

17<sup>th</sup> June 2010

To whom it may concern

Dear Colleague

## **CONSULTATION ON A NEW COMPACT FOR BEDFORDSHIRE AND LUTON**

Please find enclosed a Consultation Draft of a new Compact for Bedfordshire and Luton.

The Bedfordshire and Luton Compact is the agreement between local statutory organisations and the voluntary and community sector to improve and develop their relationship for the benefit of the communities they serve.

The current Bedfordshire and Luton Compact was agreed in 2001, since when the landscape for both local public bodies and the voluntary and community sector has changed dramatically.

This Compact is based closely on the new National Compact, which was updated in 2009. Partners from across the statutory sector and the voluntary and community sector have worked to develop this consultation draft and it is important that we gain input from a wide range of individuals and organisations from both sectors.

Please find enclosed a copy of the Consultation Draft and a Response Form.

You can either:

- complete a hardcopy version of the Response Form and send it to the Compact Secretariat, c/o CVS, 43 Bromham Road, Bedford, MK40 2AA;
- download the Response Form in Word format from the VoluntaryWorks website at <http://www.voluntaryworks.org.uk/portal/compact.asp> and submit it via email to [compact@yourcvs.org](mailto:compact@yourcvs.org); or
- submit your views and comments in a letter or in an email.

**The closing date for receipt of your views and comments is 24<sup>th</sup> September 2010.**

If you would like further information, please do not hesitate to contact Jan Warnier at CVS on 01234 354366, or email [compact@yourcvs.org](mailto:compact@yourcvs.org)

Yours faithfully



Peter Fraser  
Chair of the Bedfordshire and Luton Compact Development Group





# Consultation on the Bedfordshire and Luton Compact

## Response Form

Please use this form to comment on the draft Bedfordshire and Luton Compact and return this response form **by 24th September 2010** either by post to Compact Secretariat, c/o CVS, 43 Bromham Road, Bedford, MK40 2AA, or by email to [compact@yourcvs.org](mailto:compact@yourcvs.org)

This form can also be downloaded from the VoluntaryWorks website:

<http://www.voluntaryworks.org.uk/portal/compact.asp>

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**Question 1:** Please tell us which sector your organisation is from.

Statutory Sector:

Voluntary and Community Sector:

**Question 2:** Do you agree with the *Compact principles* (page 7)

Fully

Partially (please ensure you provide comments in the box below)

Not at all

**Question 2:** Please record any additions/changes that you would like to see made to this section

**Question 3:** Does the *Advancing equality* section (pages 9-12) cover the key principles you would like to see in the Compact?

Fully

Partially (please ensure you provide comments in the box below)

Not at all

**Question 3:** Please record any additions/changes that you would like to see made to this section

**Question 4:** Does the *Involvement in policy development* section (pages 13-16) cover the key principles you would like to see in the Compact?

Fully

Partially (please ensure you provide comments in the box below)

Not at all

**Question 4:** Please record any additions/changes that you would like to see made to this section

**Question 5:** Does the *Allocating resources* section (pages 17-25) cover the key principles you would like to see in the Compact?

Fully

Partially (please ensure you provide comments in the box below)

Not at all

**Question :** Please record any additions/changes that you would like to see made to this section

**Question 6:** Does the *Implementing the Compact* section (page 26) cover the key points you would like to see in the Compact?

Fully

Partially (please ensure you provide comments in the box below)

Not at all

**Question 6:** Please record any additions/changes that you would like to see made to this section

**Question 7:** Does the *Resolving differences* section (page 27) cover the key points you would like to see in the Compact?

Fully

Partially (please ensure you provide comments in the box below)

Not at all

**Question 7:** Please record any additions/changes that you would like to see made to this section

**Question 8:** Please record any general comments that you may like to make about the Compact

**Please record your contact details below (optional)**

Name:

Organisation:

Address:

Email:

***Thank you for taking the time to complete this Response Form.  
Your answers and any further comments you may have provided will be used to shape the final Bedfordshire and Luton Compact.***

# **The Compact**

2010 CONSULTATION DRAFT

The Compact on Relations  
between the Public Sector and the  
Voluntary and Community Sector  
in Bedfordshire and Luton



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## Foreword

The relationship between public sector organisations and voluntary and community sector organisations in Bedfordshire and Luton has improved considerably since the Compact was launched in 2001. Partnerships between the voluntary and community sector and the public sector have flourished, and the voluntary and community sector, in all its diversity, now plays a vital role in strengthening communities, promoting opportunity, and delivering innovative and personalised public services.

This Compact brings together public sector organisations and voluntary and community sector organisations across the three unitary areas of Bedford Borough, Central Bedfordshire and Luton.

The voluntary and community sector is vast, diverse and vibrant. It makes huge differences to people's lives, and underpins the prospering communities that are so vital, both now and in the future.

Voluntary and community sector organisations have become not only an integral part of community life but a major partner to public sector organisations in the delivery of public services, working with people at a local level in ways that are suited to their needs.

This refreshed Compact, based on the 2009 National Compact, sets out the core principles that the public sector and voluntary and community sector share and that are the foundations of their activity. It is a clear statement of the public sector's continued commitment to working with the voluntary and community sector, and will be a valuable tool in helping build strong and successful partnerships for years to come.

The Compact is only useful when it is actually picked up and used; when it is put on the table and agreed as the way the partnership will work; when those involved understand what is in it and the benefits it can bring.

Peter Fraser  
Chair – Compact Development Group

### **A note on the term 'voluntary and community sector'**

*'Voluntary and community sector', 'third sector' and 'civil society' are just a few of the terms used to describe some or all of the organisations that are not for private profit and not part of government or a public sector organisation. There is no agreed or universal definition, and many groups prefer to define for themselves who and what they are. However, their defining characteristic is that they are value-led for public benefit.*

*Throughout this document the term 'voluntary and community sector' is used as a term to reflect the wide group of organisations potentially included in the Compact, including voluntary and community organisations, charities, faith groups, social enterprises, cooperatives and mutuals, both large and small. However, it is understood that each term comes with values attached, and that no term is acceptable to all.*



## Compact principles

The Compact outlines the relationship between the public sector and the voluntary and community sector, allowing them to work together more effectively to strengthen communities and improve people's lives. While there are many differences between the public and voluntary and community sectors – which must be acknowledged and respected – the sectors have much in common.

In particular, the public sector and the voluntary and community sector share a common set of principles, which are at the heart of what they are trying to achieve. These principles make it clear that the Compact is neither a set of rules nor a bureaucratic burden, but a way of working that can help deliver real outcomes and improvements for people and communities. These principles have been created to help the public sector and the voluntary and community sector build relationships and work together effectively in partnership.

The Compact's commitments put these shared principles into practice.

The shared principles of the Compact are:

- **Respect:** the public sector and the voluntary and community sector are accountable in different ways and have separate regulatory frameworks that govern them. Both need to act with transparency and integrity. Effective partnerships are built on mutual understanding and an appreciation of the differences between partners of the Compact. Both acknowledge their legislative requirements relating to the Data Protection Act 1998 and the Freedom of Information Act 2000.
- **Honesty:** It is only through open communication that strong partnerships can be built and maintained. Full and frank discussions should be the basis for resolving difficulties.
- **Independence:** The independence of the voluntary and community sector is recognised and supported. This includes its right within the law to campaign, to comment on and to challenge public sector policy (whatever funding or other relationship may exist with the public sector ) and to determine and manage its own affairs.
- **Diversity:** The public sector and the voluntary and community sector value a thriving civil society, which brings innovation and choice through a multitude of voices.
- **Equality:** Fairness for everyone, regardless of their background, is a fundamental goal; the public sector and the voluntary and community sector will work together to achieve this.
- **Citizen empowerment:** By working together, the public sector and the voluntary and community sector can deliver change that is built around communities and people, meeting their needs and reflecting their choices.
- **Volunteering:** The energy and commitment of people giving their time for the public good contributes to a vibrant society, and should be recognised and appreciated.



## The Compact Commitments

# Advancing equality

### Working together for equality and diversity

Equality for everyone, regardless of their background, is a core value of our society, shared by the public and voluntary and community sectors. It is crucial that the public and voluntary and community sectors work well together to achieve equality and fairness for everyone.

This section of the Compact recognises the vital role that the voluntary and community sector plays in helping to create a more equal society and sets out commitments that will help both sectors work together to achieve their equality goals.

The law protects people from discrimination on the basis of a number of different characteristics, specifically, age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation. These are referred to in this document as ‘protected characteristics’.

Promoting equality and diversity is a shared goal of the public and voluntary and community sectors.

This diversity should be recognised, understood and respected.

In order to work towards its equality objectives, the public sector needs the insight and knowledge of voluntary and community sector organisations working with people who have protected characteristics. These groups have unique experiences and different issues around access to services and involvement in their communities, which should be taken into account in policy-making.

Whether or not voluntary and community sector organisations focus their activities on people with a protected characteristic, they can provide a vital role in delivering programmes and services. They also promote community cohesion by giving people the tailored support they need to play a full part in the community.

A good working relationship between the voluntary and community sector and the public sector will help to meet the needs of the people they serve or represent and reduce inequality. The Compact plays a key role in helping this relationship to work, not just through the commitments within this section, but by ensuring that organisations which promote equality and diversity are allocated sufficient resources and benefit from effective and relevant policy development, as set out in the other sections of the Compact.

## Public Sector Commitments

### 1 Promoting equality and diversity

An important way in which the public sector can promote equality effectively is by working with voluntary and community sector organisations on equality issues.

Public sector organisations undertake to:

- 1.1** Work with the voluntary and community sector towards eliminating unlawful discrimination and promoting equality of opportunity. They will put strategies in place to help achieve these aims in line with existing public duties.
- 1.2** Work with organisations in the voluntary and community sector that represent people with protected characteristics, to understand their specific needs and design appropriate services.
- 1.3** Ensure that all voluntary and community sector organisations, including those that serve people with protected characteristics, have equality of opportunity to access public sector funding programmes. This includes access to funds to build capacity, and to prepare and deliver programmes.
- 1.4** Be clear about any actions on equality and diversity that voluntary and community sector organisations will be expected to undertake if they are funded to deliver programmes.
- 1.5** If a grant is withdrawn from an organisation serving people with a specific protected characteristic, provide evidence for the reason for the withdrawal, and assess the need to reallocate the grant to another organisation serving the same group.
- 1.6** Work with the voluntary and community sector to recognise, acknowledge and value the diverse range of volunteering within the communities of people with protected characteristics, and identify and remove barriers to volunteering by people with protected characteristics.
- 1.7** Offer documents in alternative formats upon request, unless it is known in advance that a different format is required.

## **2 Representation and infrastructure**

Public sector organisations already support voluntary and community sector organisations that give a voice to diverse groups. The public sector can take some simple steps to improve the effectiveness of engaging these organisations.

Public sector organisations undertake to:

- 2.1** Acknowledge that funding for organisations that serve people with only one protected characteristic can promote cohesion.
- 2.2** Support Local Infrastructure  
Organisations representing people with protected characteristics to participate in policy development, consultation or other activities.
- 2.3** Recognise that groups which involve people with protected characteristics at community level may be small or informal, and engage with these groups in a way that suits their working methods.

## **Voluntary and Community Sector Commitments**

### **3 Promoting equality and diversity**

An important way in which the voluntary and community sector can promote equality effectively is by working with public sector organisations on equality issues.

Voluntary and community sector organisations undertake to:

- 3.1** Take practical action in partnership with the public sector to eliminate discrimination, advance equality of opportunity and build community cohesion and civic participation.
- 3.2** Show committed leadership (especially at senior levels) to promote equality and diversity, ensuring that strategies are in place to achieve these.

### **4 Representation and infrastructure**

Voluntary and community sector organisations are ideally placed to represent the views of people with protected characteristics. However, it is important that these organisations carry out this role effectively and transparently, and that their activities serve all relevant groups.

Voluntary and community sector organisations undertake to:

- 4.1** Be clear on who is being represented and how their views have been gathered.
- 4.2** Be clear when selecting representatives from organisations and communities, who they represent, and with what legitimacy.
- 4.3** Support Local Infrastructure Organisations that can promote the interests of people with protected characteristics.
- 4.4** Identify groups that are in danger of being marginalised, excluded, or are currently under-represented in voluntary activity, and put in place measures to promote their involvement.

## The Compact Commitments

# Involvement in policy development

Voluntary and community sector organisations have expertise in many areas, often because they work directly with people and groups on the ground. This allows them to understand the needs of their service users and provide new and effective answers to problems. Involving and consulting the voluntary and community sector can help the public sector develop policies that meet the needs of local people and communities.

Involving the voluntary and community sector in policy development is a continuous process right from the earliest stages of policy development. It includes a range of methods – from informal engagement to full-scale public consultation and involvement in local partnerships.

This section is consistent with good practice set out in the following publications:

HM Government, Code of practice on consultation, July 2008

Cabinet Office, Better together: improving consultation with the third sector, 2008

## Public Sector Commitments

### 5 When to involve?

Involving the voluntary and community sector in policy development at the earliest stage possible will allow the public sector to get the most out of the process. This will lead to more effective policies and programmes being developed.

Public sector organisations undertake to:

- 5.1** Work in partnership with the voluntary and community sector from the earliest stages of policy development, on all relevant issues likely to affect it. This can include empowering voluntary and community sector organisations to start discussions within affected communities themselves.
- 5.2** Inform the voluntary and community sector of progress in developing policy.
- 5.3** Identify implications for the voluntary and community sector when assessing the impact of new strategies, policies, legislation and guidance.
- 5.4** Create opportunities for appropriate representation from the voluntary and community sector on local partnerships.

### 6 Who to involve?

Spending time and resources helping voluntary and community sector organisations make their voices heard helps ensure that their knowledge can contribute to policy development.

Public sector organisations undertake to:

- 6.1** Identify and remove barriers, such as language barriers, which may prevent voluntary and community sector organisations from contributing to policy development.
- 6.2** Encourage and facilitate responses from the full range of voluntary and community sector organisations that are likely to have a view.
- 6.3** Engage with and support the development of voluntary and community sector Local Infrastructure Organisations which enable voluntary and community sector organisations and communities to be involved in policy development, through services such as capacity building, representation and other forms of support.
- 6.4** Identify where there are costs to voluntary and community sector organisations as a result of partnership work with the public sector and offer support on a clear and consistent basis. This can be especially important for Local Infrastructure organisations that are helping to promote, organise or run consultations.

## 7 How to involve?

Voluntary and community sector organisations can provide stronger and better-informed responses if the consultation methods used are suited to the purpose and audience, and if enough time is given for people to respond. Either formal or informal consultation methods may be appropriate depending on the circumstances and on the type and sizes of the organisation.

Public sector organisations undertake to:

- 7.1** Avoid compromising or undermining the independence of voluntary and community sector organisations (whatever financial or other relationship may exist between them).
- 7.2** Give notice of forthcoming consultations so that organisations can plan ahead.
- 7.3** Publicise consultation exercises widely and make sure they are accessible to the people they are intended to reach.
- 7.4** Use a variety of different consultation methods suitable for the subject, audience, time and resources available.
- 7.5** Explain which matters are open to change as a result of the consultation and which are not.
- 7.6** Allow enough time for voluntary and community sector organisations to involve their service users, beneficiaries, members, volunteers and trustees in preparing responses.
- 7.7** Conduct 12-week formal written consultations, with an explanation given for shorter time-frames.
- 7.8** Build review and evaluation into all involvement and consultation processes.
- 7.9** Provide feedback to explain how respondents have influenced policy decisions, including where respondents' views have not been acted upon.

Involvement in policy development

## **Voluntary and Community Sector Commitments**

### **8 Effective involvement**

When the voluntary and community sector engages actively in policy development, it helps build the public sector's trust in the voluntary and community sector, establishing valuable links between the two sectors and encouraging the public sector to commit actively to listening to voluntary and community sector views.

Voluntary and community sector organisations undertake to:

- 8.1** Advise public sector organisations of, and provide access to, specific groups and/or clients, and encourage participation in public sector consultations (commensurate with available resources).
- 8.2** Involve an appropriate range of service users, beneficiaries, members, volunteers and trustees when preparing responses to consultations.
- 8.3** Be clear about whose views are being represented and what those views are. This includes explaining whether views have been gathered directly (and from what audience), or whether the response is based on the organisation's knowledge and experience of the issues.
- 8.4** Make sure all research and information that is presented is accurate and credible. Explain where the information comes from and if there is conflicting evidence.
- 8.5** Promote public sector consultations across the voluntary and community sector, where appropriate.
- 8.6** Accept that, in rare cases, consultations may need to take place in shorter time-frames than 12 weeks.
- 8.7** Provide feedback on the outcome to everyone involved in responding to the consultation.
- 8.8** Create clear and accountable roles and responsibilities for those who represent the sector on local partnerships.

## The Compact Commitments

# Allocating resources

Voluntary and community sector organisations, including those that receive no public funding, are often in a good position to understand what people want and how their needs can be met. By working together and co-designing programmes, the public sector and the voluntary and community sector can deliver policies and programmes that are built around communities and individuals, meeting their needs and reflecting their choices.

This section is consistent with good practice in commissioning, and is relevant to the entire commissioning cycle, reflected in the following publications:

- HM Treasury, Improving financial relationships with the third sector: guidance to funders and purchasers, May 2006
- National Audit Office, Financial relationships with third sector organisations, a decision support tool for public bodies in England, May 2006
- HM Treasury, Managing public money, October 2007
- National Audit Office, Intelligent monitoring, June 2009
- Cabinet Office, Principles of proportionate monitoring and reporting, 2009
- Office of Government Commerce (OGC), Buy and make a difference - how to address social issues in public procurement, 2008

## Public Sector Commitments

### 9 Planning

Voluntary and community sector organisations are often in a good position to understand people's needs and to provide innovative solutions to those needs. Involving voluntary and community sector organisations in designing new programmes and services, and focusing on results, can help public sector organisations provide the right resources, identify risks and solutions, and achieve better outcomes.

Public sector organisations undertake to:

- 9.1** Plan new programmes and services with a focus on outcomes, providing scope for innovation wherever possible.
- 9.2** Work with voluntary and community sector organisations to understand public service reform and support the voluntary and community sector in responding to changes.
- 9.3** Begin planning programmes and services well in advance of the expected start date, based on consultation with the voluntary and community sector.
- 9.4** Ensure that those voluntary and community sector organisations that are likely to have a view on the programme or service are involved from the beginning.

### 10 Choosing finance and funding options

Choosing the most appropriate funding mechanism will help to secure the most appropriate organisation to deliver outcomes.

Public sector organisations undertake to:

- 10.1** Consider different ways of funding organisations working with public sector organisations. These methods could include grants, procurement, loan finance, training, use of premises or other support. A clear rationale should be provided for the decision.
- 10.2** Ensure that the size and scale of the funding arrangement reflects the programme's objectives and attracts those organisations best placed to deliver the required outcomes.
- 10.3** Advocate that prime and sub-contractors and all other public and private bodies distributing public money work within the Compact by making it a requirement of funding arrangements.
- 10.4** Apply the Compact when distributing European funding. Where conflicts arise with European regulations, discuss the potential effects and possible solutions with the voluntary and community sector organisation.

## 11 Application and bidding processes

A well-managed application process that is proportionate to the desired objectives will encourage a diverse range of voluntary and community sector organisations to apply, including partnerships and consortia, helping to ensure that the most appropriate organisation is found for the role.

Public sector organisations undertake to:

### 11.1 Ensure that application documents:

- Are publicised widely and through local recognised channels
- Are proportionate to the nature of the risk and the amount of funding being allocated
- Contain enough information to allow voluntary and community sector organisations to make informed decisions

**11.2** Ensure that application and bidding processes across funding bodies are consistent with overarching Office of Government Commerce (OGC) guidance on public procurement.

**11.3** Provide a period of at least six weeks for funding opportunities and at least four weeks for tendering opportunities, expressions of interest, applications or tenders, etc, to be prepared and submitted.

**11.4** Publish the criteria against which applications and bids will be assessed.

**11.5** Make decisions on the basis of value for money. This may include taking into account the wider community benefits at the award stage or when identifying procurement needs.

## Allocating resources

### 12 Understanding costs

Funding bodies have an interest in ensuring that organisations can manage and administer their activities effectively. Support functions are vital to achieving this.

Public sector organisations undertake to:

- 12.1** Recognise that it is appropriate to include relevant overhead and administrative costs in applications.
- 12.2** Recognise that it is appropriate to include the costs associated with volunteering, such as managing volunteers and reimbursing expenses.
- 12.3** Be consistent across sectors when requesting cost breakdowns from voluntary and community sector organisations.
- 12.4** Recognise that voluntary and community sector organisations require adequate financial reserves to operate effectively in the interests of their beneficiaries.

### 13 Making decisions

Award criteria should be designed to allow the funder to select the provider that is best placed to achieve best value.

Public sector organisations undertake to:

- 13.1** Implement three-year funding arrangements as a norm. If this is not the best way to deliver best value, public sector organisations should explain clearly what alternative funding arrangements could deliver the same outcomes.
- 13.2** Make funding decisions and inform voluntary and community sector organisations at least three months in advance of the expected start date or change in funding agreement. Any departure from that time-scale should be justified and explained.
- 13.3** Provide constructive feedback to unsuccessful organisations.

## **14 Agreeing delivery terms**

Agreeing terms in advance ensures a clear and shared understanding of respective responsibilities and allows the voluntary and community sector organisations involved to focus on delivery.

Public sector organisations undertake to:

- 14.1** Ensure funding agreements are signed before the expected start date.
- 14.2** Discuss the risks to the programme or service and agree delivery terms before a funding agreement is signed.
- 14.3** Allocate risks to the organisation(s) best equipped to manage them. Ensure that delivery terms and risks are proportionate to the nature and value of the opportunity.
- 14.4** Agree a process for managing performance and responding to changing circumstances before signing a funding agreement.
- 14.5** For grants, agree how underspends will be managed.

## **15 Making payments**

Payment terms which suit the type of service and the organisation involved will increase the likelihood of the desired outcomes being achieved.

Public sector organisations undertake to:

- 15.1** Be clear about how and when payments are to be claimed or invoiced and ensure relevant information is provided.
- 15.2** Make payments in advance of expenditure where there is a clear need and where this represents value for money. This may be particularly relevant for grants.
- 15.3** Make payments within the published timescales.

Allocating resources

## **16 Monitoring and reporting**

Appropriate monitoring reduces costs, time and resources for both sides, and means that time and effort can be focused on delivering results.

Public sector organisations undertake to:

- 16.1** Discuss and agree how outcomes will be measured before a funding agreement is signed.
- 16.2** Be clear about what information is being requested, why, and how it will be used.
- 16.3** Ensure that monitoring and reporting is proportionate to the nature and value of the opportunity. Focus on evidence that is meaningful to the beneficiaries of organisations, as well as to funders.
- 16.4** Consider how service users can be involved by getting their perspective of performance.
- 16.5** Aim to standardise monitoring and reporting arrangements.
- 16.6** Ensure that monitoring is consistently applied to organisations in all sectors.
- 16.7** If any programme or service is encountering problems, discuss and agree a timetable of actions to improve performance before making a decision to end a financial relationship.

## **17 Ending a financial relationship**

It is important to plan ahead for the end of funding, in order to reduce its negative impact on the people involved, the stability of the voluntary and community sector organisation and future partnerships.

Public sector organisations undertake to:

- 17.1** Assess the impact on beneficiaries, service users and volunteers before deciding to reduce or end funding.
- 17.2** Discuss potential implications as early as possible with voluntary and community sector organisations where there are restrictions on future resources.
- 17.3** Give a minimum of three months' notice in writing when ending a funding relationship or other support, and provide good reasons why the decision has been taken. Funding agreements with a shorter notice period should be justified and explained.
- 17.4** Give voluntary and community sector organisations an opportunity to respond to the ending of funding and consider the response before making a final decision.
- 17.5** Review programmes and services with relevant voluntary and community sector organisations to inform future practice.

## Voluntary and Community Sector Commitments

### 18 Contributing to planning

When voluntary and community sector organisations contribute to the planning and design of programmes and services, it helps ensure that they reflect the needs of beneficiaries.

Voluntary and community sector organisations undertake to:

- 18.1** Involve users, beneficiaries, members, volunteers and trustees when designing or reviewing programmes and services.
- 18.2** Provide timely feedback to contributors on information that is presented to public sector organisations and inform them what the outcomes are.
- 18.3** Be clear about who they are representing, in what capacity, and on what basis that representation is being made.

### 19 Making applications and bids

Voluntary and community sector organisations should ensure that they are eligible to apply for funding and should check that the objectives of the funding programme or service are in line with the organisation's mission before applying.

Voluntary and community sector organisations undertake to:

- 19.1** Be clear on their reasons for bidding or applying to deliver programmes or services.
- 19.2** Show that they understand how new funding will relate to their organisation's mission, impact on their organisation and service users, and contribute to their income mix.
- 19.3** Ensure they have a robust and clear understanding of the relevant overhead and associated costs to include when applying for resources.
- 19.4** Be clear which organisation is the accountable body in partnership or consortia working arrangements.
- 19.5** Apply Compact principles when sub-contracting to other voluntary and community sector organisations.

Allocating resources

## **20 Agreeing delivery terms**

Delivery and payment terms should be proportionate, in order to ensure that the programme or service can run smoothly and focus on maximising outcomes for beneficiaries.

Voluntary and community sector organisations undertake to:

- 20.1** Be clear about the required outcomes and benefits associated with delivering a programme.
- 20.2** Be clear about the risks associated with delivering programmes and services, and agree delivery terms before a funding agreement is signed.
- 20.3** Have appropriate programme management and governance arrangements in place and ensure that everyone involved understands and agrees to delivery terms.
- 20.4** Be clear about payment terms and, if appropriate, demonstrate why payment in advance is required.
- 20.5** Recognise that it is legitimate for funders to ask for public recognition of their funding.
- 20.6** Have appropriate systems in place to manage and account for finances.

## **21 Monitoring and reporting**

Managing funding effectively requires good monitoring. It promotes better working relationships with funders and ensures that performance is managed properly.

Voluntary and community sector organisations undertake to:

- 21.1** Negotiate monitoring and reporting requirements before a funding agreement is made.
- 21.2** Recognise that monitoring, both internally and externally, is an element of good management practice.
- 21.3** Ensure that systems are in place to deliver the reporting required.
- 21.4** Give prompt notice to funders of significant changes in management, or financial or other risks.
- 21.5** Be open and transparent in reporting.

## **22 When a financial relationship ends**

Contingency planning for the end of a contract or grant helps minimise the impact on beneficiaries. Planning in this way can help with long-term sustainability.

Voluntary and community sector organisations undertake to:

**22.1** Plan for the end of funding to reduce any potential impact on beneficiaries and the organisation.

**22.2** Contribute positively to reviews of programmes or services to inform future practice.

## Implementing the Compact

**23.1** By signing up to the Compact, public sector organisations and voluntary and community sector organisations agree to take responsibility for:

- Implementing the Compact.
- Operating in accordance with it, in their relations with each other.

**23.2** To implement the Compact effectively, the public sector and the voluntary and community sector will each take steps to ensure that their constituent organisations:

- Incorporate the principles of the Compact into their policies.
- Incorporate the undertakings given in the Compact into their operational practices and procedures.

**23.3** The Compact Development Group, which oversees the operation of the Compact, will produce and publish a Joint Compact Action Plan. This will set out the agreed steps that will be taken during the year by the public sector and the voluntary and community sector in the implementation of the Compact.

**23.4** There will also be a review of what has been achieved against the previous year's Joint Compact Action Plan.

## **Resolving differences**

- 24.1** Compact signatories within the public sector and the voluntary and community sector are committed to complying with the Compact. When partners fail to comply with the Compact, those involved should explain why.
- 24.2** Disagreements over meeting the Compact commitments should be resolved, amicably and informally, between partners through open dialogue and negotiation before they escalate.
- 24.3** The Compact principles form the basis of the relationship. Where issues are not covered in the commitments, compromise and discussion should be based on these principles.
- 24.4** When things go wrong (as they sometimes do) there should be an open admission of the fact and an honest discussion to resolve the situation. The Compact is there to help build effective partnerships, and this includes navigating difficult times. Ignoring it would both be unacceptable and unhelpful. The Compact should be at the heart of dispute resolution as a constructive tool towards better partnerships.
- 24.5** For further advice on how to resolve disagreements, please contact the Compact Secretariat.

## Glossary

<b>Best Value</b>	A statutory responsibility for public sector organisations to achieve continuous improvement in services through combinations of economy, efficiency and effectiveness. All of a public sector organisation's services must be reviewed by challenging how and why they are provided, comparing them with the performance of other public sector organisations, consulting with stakeholders, and testing their competitiveness against external providers.
<b>Commissioning</b>	The cycle of assessing the needs of people in an area, designing and then securing an appropriate service.
<b>Community Strategies or Plans</b>	Strategies or plans that public sector organisations must prepare to promote or improve the economic, social and environmental well-being of their areas. Their preparation requires close partnership working and continual community involvement.
<b>Consortium (Consortia)</b>	An association of organisations, formed for a particular purpose. Often one organisation within the consortium will act as the lead, or accountable body, on behalf of other members of the consortium for the purpose of funding agreements.
<b>Consultation</b>	The process of seeking and listening to views on a particular subject. This includes asking for information/advice on future proposals and testing the impact of decisions already taken.
<b>Data Protection Act</b>	'The Data Protection Act gives individuals the right to know what information is held about them. It provides a framework to ensure that personal information is handled properly.' Visit <a href="http://www.ico.gov.uk">www.ico.gov.uk</a> for in-depth information.
<b>Freedom of Information Act</b>	'The Freedom of Information Act gives you the right to obtain information held by public authorities unless there are good reasons to keep it confidential.' Visit <a href="http://www.ico.gov.uk">www.ico.gov.uk</a> for in-depth information.
<b>Funding Agreement</b>	An umbrella term that encompasses the various types of agreements that can be in place between voluntary and community, and public sector organisations, such as a grant, service level agreement, partnership agreement or contract.
<b>Local Infrastructure Organisations</b>	These are sometimes known as Local Development Agencies, umbrella or intermediary organisations and include Councils for Voluntary Service, Rural Community Councils and Volunteer Development Agencies. They provide a range of infrastructure functions and services, including information, advice and guidance, development support, co-ordination, representation and promotion to local voluntary organisations and community groups.

<b>Outcome</b>	The changes, benefits, learning or other effects that result from what the project or organisation makes, offers or provides.
<b>Partnership</b>	Organisations which work together to achieve a shared and clear set of objectives. There is a clear understanding of the contribution of each organisation, which takes into account their differences, and there is equal respect for the role and experience of all partners. A successful partnership depends on sharing information and decision-making.
<b>Procurement</b>	Procurement is the specific aspect of the commissioning cycle that focuses on the process of buying services, from initial advertising through to appropriate contract arrangements.
<b>Public Sector Organisations</b>	Organisations created through Acts of Parliament whose functions are set by the law. Local authorities, including parish and town councils, are democratically elected and must answer to the voters and central government. They have legal responsibilities for the social well-being, economic development, environment and health of the people they serve. Health, police, and fire and rescue authorities are not directly elected and answer to the Secretary of State.
<b>Service Users</b>	The people who benefit from or use a service. They may also be called customers, clients, consumers, beneficiaries or recipients.
<b>Sustainability</b>	The ability to keep delivering services. This requires secure funding in order to allow effective management and planning.
<b>Sustainable Community Strategy</b>	A document setting out the shared vision and priorities for a local area which describes how people who live and work there want it to change over time.
<b>Trustees</b>	The group of people responsible for the control and management of a charity, which includes members of a charitable association's management committee and directors of charitable companies. Trustees have specific statutory duties, set out in the Charities Act 1993.
<b>Users</b>	See 'Service Users'.
<b>Value for Money</b>	<p>The National Audit Office assesses value for money as the reporting on the economy, efficiency and effectiveness of public spending:</p> <p><b>economy:</b> minimising the cost of resources used or required – spending less</p> <p><b>efficiency:</b> the relationship between the output from goods or services and the resources to produce them – spending well</p> <p><b>effectiveness:</b> the relationship between the intended and actual results of public spending – spending wisely</p>

**Voluntary and Community Sector**

'Third sector', 'voluntary and community sector' and 'civil society' are just a few of the terms used to describe some or all of the organisations that are not for private profit and not part of government or a public sector organisation. There is no agreed or universal definition, and many groups prefer to define for themselves who and what they are. However, their defining characteristic is that they are value-led for public benefit.

Government and public sector organisations use the term 'third sector' to describe voluntary and community organisations, charities, faith groups, social enterprises, cooperatives and mutuals, both large and small. This term is used throughout the document to reflect the wide group of organisations potentially included in the Compact. However, it is understood that each term comes with values attached, and that no term is acceptable to all.

**Volunteering**

The commitment of time and energy by individuals for the benefit of society, the community or the environment. Volunteering is undertaken freely and by choice, without concern for financial gain; yet it is also a reciprocal relationship in which the volunteer also benefits (for example, a sense of worthwhile achievement, gaining or using skills, experience, contacts, meeting other people and friends, and involvement in the organisation).

## Contact details and further information

For further copies of this document, or for more information about the Compact, please contact:

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Please direct any requests for translation, interpretation, or audio tape versions of this document to the Compact Secretariat.

All requests will be dealt with on an individual basis.

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