

August 2010



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Dear Colleagues

Dealing with Cuts, Best Practice and the Voluntary and Community Sector

The voluntary and community sector is acutely aware of the unprecedented financial pressures that public sector organisations are under. We know from our friends and colleagues in the local public sector just how difficult things are.

The voluntary and community sector is also suffering. As a local infrastructure organisation, we are talking to and advising local voluntary and community sector organisations every day. We are seeing an increasing number of organisations that have funding shortfalls for this financial year and little certainty about funding arrangements for April 2011 onwards.

Some voluntary sector organisations are already being asked to accept a reduction in public sector funding and we don't expect the situation to improve in the near future.

In the spirit of partnership working, we have prepared this pack to give colleagues in the public sector, particularly Commissioners, a number of key 'dealing with cuts' related documents that they should find useful now and in the months to come. We are also sharing this pack of documents with voluntary and community sector colleagues.

We have included:

- Information from Compact Voice, including a copy of a letter sent to all Chief Executives of Local Authorities stressing the use of the Compact in these difficult times, and a 'Guidance Note for Local Authorities Managing Budget Revisions'
- A copy of the draft Compact for Bedfordshire and Luton. This local compact is currently out for consultation and has a detailed section on allocating resources. The national compact (on which the local compact is based) can be downloaded from www.thecompact.org.uk
- An example of how budget revisions have been handled in Merton
- A copy of a newsletter from the national 'Empowering the Voluntary Sector' project. This details how organisations could potentially challenge cuts if they are carried out badly, but equally sets out how cuts can be managed properly

The key theme running through these documents is the need for consultation and discussion. The sector has a key role to play in ensuring that the voices of the most excluded people are heard in the discussions about future priorities for funding. The sector should also be consulted about potential cuts as soon possible, to allow organisations to plan ahead and reduce the impact on beneficiaries and front line services. Please do make contact if you would like our involvement and assistance at any meetings or discussions.

If you wish to discuss any of these issues further, please do not hesitate to contact me on 01234 354366 or email martin@yourcvs.org

Best wishes

Martin Trinder
Chief Officer

Serving the Local Voluntary and Community Sector

7 July 2010

Dear Chief Executive,

I am writing to you as Chair of Compact Voice, which represents Civil Society organisations on the Compact. The Compact is the long-standing agreement about how public bodies and the sector will work in partnership together to ensure better outcomes for communities and citizens. The Prime Minister recently stated his commitment to it in his speech which launched the 'Big Society' agenda.

It is widely acknowledged that the impending public sector spending cuts will have a significant impact on services, projects and community initiatives. We understand the need for such cuts and that difficult decisions need to be made. This is why we held an urgent meeting with representatives at the Department of Communities and Local Government (CLG) to highlight the need for - and benefit of - approaching cuts to the sector in a Compact-compliant way. CLG recognised the difficult decisions that local authorities will need to make on their spending priorities, and the potential for this to place a strain on relationships with voluntary sector partners.

The Compact sets out a number of commitments for public bodies and the voluntary and community sector on how they will work together. In addition to the national Compact, there are also regional and local Compacts which set out agreements on better partnership working between local public bodies and voluntary and community organisations. Local Compacts are unique to the areas they serve and have been developed to recognise the distinct make-up and needs in an area. Local Authorities have signed up to their Local Compacts, creating a legitimate expectation that they will follow the commitments within them.

It has been shown repeatedly that these commitments are vital to the beneficiaries of services. By following them it reduces the negative impact on communities and citizens and ensures that difficult choices are made in the best way possible – indeed, this is why

government signed up to them and both the Prime Minister and Nick Hurd, Minister for Civil Society, endorse them.

During our meeting, CLG confirmed that they remain committed to the Compact, and have pledged to work with us, the Office for Civil Society and the LGA to facilitate discussion and share good practice between local authorities to support the continued application of its principles through these difficult times. I would encourage you and your staff to do the same. Proper engagement on these commitments, with the government and civil society working together in partnership, can go a long way to minimising potentially negative consequences in your community.

Compact Voice has set up a website containing useful information and advice about the vital relevance of the Compact during these spending cuts. It is available online at www.compactvoice.org.uk/cuts. We are also happy to advise or meet with you or your officials to discuss these or other matters further.

Kind regards,

Simon Blake

Chair, Compact Voice



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Guidance for Local Authorities managing budget revisions

Local Compacts are often based on principles outlined in the national Compact. While the national Compact is not directly applicable to local authorities, many are Local Compact partners, using its principles to help establish and strengthen partnership working with local third sector organisations. Increased partnership working in many Local Compact areas has resulted in better outcomes, services and policies for local people and communities.

The economic climate has created challenges for local authorities. Reduced income and fees, a fall in property values, and reduced interest on cash holdings have resulted in significant budgetary pressures¹. Local authorities also face uncertainty regarding the level of future funding, through central government grant settlements.

These pressures are heightened by local people and communities continuing to demand high quality services. Research has also highlighted that local authorities have experienced increased demand in service areas where funds have not been traditionally directed². Local third sector organisations are also experiencing increased demand for services³.

Many local authorities now find themselves needing to revise their overall budget due to the loss of expected income or pressure from increased demand for services⁴. Tough decisions will be required and this will place significant pressure on working and financial relationships with organisations from both the third and private sectors.

The Commission for the Compact recognises this tension. Given this climate, the Commission believes that national principles often outlined in Local Compacts are now more important than ever; providing a framework for local authorities to meet and manage spending priority decisions where third sector organisations are involved and to ensure that the impact on service users is managed and minimised.

Recognising and applying Compact principles will help local authorities to:

- **Make robust decisions that minimise long term risk to service users**

Deciding whether to reduce or end funding is a difficult decision as there will be an impact on service users. Decisions should not be made without measured consideration. Local authorities can use Compact principles to ensure that robust decisions are made. Early engagement and creating an appropriate environment for dialogue with relevant third sector organisations that deliver services or represent service users helps inform the decision making process by assessing the likely impact, likely costs and risks involved in proposed decisions to reduce funding.

This approach will help ensure that any efficiency savings gained in the short term through funding reductions are not lost in the medium or long term by the need to increase investment or funding to meet problems where reductions were first made.

1 Audit Commission, When it comes to the crunch, August 2009

2 80 per cent of leaders noted that their authorities experienced increase in demand for debt and welfare advice services, 57 per cent have experienced increase in demand for social housing and 41 per cent have experienced increase in demand for services for the unemployed or those at risk of unemployment. Council Leader survey on the impact of the economic downturn on local authorities, March 2009

3 IDeA/LGA/SOLACE Survey of the Impact of the Economic Slowdown on Local Authorities 2008

4 IDeA/LGA/SOLACE Survey of the Impact of the Economic Slowdown on Local Authorities 2008





To help you achieve this, please refer to your Local Compact or the publications: Consultation and Policy Appraisal Code, Commissioning Guidance (pages 6-9) and the Compact and Procurement Law (page 10), all available on the Compact website www.thecompact.org.uk/publications

- **Identify new approaches to services**

Early engagement and dialogue with third sector organisations by local authorities when considering the costs associated with service delivery can also help identify innovative approaches to achieving outcomes. Adopting this approach, using Compact principles to create an appropriate environment for engagement, can not only help identify potential efficiency savings, but also provide alternative methods of delivering outcomes.

To help you achieve this, please refer to your Local Compact or the publications: Consultation and Policy Appraisal Code, Commissioning Guidance (pages 6-9) and the Compact and Procurement Law (page 10), all available on the Compact website www.thecompact.org.uk/publications

- **Minimise impact on Local Area Agreement targets**

A fall in income means fewer resources are available to maintain projects that support Local Area Agreement (LAA) targets⁵. Partnership working has always been crucial to achieving targets. However, in the current climate where financial constraints exist, increased and effective partnership working becomes critical. Local Compacts improve partnership working⁶ and provide a framework for helping ensure that local authorities work closely with third sector partners to continue to deliver LAA targets.

- **Maintain partnership working with third sector organisations**

Local authorities often enjoy constructive and positive relationships with third sector organisations that are critical in helping to deliver organisational and strategic objectives. Where robust analysis involving relevant third sector organisations has indicated a reduction in service provision and funding necessary, the application of Compact principles helps ensure that working relationships and the stability of third sector organisations is not adversely affected. In particular, local authorities should give a minimum of three months' notice when ending a funding relationship. Clear and robust reasons should be provided and organisations affected given an opportunity to respond.

To help you achieve this, please refer to your Local Compact or the Funding and Procurement Code available on the Compact website www.thecompact.org.uk/publications

The Commission for the Compact is committed to promoting good practice regarding the implementation of Compact principles. We would like to hear from those local authorities and/or third sector organisations where budgetary revisions have taken place in accordance with principles outlined in the Compact. We are also happy to help local authorities implementing any of the principles outlined in this statement.

Please contact:

Richard Williams, Policy Adviser

Commission for the Compact

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www.thecompact.org.uk

⁵ Council Leader survey on the impact of the economic downturn on local authorities, March 2009

⁶ What makes a successful Local Compact, Commission for the Compact, September 2008



17th 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; or
- submit your views and comments in a letter or in an email.

The closing date for receipt of your views and comments is 24th 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

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

This form can also be downloaded from the VoluntaryWorks website:

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

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

Contents

	Page
Foreword	5
Compact principles	7
Advancing equality	9
Public Sector Commitments	
1. Promoting equality and diversity	10
2. Representation and infrastructure	11
Voluntary and Community Sector Commitments	
3. Promoting equality and diversity	12
4. Representation and infrastructure	12
Involvement in policy development	13
Public Sector Commitments	
5. When to involve?	14
6. Who to involve?	14
7. How to involve?	15
Voluntary and Community Sector Commitments	
8. Effective involvement	16
Allocating resources	17
Public Sector Commitments	
9. Planning	18
10. Choosing finance and funding options	18
11. Application and bidding processes	19
12. Understanding costs	20
13. Making decisions	20
14. Agreeing delivery terms	21
15. Making payments	21
16. Monitoring and reporting	22
17. Ending a financial relationship	22
Voluntary and Community Sector Commitments	
18. Contributing to planning	23
19. Making applications and bids	23
20. Agreeing delivery terms	24
21. Monitoring and reporting	24
22. When a financial relationship ends	25
Implementing the Compact	26
Resolving differences	27
Glossary	28
Contact details and further information	31

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

Best Value	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.
Commissioning	The cycle of assessing the needs of people in an area, designing and then securing an appropriate service.
Community Strategies or Plans	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.
Consortium (Consortia)	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.
Consultation	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.
Data Protection Act	'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 www.ico.gov.uk for in-depth information.
Freedom of Information Act	'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 www.ico.gov.uk for in-depth information.
Funding Agreement	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.
Local Infrastructure Organisations	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.

Outcome	The changes, benefits, learning or other effects that result from what the project or organisation makes, offers or provides.
Partnership	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.
Procurement	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.
Public Sector Organisations	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.
Service Users	The people who benefit from or use a service. They may also be called customers, clients, consumers, beneficiaries or recipients.
Sustainability	The ability to keep delivering services. This requires secure funding in order to allow effective management and planning.
Sustainable Community Strategy	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.
Trustees	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.
Users	See 'Service Users'.
Value for Money	<p>The National Audit Office assesses value for money as the reporting on the economy, efficiency and effectiveness of public spending:</p> <p>economy: minimising the cost of resources used or required – spending less</p> <p>efficiency: the relationship between the output from goods or services and the resources to produce them – spending well</p> <p>effectiveness: 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:

The Compact Secretariat
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Bedford
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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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▶ **About**

▶ **Events**

▶ **News**

▶ **Resources**

Terms and conditions

Why is Merton handling the budget cuts so well?

There's no one thing Merton has done which has enabled them to weather the financial storm so well so far. Rather, it's a long tradition of partnership working between the sector and local public bodies which means the natural reaction to difficulties is to work together on solutions. Mutual respect, trust and understanding of the value of each partner allows them to jointly think through problems and pool expertise to work on solutions.



Continuing Dialogue

Local groups and Merton Council began discussing responses to the recession as early as 2008. Last July, as soon as they received signals about the potential size of the cuts, the partners started working together on how to mitigate the impact on local communities. This conversation has continued ever since, with the latest initiative being a half day conference in September 2010 to identify problems and priorities being planned, and to be attended by sector representatives, the Local Authority, local Chamber of Commerce, NHS, Fire Service and the Police among others.

Voluntary Sector Efficiency

From the early discussions came a realisation that everybody would need to be more efficient. In response, since the beginning of March 2009 the sector has begun to improve their understanding of collaboration and mergers, leading to a number of efficiency gains including more groups being open to sharing back office functions. Recognising how valuable this has been, the Local Authority recently agreed to fund this work with a £20,000 grant.

Grant funding

With proper evaluation of the impact of grant funded projects, it has been found that grants provide good value for money. Therefore the grant budget has been maintained at previous funding levels for 2010/2011. However this doesn't mean that the same organisations will simply continue to be funded in the same way; there are still ongoing changes to this as priorities shift and organisations win or lose their funding.

The budget position from March 2011 is also being discussed, and partners intend to collaborate closely when setting priorities and deciding who is best placed to deliver services.

Contract funding

For a long time partners have stopped talking about organisations or sectors when discussing contracts, instead focussing on what priority services need to be delivered. As this continues there is no talk of cutting funding 'to the sector'. For example, the agreement to protect services for vulnerable people was a priority, and the agency delivering these will depend on who submits the best bid.

Summary of lessons learnt

1. Early, open discussion based on mutual trust is vital to underpin this relationship
2. Putting the needs of communities rather than organisations first, allows a shared starting point and common objectives
3. Separating out grant and contract funding allows clearer thinking about each
4. The voluntary sector has to be ready to adapt to tighter circumstances
5. Local Public bodies need to recognise and value the sector's expertise

Read our [Merton Good Practice Case Study](#).

Visit our [cuts resources page](#).



Empowering the voluntary sector

Special Edition July 2010



Working with



Cuts – to challenge or not to challenge

In this special edition of the EVS newsletter we explore the processes and remedies that voluntary and community organisations can use when challenging cuts.

The Government has announced significant cuts to most departments' budgets, and all local authorities are making cuts to public services and grant programmes. This is already having an effect on voluntary organisations around the country and there will inevitably be those whose entire funding is cut.

This guide gives advice on how the Compact, public law and equalities duties can be used when challenging cuts. However, each situation is different and this should only be used as a general guide.

Specific advice for individual cases should be sought from the EVS advice team as soon as a problem is identified. For contact details please see the end of this note.

Relevant Compact and public law principles

The Compact

The Compact does not say that cuts can't be made, but it does say how public bodies should behave when making them. The Compact states that before making cuts to an organisation's funding, public bodies must:

- assess the impact on beneficiaries
- discuss potential implications with organisations and give them a chance to respond
- give at least three months' notice.

Public law

Public bodies must act in a legal, fair and rational manner. Before making a decision they must:

- take into account relevant information and disregard irrelevant information
- give those affected a chance to be heard
- follow their own procedures and keep to their stated commitments (unless there is a good reason not to)
- comply with any legal duties, including under equality legislation (see below).

Equalities duties

Public bodies must also ensure they have had due regard to their equalities duties. This means they must take a proactive approach to eliminate discrimination and promote equality and consider if their decisions are likely to have an impact on equality of opportunity.

Remedies

Although the Compact is not legally binding, it is an agreement that public bodies have signed up to and it has support from central government.

Serious breaches of public law and equalities duties can sometimes be challenged by judicial review. Cases must be brought promptly and no later than three months after the decision was taken. However, it is not as simple as saying that anything that breaches public law can be successfully challenged in the courts. This became clear recently in the case of the Campaigning Research Programme (see case study below).

Don't forget that less serious breaches of public law may be dealt with by using the public body complaint process or the ombudsman schemes.

Resources

For further details on the processes outlined above the following web archived articles from previous newsletters will give you more details on how to use them effectively.

2010 [Judicial Review](#) (pdf, 1.49MB)

2010 [The Ombudsman Service](#) (1.50MB)

2009 [LawWorks Electronic Advice](#) (pdf, 749KB)

2009 [Using the advice team](#) (pdf, 737KB)

2009 [Monitoring Officers](#) (pdf, 0.97MB)

2009 [Using Compact in the economic downturn](#) (pdf, 999KB)

2008 [Private law](#) (pdf, 997KB)

2008 [Protecting your organisation](#) (pdf, 994KB)

2007 [Making a complaint](#) (pdf, 0.97MB)

2007 [Equality duties](#) (pdf, 999KB)

2006 [What does it mean when a public body says it will consult?](#) (pdf, 995KB)

2006 [Freedom of information](#) (pdf, 997KB)

These and other resources that may be of use can be found at www.navca.org.uk/services/learningopps/evs/resources.htm

Case study

Campaigning Research Programme – Office of the Third Sector

In November 2009 the Government decided to cut the Campaigning Research Programme, from which around 30 small organisations had been awarded grants. The grant agreements had already been signed when the Government made its decision to cancel the programme, and there was no consultation with affected groups.

It could be argued that this decision was unlawful in public law, as groups had a legitimate expectation they would receive the grant. Similarly, in some cases there may have been a breach of contract. However, the Government had promised to reimburse the expenses incurred by the organisations who had been awarded the grants. In the circumstances it was unlikely a court would order the Government to continue with the grant programme and, if the organisations took action for breach of contract, damages (compensation) would have been the most likely outcome, which the Government had already offered to pay. This meant a legal challenge was unlikely to succeed.

What to consider before challenging

The decision to challenge funding cuts, what to challenge and how all depends on the circumstances. Before you decide next steps you should consider the following:

Consultation: If the public body has not conducted a consultation and taken time to consider the responses, there may be grounds for challenge.

Impact assessment: Public bodies have specific duties towards people with protected characteristics, such as BME groups, the disabled and women. If no impact assessment has been done, this might be grounds for a challenge.

Notice: The Compact states a minimum of three months' notice, but your funding agreement may say more. Even if you don't retrieve all your funding, you may succeed in getting an extended notice period.

Services: Will the services you provide be provided by anyone else, for example by the public body itself, or will service users be left without? If the latter, and there is an identifiable legal error in the process, then service users themselves may be able to bring a challenge

Funding agreement: Do you have a grant or a contract? If it is a contract this is harder for a public body to end it early. Look at the clauses around terminating the agreement.

History: If you have been funded for a long time and the public body has a history of consulting you on important changes, you are in a better position to argue that you should have been involved in decisions around cuts.

Typical scenarios

Below are three different scenarios where organisations are faced with cuts.

Scenario 1:

Small Town Age Alliance is half way through a three-year grant agreement with Small Town District Council to run a drop-in service for older people. In a monitoring meeting their grants officer mentions there may be changes to their funding because of cuts from the Government.

Two weeks later the group receives a letter inviting them to a meeting with the council and other voluntary groups to discuss the financial implications of the national cuts. At the meeting the council announces they will have to cut their budget by 20%, and asks groups to help them review needs and current services, and identify potential savings. Over the next two months, groups are invited to one further consultation meeting, they are asked to take part in an impact assessment exercise and they receive a small amount to fund a meeting with service users to discuss their views.

After the two months are up, the council takes three weeks to make a decision, which it announces by letter to each organisation. All cuts are outlined as are the results of the impact assessment. Unfortunately, Small

Town Age Alliance is told its funding will be cut by 75% in six months' time, leaving only a small amount for a specific health project. The council will expand some of its own services for older people in order to ensure its key commitments are met.

To challenge or not?

Although there are some issues around length of consultation, the council has done fairly well in involving organisations in their decision making, and has undertaken an impact assessment. They have also given proper notice and are bringing some services in house. A challenge is unlikely to succeed.

Scenario 2:

Middle Town Disability Youth has a rolling three-year contract with Middle Town Borough Council to run projects and services for young people with disabilities. In May they receive a letter saying their funding will be cut by 25% from July, giving only eight weeks' notice. The council explains this is due to severe funding cuts from national government and apologises for the short notice. They invite groups to a meeting to discuss how impacts on service users can be kept to a minimum. At the meeting groups raise concerns about the lack of notice and the negative consequences for young people with disabilities in the area. The council promises to consider this.

Two weeks later the group receives another letter, saying the funding cut remains at 25% but will be pushed back to ensure three months' notice, as stated in the contract. No mention is made of the effect on service users.

To challenge or not?

Although the council gave proper notice, it hasn't demonstrated that impacts on service users have been taken into account. The council would need to screen for the impact of the decision and if impacts are identified, then a full disability equality impact assessment would be required. There has also not been a proper consultation, which will be required if the impact assessment is carried out. This decision may be worth challenging.

Scenario 3:

Big Town Immigration Advice Service has received funding on an annual basis for 15 years. At their annual review meeting in March they are told funding will be provided as usual in April. When by May their funding has not arrived, they chase it with the council and are told two weeks later it is under review. They ask for a meeting but are told no decision has been made yet. Two weeks later, they receive an email saying that due to funding cuts from the national government, there will be no more funding available to them.

The group asks if there has been an impact assessment but is told there is no need for one as there are several other advice organisations in the area, open to the general public, where immigrants can also go.

To challenge or not?

The council has breached several Compact principles and does not appear to have taken due regard of its equalities duties. This decision is worth challenging on the grounds of lack of consultation, lack of notice and lack of impact assessment. It could also be argued there is a legitimate expectation by the group that their funding would continue as there was no warning it may not.

Key points

Remember that challenging often requires immediate action and that the EVS advice team is there to help you right from the beginning. We have seen a number of organisations who have missed out on the opportunity to challenge by judicial review, as the three months' time limit has passed.

In many cases the threat of judicial review is of more practical value than actually bringing a claim. Where there is a risk of judicial review the public body can be motivated to engage with the organisation in order to avoid litigation and resolve the dispute. There are several procedures worth considering, such as getting a decision reviewed by a local authority's overview and scrutiny committees, but these are all time dependent, and are more likely to succeed if there is a threat of litigation.

- **Act quickly!** Any legal challenge must be raised promptly and **no later than three months** after the decision was made.
- Write a chronology of all significant events, including letters, emails and verbal communication about funding.
- Look at your funding agreement and what it says about terminating the agreement.
- Read your Compact and identify where it has been breached.
- Look for the public body's own procedures regarding funding.
- If you have not been given reasons for the cut, write to the public body, asking for reasons for the cut, how and when the decision was made and the results of any impact assessment.
- Once you have all the information (or if you can't find the information you need) write to the public body outlining your concerns clearly and succinctly, stating what you wish them to do about the situation and asking for a prompt reply.
- If possible, state which Compact, public law and equalities principles you believe have been breached.
- **The advice team can help you prepare your case, helping you to identify what has gone wrong, what can be reasonably asked for or if you should consider commencing a formal challenge immediately.**
- **If you want help and advice, contact Empowering the Voluntary Sector advice line on 020 7520 3161 or by email evsAdvice@ncvo-vol.org.uk**