consultation process was also carried out by **Sia**, the national development agency for **Black voluntary and community organisations**. This showed that the black voluntary and community sector is made up of a diverse range of organisations and groups which provide various services and support networks. It was felt, however, that these organisations had encountered a number of barriers to their development and had been hampered by a lack of recognition of their role and potential. Inadequate funding and a perception that other organisations excluded Black voluntary and community organisations from partnerships were of particular concern. Some felt that their aspirations would be best met through a separate Compact between Government and Black voluntary and community organisations. They were keen to be fully engaged in consultation processes with Government and for the Compact to take account of their distinctive needs and circumstances. The findings of the consultation were applicable to the development of the Compact at both national and local level. A report of the consultation is available from **Sia** (Winchester House, 9 Cranmer Road, London SW9 6EJ).



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