

## **The State of Independence**

A research study into independence and the Compact

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**Produced by**

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# 1. Executive Summary

## Background to *The State of Independence* report

The report of the Eighth Compact Annual Meeting recommended a programme of work for 2008-9 which included measures to strengthen the independence, voice and campaigning work of the sector.<sup>1</sup> It specifically proposed that action be taken to:

“Monitor the extent to which Government Departments, Agencies, Non-Departmental Public Bodies and local public bodies are observing their commitment to respect the right of third sector<sup>2</sup> organisations to campaign.”

“Undertake a programme of learning and development to address issues identified from this monitoring activity.”

The following report, undertaken on behalf of the Commission for the Compact, is the initial outcome of the first part of this work. Rocket Science was commissioned to look at a sample of eight central government departments in order to assess their understanding of and commitment to the Compact, particularly on the issue of the sector’s independence and its right to campaign. The focus of our research has been on the eight departments, but the report’s findings and recommendations are anticipated to be useful across central government as well as its various Non-Departmental Public Bodies (NDPBs). The study aims to increase understanding of:

- The Compact’s role in safeguarding and recognising the independence and voice of the third sector;
- How far the Compact is being implemented with regard to protecting the sector’s independence in its various dealings with national government, and the different approaches being used; and
- How central government perceives its commitments to safeguarding the independence of the third sector, including the concepts and language used.

The information and findings presented in this report are drawn from a number of complementary pieces of research including:

- A literature review looking historically at the importance of independence to the third sector and, since 1998, the role of the Compact in safeguarding that independence (this has been produced as a separate document and is available from the Commission for the Compact [www.thecompact.org.uk](http://www.thecompact.org.uk));

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<sup>1</sup> *Report to Parliament of the Eighth Annual Meeting to review the Compact on relations between government and the voluntary and community sector*, March 2008

<sup>2</sup> The Government defines the third sector as “non-governmental organisations that are value-driven and which principally reinvest their surpluses to further social, environmental or cultural objectives. It includes voluntary and community organisations, charities, social enterprises, cooperatives and mutuals.” Cabinet Office and HM Treasury (2007), *The future role of the third sector in social and economic regeneration: final report*

- One-to-one interviews with a sample of civil servants working in the eight selected departments – these included the designated Third Sector Liaison Officers as well as those who engage with the sector through policy making and/or the commissioning of services; and
- A questionnaire distributed electronically to the eight departments inviting civil servants to assess their department's understanding of and commitment to the Compact, particularly in so far as it is safeguarding third sector independence.

## **The Compact and independence – the first ten years**

During the first ten years of the Compact, there has been a significant shift towards encouraging the third sector to become a major provider of government-funded services as well as being a major force for mobilising and empowering communities through the power of voluntary action. To quote just one fact, cited in the accompanying literature review, earned income in 2005/6 comprised 50.3% of the sector's total income, which was up from 39% in 2000/1.

Why does the commitment of more funds, albeit on a competitive basis, raise issues for the third sector? After all, no-one from the private sector is worried by the opportunity to bid for more government contracts. The main reason is that the sector (or at least a significant number of organisations) and its advocates see independence from government as one of its key values and fear that this will be put at risk if the sector becomes over-dependent on government funding. Part of the thinking behind the introduction of the Compact was to ensure that this independence was protected and that receiving government money should not reduce an organisation's ability to campaign on behalf of the communities it serves.

The Compact is a relative latecomer to the debate about the relationship between the third sector and government. Relations between the voluntary and the statutory sectors have changed considerably since 1945, when the immediate post-war anticipation was that the voluntary sector would largely disappear as a provider of public services once universal state provision was in place. Nowadays, a thriving and independent sector is generally viewed as an important counter-balance to the state, both in terms of advocating policy and in terms of delivering services which give choice to disadvantaged consumers and reflect aspirations in a way that public provision cannot.

Since 1997, however, the government has deliberately sought to support solutions in the social policy field which have not been based on a view of 'private is good and public is bad' or vice versa. In short, they have looked for solutions that work, irrespective of the sector from which they originate, which in turn has created a far more mixed economy of provision. The implication of this has been to open up what is now referred to as the UK's Public Services Industry to the third sector and a significant part of the sector (especially at the national level) has responded positively to these opportunities. This general policy direction is unlikely to change under a new government.<sup>3</sup>

This state of affairs raises a number of important issues concerning independence for the third sector and those who fund it, as well as challenging all partners to identify how the Compact has

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<sup>3</sup> *Understanding the Public Services Industry: How big, how good, where next?* A review by Dr. DeAnne Julius CBE, Department for Business, Enterprise and Regulatory Reform (July 2008)

improved matters. All parties agree that the independence of the sector is a crucial part of its ethos and that this independence has value for both the sector and government itself. What emerges from the research is a number of strands of thought, ranging from those who believe independence is inevitably compromised by dependence on government funding to those who believe that interdependence between government and the third sector can be structured in such a way as to ensure the sector can still claim genuine independence of thought and action.

It is here that the role of the Compact becomes crucial in ensuring that independence is retained as one of the key features that give the voluntary sector its added value. Again, there is a range of opinions, from those who believe that a voluntary arrangement lacks sufficient teeth to be effective, to those who cite a voluntary arrangement as the best way of 'buying in' support from officials. Others argue that the Compact – whether voluntary or statutory – will lead to the subversion of the sector's independence and that independence can best be maintained and exercised outside of any such arrangement, especially through seeking non-governmental sources of funding.

## **The Compact and independence – in principle**

The ideal of an independent third sector lies at the heart of the Compact. The opening pages set out the “shared vision” which underpins this:

“The underlying philosophy of the Compact is that voluntary and community activity is fundamental to the development of a democratic, socially inclusive society. Voluntary and community groups, as independent, not-for-profit organisations, bring distinctive value to society and fulfil a role that is distinct from both the state and the market.”<sup>4</sup>

This is reiterated in the first three “shared principles” of the Compact:

1. “Voluntary action is an essential component of democratic society.”
2. “An independent and diverse voluntary and community sector is fundamental to the well-being of society.”
3. “In the development and delivery of public policy and services, the Government and the voluntary and community sector have distinct but complementary roles.”<sup>5</sup>

Following this, the first commitment of the document is that the Government:

“Recognise and support the independence of the sector, including its right within the law, to campaign, to comment on Government policy, and to challenge that policy, irrespective of any funding relationship that might exist, and to determine and manage its own affairs.”<sup>6</sup>

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<sup>4</sup> Compact Working Group (1998), *Compact on Relations Between Government and the Voluntary Sector*, section 5

<sup>5</sup> Compact Working Group (1998), *ibid*, section 8

<sup>6</sup> Compact Working Group (1998), *ibid*, section 9.1

In essence, this *State of Independence* report is a commentary, based on the experiences of eight central government departments (and in some instances their respective Non-Departmental Public Bodies), on the extent to which these principles have been put into practice and how, where necessary, action can be taken in order to narrow any perceived or actual gaps between the two.

## **The Compact and independence – in practice**

On the basis of our consultations with the eight government departments, the impact and effectiveness of the Compact on independence is neither as dire, nor as desirable as either its detractors or supporters would suggest.

The different departmental structures and strategies that exist for interacting with the third sector are both an integral aspect of central government's adherence to the Compact *and* its respect for the independence of the third sector. That no uniform approach exists is also a reflection of the independence which has long been a characteristic (and on occasions a weakness) of departmental government which, in spite of the cross-cutting remit of the Office of the Third Sector, a network of Third Sector Liaison Officers and senior departmental Champions for the sector, can still operate in silos.

Although the departmental strategies may not refer directly to the third sector's state of independence, this is largely a reflection of the issue discussed in the literature review that 'independence' as a concept on its own can be quite nebulous and difficult to pin down. This was also borne out by a number of departmental interviewees' commenting that they largely took the third sector's state of independence for granted (or words to that effect):

- Independence is 'taken for granted', 'inherent' and 'integral' to departments' understanding of the Third Sector's relations with government;
- Departments are committed to the broad principles, rather than to the very letter of the Compact;
- Most adhere to the Compact in terms of consultation processes, 3-year funding arrangements, full cost recovery and reduced reporting requirements;
- The Third Sector's campaigning role is both recognised and respected, with several interviewees seeing the funding of services as divorced from campaigning activity – even when undertaken by the same organisation, in the same field of policy.

The evidence indicates that although levels of commitment at central government level are adequate and improving, with both the sector and government taking steps to promote understanding and implementation of the Compact, understanding of the importance and value to both government and the third sector of the latter's independence, beyond those whose job requires involvement with the sector, is extremely patchy. This presents ongoing challenges for the sector and for central government:

For the sector:

- There needs to be a more 'mature' relationship between departments and the third sector. The Compact defines a two-way relationship – interviewees cited examples where the Third Sector is perceived to have behaved 'immaturely' as adversaries, rather than as

genuine partners with a mutual interest in particular policy objectives or the improvement of public services. The Compact has been used as 'a stick to beat [government] with', rather than as a set of guiding principles.

For central government:

- There is a need to increase the depth and breadth of awareness of the Compact and to ensure greater consistency of application both within and across government departments (including Non-Departmental Public Bodies). High profile cases such as the recent retraction by Communities and Local Government of a previous commitment to set up a group of strategic partners from the sector, and the Department for Work and Pension's introduction of a new commissioning framework which exposed tensions between competitive commissioning approaches and Compact principles, both irked third sector representatives and indicated that there is still work to be done.

## The Compact and independence – the next ten years

In reality no organisation, whatever the sector, is entirely *independent* in the strictest sense of the word. This research, albeit based on a detailed literature review combined with a relatively small survey of government civil servants' perceptions of issues around the independence of the third sector, supports the view that there is increasingly a symbiotic, *interdependent* relationship between the sector and government.<sup>7</sup> For third sector organisations, funding from central government is often crucial to their continued existence; for central government, the third sector can tackle issues and deliver services in different and innovative ways.

As we approach the tenth anniversary of the Compact, it is an opportune moment to reflect on the extent to which the Compact has been instrumental in creating a mutually beneficial working relationship between the state and the sector, in which the independence of third sector organisations is upheld. We conclude and recommend (through a number of specific actions) that the increasingly inter-dependent nature of the relationship needs to be communicated more strongly and positively. In particular, this should emphasise central government's acceptance of third sector organisations as independent bodies, with their own aims and objectives, and the belief that this is an important part of their value to government. Third sector organisations need also to be encouraged to reflect on and assert their status as independent partners, without whom some key policy goals will not be met as effectively. To this effect, it is important to demonstrate and disseminate cases where the upholding or preserving of the independence of the sector has directly led either to better policy making or to the delivery of better public services.

In terms of an ongoing programme of learning and development to address some of the issues identified from consultations with government departments, we recommend:

- sharing departmental best practice across the government's third sector networks – both the liaison officers and third sector champions. For instance, one of the examples cited in the report is the Department of Health's funding guidance that "Strategic Partners must

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<sup>7</sup> For further discussion, please refer to the Literature Review

retain their independence and role as a critical friend, not a 'cosy partner' who fears losing their funding if critical of [the Department]";

- referring to the Compact in relevant policy officers'/commissioners' job descriptions (and appraisals) in order that civil servants are actively encouraged and incentivised to adhere to and promote the agreement and its codes;
- ensuring that managing the government's relations with the third sector is recognised as a core competence of a modern Senior Civil Service, through promoting initiatives such as the National Programme of Training for Third Sector Commissioning across central government departments and relevant NDPBs;
- spreading knowledge of the Compact and independence across departments and their delivery bodies by holding workshops such as those recently organised by Defra for staff from the core department and its executive agencies, NDPBs and delivery partners;
- involving the sector at an earlier stage of policy formulation (i.e. pre-consultation), such as along similar lines to Communities and Local Government's involvement of the third sector in developing statutory guidance relating to the Local Government White Paper, for which it won a Compact Award;
- developing third sector sounding boards within departments to provide a 'reality check' on new policy and legislation, as the Department of Health does and for which it won a Compact Award (and in a not dissimilar way to which the Better Regulation Commission has recommended minimising the regulatory burden on small businesses and voluntary and community sector organisations<sup>8</sup>);
- continuing to embed working with the third sector (and knowledge of the Compact and understanding of independence issues) across departments as a whole so that every policy/delivery team engages with the third sector, as opposed to having a separate group or forum on issues affecting the third sector;
- developing and disseminating a set of case studies in order to illustrate and measure the value of an independent third sector in terms of its effect on the drafting of better legislation and designing of government programmes; and
- recognising that the behaviour of third sector organisations represents just as big a threat to the values and independence of the sector as government agencies may do; and that there are limits to what departments can do to safeguard the independence of the sector when there is an important role to be played by third sector organisations themselves.

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<sup>8</sup> Better Regulation Taskforce (2005) *Better Regulation for Civil Society: Making life easier for those who help others*

## 2. Introduction

The UK Government defines the third sector as “non-governmental organisations that are value-driven and which principally reinvest their surpluses to further social, environmental or cultural objectives. It includes voluntary and community organisations, charities, social enterprises, cooperatives and mutuals.”<sup>9</sup> By most indicators, the UK today has one of the strongest third sectors among developed countries.<sup>10</sup> There was a visible increase in active general charities from 98,000 in 1991, when the first benchmark of general charities was established, to 169,000 in 2004.<sup>11</sup> The significant growth that the sector has seen in the last decade has brought it “from the economic margin towards the mainstream”.<sup>12</sup> Key to this growth has been the heightened expectations of the role that third sector organisations have to play in the delivery of public services, with the Compact the key to defining and overseeing the third sector’s relationship with the state.<sup>13</sup>

As the tenth anniversary of the first introduction of the Compact approaches, two pieces of research are being conducted into the Compact’s commitment to maintaining the independence of the third sector. The first, commissioned by the Commission for the Compact, and undertaken by Rocket Science, focuses on a sample of eight central government departments<sup>14</sup> and assesses their understanding of and commitment to the Compact, particularly on the issue of the sector’s independence and right to campaign. The study aims to increase understanding of:

- The Compact’s role in safeguarding and recognising the independence and voice of the third sector;
- How far the Compact is being implemented with regard to protecting the sector’s independence in its various dealings with national government, and the different approaches being used; and
- How central government perceives its commitments to safeguarding the independence of the third sector, including the concepts and language used.

In a parallel study, Compact Voice is looking at the role of the Compact in safeguarding independence from the point of view of the third sector, and is aiming to produce guidance on the use of the Compact in relation to independence. Compact Voice’s research will consider the following questions:

- Is the Compact fulfilling its commitment to the sector on independence?
- How is the Compact being used to safeguard your organisation’s independence?

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9 Cabinet Office and HM Treasury (2007), *The future role of the third sector in social and economic regeneration: final report*

10 L. M. Salamon (2001), *The Third Sector and Volunteering in Global Perspective*, Presentation to the 17th Annual International Association of Volunteer Effort Conference, Amsterdam

11 NCVO (2006), *The UK Voluntary Sector Almanac*

12 H. Haugh and M. Kitson (2007), “The Third Way and the third sector”

13 For a survey and discussion of the origins of the Compact, please refer to the Literature Review which has been prepared as a separate output from this research

<sup>14</sup> The eight departments are: the Department of Health; the Department for Work and Pensions; Communities and Local Government; Ministry of Justice; Department for Children, Schools and Families; Her Majesty’s Revenue and Customs; the Department for Culture, Media and Sport; the Department for Environment, Food and Rural Affairs

- If it is not being used, what are the reasons for this and how can it be more effectively used?

The *State of Independence* report is structured as follows:

- Methodology: what we were asked to do and how we did it;
- Independence, the Compact and the government's perspective: defining independence and the Compact and its interpretation across central government;
- Departmental overviews: the specific mechanisms in place to support the third sector and independence;
- Departmental matrix: an overview page of the eight departments and their structures and policies for working with the third sector and adhering to the Compact;
- Thematic analysis: an exploration of wider issues around the public-third sector relationship and specifically on independence, underpinned by an analysis of our findings from an e-survey and interviews with civil servants; and
- Recommendations: recommendations arising from our research and informed by existing good practice.

### 3. Methodology

In order to inform the research and consultations across government, Rocket Science undertook a literature review which looked at:

- Definitions and conceptualisations of the third sector, the Compact, and independence
- The importance of independence to the third sector;
- The role of the Compact in safeguarding that independence;
- The current policy context that sets the boundaries for the Compact; and
- Some international comparisons, where useful and appropriate.

The Literature Review has been prepared as a separate document that underpins this report. It is available to download from the Commission for the Compact's website.<sup>15</sup>

Alongside the general literature review, we developed eight separate, but complementary departmental overviews. Each one of these incorporates:

- Departmental structures for working with the third sector;
- Strategic partners and forums; and
- Departmental strategies for working with the third sector and other policy documents, particularly in so far as they focus on the issue of the sector's status and independence.

The departmental overviews were initially compiled on the basis of desk-based research, using the departments' public websites and strategy documents available online. Drafts of each overview were reviewed and commented on by the respective Third Sector Liaison Officer (TSLO) for them to comment on.

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<sup>15</sup> <http://www.thecompact.org.uk/admin/sfcms>

The eight government departments which we were asked to cover were:

1. Department of Health;
2. Department for Work and Pensions;
3. Communities and Local Government;
4. Ministry of Justice;
5. Department of Children Schools and Families;
6. HM Revenue and Customs;
7. Department for Culture Media and Sport; and
8. Department for Environment Food and Rural Affairs.

The departmental overviews are accompanied by a single-page departmental matrix, which gives an overview of the eight departments' varied approaches to managing relations with the third sector.

We also carried out one-to-one telephone interviews with representatives from each department. These enabled us to probe in more detail:

- what departments understand by the Compact's references to independence and campaigning;
- what they think their role should be in ensuring the Compact's implementation in this area;
- what activities they or their departments are currently undertaking;
- what they think the third sector should be doing; and
- what barriers they may be experiencing in trying to enhance relations between the third sector and government.

With the help of the Third Sector Liaison Officers (TSLOs), we distributed a scorecard-based e-survey of the central government departments. The scorecard effectively translates qualitative information into qualitative indicators by asking respondents to choose the most appropriate from a range of statements that correlate to a Likert-like scale from 1-5. We sent this out via the TSLOs using QuestionPro software which allows for central compilation and analysis of results.

Rocket Science presented some of our initial findings and distributed copies of the literature review at an 'Independence Day' event on 4th July 2008, hosted by Compact Voice. Inputs to, and feedback from, that event have also informed this report.

Further details of the methodology are available in Appendix 1 of this report.

*Rocket Science and the Commission for the Compact would like to thank all the people who have contributed to this research, especially staff in the Office of the Third Sector, as well as the cross-departmental network of Third Sector Liaison Officers and their colleagues who gave interviews, completed the survey, and commented on various drafts of the departmental overviews.*

## 4. Independence, the Compact and the government's perspective

### Independence

The literature review which accompanies this report explores different definitions of independence and how these relate to the third sector in its various different roles (e.g. as advocate, service provider, campaigner etc.). Independence is often construed in a negative way, as a freedom *from* others – in this case, a third sector organisation's freedom *from* reliance on the state (or, indeed, on the private sector). This report and the literature review, however, take independence to mean a positive 'freedom *to*' as much as a negative 'freedom *from*'.

In other words, a third sector organisation's independence is its freedom *to* carry out its work and to promulgate its values, as well as its freedom *from* reliance on the state. This more nuanced definition means that the independence of the third sector does not have to be an absolute freedom from the control, influence, support, or aid of others. An independent third sector organisation can receive some support from the state. What is more important is that it is free to implement its values, *alongside* (or, as some would have it, *despite*) any support from the state.<sup>16</sup>

The Government's increasing involvement with, and funding for, the third sector has heightened concerns about the sector's ability to preserve its independence and voice. Independence is seen as fundamental to the very character and effective functioning of the third sector. As the sector increasingly accepts opportunities to become a contractual partner of the state, in the design and delivery of a multitude of different publicly-funded services, organisations on the ground, as well as national or political commentators, consistently stress the importance of independence and express concerns about how to safeguard it in practice.

### The Compact

Introduced in 1998, the *Compact on Relations Between Government and the Voluntary Sector* is an agreement to improve relationships between government and the voluntary sector to mutual advantage.<sup>17</sup> The commitments in the Compact apply to all central government departments and their agencies, including non-departmental public bodies, regional government offices and local public bodies.

The national Compact emerged from suggestions made in the 1996 report of the independent Commission on the Future of the Voluntary Sector, chaired by Nicholas Deakin. After the Labour Party came to power in 1997, the Government consulted with over 25,000 organisations on the idea of a Compact before its launch in November 1998.

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<sup>16</sup> For further discussion, please refer to the Literature Review

<sup>17</sup> Compact Working Group (1998), *Compact on Relations Between Government and the Voluntary Sector*

Since the publication of the original Compact, five Codes of Good Practice have been launched, setting out the detail on particular aspects of the relationship between Government and the sector. These guides to good practice cover:

1. Funding (published 2000, revised 2005 as the Funding and Procurement Code)
2. Consultation and Policy Appraisal (published 2000)
3. Volunteering (published 2001, revised 2005)
4. Black and Minority Ethnic Organisations Code (published 2001)
5. Community Groups (published 2003)

The ideal of an independent third sector lies at the heart of the Compact. The opening pages set out the “shared vision” which underpins this:

“The underlying philosophy of the Compact is that voluntary and community activity is fundamental to the development of a democratic, socially inclusive society. Voluntary and community groups, as independent, not-for-profit organisations, bring distinctive value to society and fulfil a role that is distinct from both the state and the market.”<sup>18</sup>

This is reiterated in the first three “shared principles” of the Compact:

1. “Voluntary action is an essential component of democratic society.”
2. “An independent and diverse voluntary and community sector is fundamental to the well-being of society.”
3. “In the development and delivery of public policy and services, the Government and the voluntary and community sector have distinct but complementary roles.”<sup>19</sup>

Following this, the first commitment of the document is that the Government:

“Recognise and support the independence of the sector, including its right within the law, to campaign, to comment on Government policy, and to challenge that policy, irrespective of any funding relationship that might exist, and to determine and manage its own affairs.”<sup>20</sup>

The literature review explores the wider debate about the Compact’s role in safeguarding the independence of the sector. This report focuses on the experiences and perspectives of eight central governments on independence and the role of the Compact.

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<sup>18</sup> Compact Working Group (1998), *Compact on Relations Between Government and the Voluntary Sector*, section 5

<sup>19</sup> Compact Working Group (1998), *ibid*, section 8

<sup>20</sup> Compact Working Group (1998), *ibid*, section 9.1

## The need for a central government perspective

There has been much debate on the nature and character of the third sector in recent years. Both central and local government are increasingly seeking to achieve a wide range of policy goals through engagement with, and service delivery by, the sector, recognising that it has unique strengths in terms of accessing target client groups as well as devising and delivering innovative, more personalised and effective services. This shift raises challenges for organisations which have long viewed their independence from the state as a core strength, one that is central to their legitimacy in the eyes of their beneficiaries and donors alike, and one that allows them to pursue their values-based objectives.

As the relationship between the third sector and the public sector has evolved and new policy initiatives have developed, the focus of the discourse has been on how the third sector might engage with public sector partners, and the benefits and pitfalls of that involvement. This is not unreasonable given the obvious imbalance between the two. Whereas national government departments have substantial financial and human resources to call on, the majority of third sector organisations are relatively small in terms of income and staff numbers, geographically limited and frequently rely on high levels of volunteering. Such characteristics are part of the strength of the sector, but they also make them vulnerable to the demands of funders. Consequently, this dynamic has generated much discussion within the sector on the practical and philosophical issues arising from greater interaction with the state.

By contrast, less has been communicated about this evolving relationship from the statutory sector's perspective. This research gives voice to a group of central government representatives, providing their insights into the understanding of and attitudes towards the independence of the third sector and, in particular, how and to what extent it has been affected by the Compact.

The issues and recommendations presented in this report have been informed by three intersecting but distinct lines of enquiry:

1. the specific mechanisms that exist to support the relationship between the public and third sectors, of which the Compact is one of the most significant;
2. the attitudes and perspectives from central government representatives; and
3. the experiences and opinions of the third sector on its varied forms of interaction with central government.

The **departmental overviews** in Section 5 outline the mechanisms which different government departments have put in place to support the third sector with a specific focus on their stated approach to independence. This is summarised in the **departmental matrix** which follows in Section 6. Section 7, the **thematic analysis**, explores some of the cross-cutting issues from the interview and survey feedback. Finally, section 8 sets out a few practical **recommendations** that government and third sector representatives may want to consider.

As we approach the tenth anniversary of the introduction of the Compact, it is clear that it remains a highly relevant, but also constantly evolving agreement that underpins an increasingly varied and significant relationship between the state and the third sector in this country. Our findings largely concur with academic analyses of the third sector which see it shifting from a

state of independence to one of inter-dependence with government and its many agencies. Nevertheless, the recommendations are focused on the central importance of continuing to the uphold the sector's right to independence and indeed its role in enhancing both policy making as well as the design and delivery of high-quality public services.

## 5. Departmental overviews

The following section presents overviews of eight central government departments' relations with the third sector. Each one of these incorporates:

- Departmental structures for working with the third sector;
- Strategic partners and forums; and
- Departmental strategies for working with the sector and other policy documents, particularly in so far as they focus on the sector's status and independence.

The departmental overviews are accompanied by a single departmental matrix in Section 6, which maps all eight central government departments against the structures that they use to engage with the third sector, uphold the Compact and, where it has been made explicit, safeguard the third sector's independence. It should be noted that all of the departments also have a Third Sector Champion and a Third Sector Liaison Officer.<sup>21</sup>

The various structures and strategies that are explored in this section are an integral aspect of central government's perspective on the Compact *and* the independence of the third sector. Whilst they may not all refer directly to either the Compact itself, or the third sector's state of independence, this is largely a reflection of the issue discussed in the literature review, that 'independence' as a concept on its own can be quite nebulous and difficult to pin down. This was also borne out by a number of departmental interviewees' commenting that they largely took the third sector's state of independence as a given:

"In terms of respecting independence, it goes without saying. We know they're independent and campaigning organisations."

"For me the independence of the sector is just taken for granted. The independence is generally known, appreciated and accepted."

Indeed, whether or not the term is deployed, the 'independence' of the third sector is central to the issues that come up in any exploration of the relationship between the sector and government. It is affected by a department's structures for consultation, policy appraisal, funding and procurement; by a department's position on campaigning, and by the departments' varied methods of engagement with third sector organisations.

The departmental structures outlined in the following overviews frame central government's position on these issues and all have important implications for the independence of the third sector. On the evidence of the eight departments we surveyed, this appears currently at least to be in fairly safe hands.

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<sup>21</sup> There are a small number of exceptions, where the same person is acting as both, or where position is vacant but will be filled imminently.

## **(1) Department of Health (DH)**

### **Departmental structures**

Within the Department of Health, the Third Sector Partnership Team has assumed the task for embedding the Compact. The Team provides a strategic focus for promoting the Third Sector (including volunteering) in the context of health and social care policy and service development and delivery.

The Third Sector Partnership team also manages the Department's key Voluntary and Community Sector (VCS) funding streams:

- Opportunities for Volunteering (OFV) Grants Scheme: launched by the Department of Health in 1982 and focussing on projects that involve volunteers in the delivery of health and social care services. In 2007/08 approximately £6.7 million will be distributed to over 300 projects in England.
- Section 64 General Scheme of Grants (ending after the 2008-09 round): grants to help voluntary organisations whose work supports the Government's health and social care goals.
- Third Sector Investment Programme (2009-10 onwards): replaces the Section 64 Grants and includes two new funding schemes in the first year. The Strategic Partner Programme will recruit up to 10 organisations to act as Strategic Partners from the third sector; while the Innovation, Excellence and Service Development fund will support projects that have the potential for national impact.

### **Strategic partners and forums**

The Department of Health won a Compact Award in 2007 for being the first government department to work with the sector at a strategic policy level through use of a sounding board and sector representation on its departmental delivery board.

The Department has a Third Sector and Social Enterprise Delivery Board. This is chaired by the Parliamentary Under Secretary of State for Care Services and consists of senior officials responsible for delivering key programmes that address policy and delivery in relation to those issues of relevance to the sector and is balanced by non-DH members.

The Delivery Board is complemented by an external Third Sector and Social Enterprise Sounding Board to provide a further 'reality-check' and ensure the Department's Third Sector and Social Enterprise programme is positioned effectively within the wider third sector partnership agenda.

A programme of joint learning events helps to facilitate, support and promote two-way learning between third sector, NHS and Department of Health participants on relevant topics, for example, World Class Commissioning.

## Strategies for working with the third sector

There are two strategies which focus on current aspects of the Department's work with the third sector:

- 1. Strategic review of third sector funding and investment:** This review aimed to develop a strategic framework for investment in the third sector that "transforms current piecemeal arrangements into a strategic portfolio of investment that more explicitly supports delivery of the Department's objectives and priorities." One of the proposed principles underpinning the new framework is to "recognise and embrace the Compact" and an accompanying consultation asked "How can the Department of Health more effectively recognise and embrace Compact principles in its commissioning and procurement processes?" The consultation with over 700 third sector organisations was completed in March 2008 and a response document has just been published, setting out details of the new Third Sector Investment Programme, which replaces the Section 64 General Scheme of Grants.
- 2. Strategy to support volunteering in health and social care:** The Department has just released a consultation to develop "a shared understanding of the essential elements for a proposed long-term strategy to deliver a coherent vision for volunteering support and development in health, well-being and social care." One of the strategic principles which would underpin this vision is to "Recognise and embed Compact principles". For example, the consultation document argues that "Commissioners have an opportunity to recognise [the huge potential of volunteering] by reflecting Compact principles in commissioning and LAA processes, respecting third sector independence, contributing to support for development of third sector infrastructure, including volunteer-involving organisations, and recognising the value of investment, costs and resources required to support volunteering effectively." The consultation document suggests developing guidance and training for commissioners on the costs of supporting and managing volunteers effectively, reflecting Compact funding principles. It also proposes a commitment to the Volunteering Compact Code of Good Practice and the production of clear guidance on issues such as insurance, application of Criminal Records Bureau (CRB) requirements, reimbursement of expenses, reflecting Compact principles.

Other reports and research carried out in relation to working with the third sector include:

- Report of the Section 64 Review Group (September 2003): This Group was established to address concerns as to whether the Department was adequately meeting the Compact requirements with regard to grants made under S64. The Group found that DH could take a number of steps to improve its partnership working with the VCS by making effective use of S64.
- No excuses. Embrace partnership now. Step towards change! Report of the third sector commissioning task force (July 2006): A report setting out the conclusions of the Third Sector Commissioning Task Force, set up to promote a sound commercial relationship between commissioners of health and social care services and the third sector as providers, and help remove barriers to entry for all potential providers of health and social care.

- Third Sector Market Mapping (February 2007): Report containing the results of research commissioned from IFF Research Ltd by the Department to examine the potential contribution that third sector organisations (TSOs) can make to the delivery of health and social care. The research involved surveys of third sector organisations and local authorities.
- Making Partnerships Work (March 2007): Case study examples demonstrating effective commissioning by statutory and NHS organisations working jointly with TSOs.

## **(2) Department for Work and Pensions (DWP)**

### **Departmental structures**

In terms of internal structures, the DWP's Work, Welfare, and Equality Group (WWEG) hosts the Delivery Directorate which is responsible for external stakeholder engagement. The Group's Commissioning Strategy Team in particular has regular contact with the Office of the Third Sector, as well as third sector providers through various consultation events and structured strategic forums.

Unlike many other departments, the DWP does not have a dedicated Third Sector division, although there is a position of Third Sector Liaison Officer. A commentator from the Department observed that this structure has benefits, because a dedicated division can mean others abdicate their responsibility for progressing third sector issues. They went on to observe that the dispersed responsibility does mean that those with primary responsibility do need to work harder to ensure that all parts of the organisation think about the needs of the third sector in their business and that relations with the sector are appropriate.

### **Strategic partners and forums**

Rather than having one single strategic partner forum for the whole of DWP, the Department engages with third sector providers through various strategic forums for the purpose of discussing strategy and policy.

Different parts of DWP have their own arrangements for working strategically with third sector partners and stakeholders. The Disability and Carers Service aims to identify "strategic partners within the Voluntary and Community sector to improve services to our working-age customers." The DWP website explains how it aims to "Implement more efficient working practices between voluntary and community organisations and Disability and Carers Service. In addition we will continue our joint initiatives with key organisations."

DWP also engages with third sector organisations with regard to specific policies and strategies. For example, the Department consulted the third sector over the procurement of Flexible New Deal (FND) in the following ways:

- A short workshop at a Faith Action event, focused on the new commissioning strategy, the opportunities available via programmes such as FND and ideas on how they could get engaged.

- Briefing events during March and April for both potential FND prime contractors and smaller organisations that may wish to be involved as sub-contractors. These were publicised widely in the local and national press and on DWP's website, as well as through e-mailing all of the organisations that had been previously involved in discussions with the Department. According to the Department, "The events were very well attended by organisations from all sectors and of all sizes and provided an early opportunity for them to begin partnership working."
- A session co-hosted with ERSA (the Employment Related Services Association) at the Birmingham Welfare to Work convention in June with the aim of bringing together those attendees who were potential FND sub-contractors with potential prime contractors.
- A small consultation group comprising a range of representatives, some of the Department's larger providers from both the private and voluntary sectors and the Commission for the Compact, to work alongside the implementation of FND.
- A number of events delivered by a specialist organisation appointed by DWP which aimed to help third sector/small organisations become more commercially aware and enable them to enter into appropriate commercial arrangements with DWP's chosen prime contractors.

Third sector providers like the Royal British Legion Industries (RBLI) Employment Services are also represented on the DWP Provision Forum, along with private sector providers. The Provision Forum is a group of DWP contracted employment/training providers that develop closer ways of working through consultation with the provider community.

### **Strategies for working with the third sector**

Key to understanding the DWP's relationship to the third sector is an understanding that it does not, on the whole, provide grant funding; rather it commissions and contracts services from a mixed economy of providers including third sector organisations. There have been only two grant streams, the Partnership Fund (now ended) and the Growth Fund, which were designed to meet specific Departmental objectives.

DWP does not have a third sector strategy but working with the third sector is a topic covered by other strategies and policies in various parts of the Department. For example, the third sector is covered in the part of the FND commercial strategy in which DWP incorporates the ability for smaller organisations to come together and pool their resources to bid as a prime contractor, by setting up a new legal entity via a Special Purpose Vehicle. Similarly, consultation with the third sector is recognised through a national consultative strategy that cuts across the Department and focuses on developing policy.

The recent publication of DWP's Commissioning Strategy (February 2008) has important implications for the third sector. The Commissioning Strategy targets third sector organisations alongside private sector organisations and public sector partners. It commits to working with the OTS and the Devolved Administrations "to identify ways in which specific support can be developed that will help third sector organisations grow and flourish in the welfare to work market."

Some within the sector have expressed concern about the impact of the Commissioning Strategy and how far it has integrated Compact principles. The strategy document acknowledges that during the consultation period, “concern was expressed by several organisations – especially those in or representing the third sector – that small providers are disadvantaged by the prime contractor model.”

The Department has tried to assuage some of these concerns through including a Code of Conduct as part of the Commissioning Strategy. This describes best practice with regard to treatment of sub-contractors and other partners or suppliers, including recognition of third sector requirements: “Our Code of Conduct describes the principles of behaviour between providers. It takes account of the Compact principles and we are committed to working with the Commission for the Compact on an on-going basis as the Compact undergoes review.”

June 2008 saw the launch of a third sector taskforce specifically to look at the role of the third sector in providing welfare-to-work services. Announcing the taskforce, the Department called for stronger third sector involvement in delivering the Government’s welfare to work reforms. The taskforce will focus on a number of areas, such as identifying any barriers to the third sector playing a full and active role in welfare to work provision and how to mitigate them, recognising good practice and how to replicate it.

The taskforce will report directly to the Secretary of State for Work and Pensions, James Purnell, and Employment and Welfare Minister, Stephen Timms. It is being chaired by Tony Hawkhead, the Chief Executive of Groundwork UK, and is expected to publish its recommendations to DWP in early 2009.

### **(3) Communities and Local Government (CLG)**

#### **Departmental structures**

The Department has a dedicated Third Sector and Social Enterprise Team. However, working with the third sector is central to much of the Department’s work. CLG’s June 2007 Third Sector Strategy discussion paper explained that “The sector is providing knowledge, experience and expertise which are helping to improve the effectiveness of our policies and programmes. But this approach is not consistently and corporately applied across the Department at the moment.” The strategy paper proposed the creation of “an internal Programme Board which will bring together those with responsibility for key areas of our engagement with the third sector from across the Department.”

Furthermore, apart from engagement on a national policy level, much of CLG’s interaction with the third sector occurs outside the central Departmental structures. As recognised by the third sector strategy discussion paper, the ‘majority’ of the Department’s financial relationships with the third sector occur at the local level and are indirect – mediated through others such as national intermediary bodies and through partnership arrangements such as Local Strategic Partnerships.

## **Strategic partners and forums**

In its third sector strategy discussion paper, CLG committed to developing a strategic partners' programme for engaging with third sector organisations. Alongside this, the Department proposed to develop, subject to the outcome of CSR07, a new Strategic Partners Grant Programme. More recently, CLG has announced that it is rethinking the most effective way to use this money to engage with the sector.

CLG is currently consulting on the role and membership of an enhanced Third Sector Partnership Board, aimed at giving the sector a forum to influence policy. The consultation document proposes that the board should be chaired by a CLG Minister and its members should include the third sector Minister, as well as representatives of a range of sector organisations, umbrella bodies and local government. The document adds that engaging with the sector in a "consistent, coherent, strategic and timely manner" is a requirement to forming a culture of "confidence, trust and respect" between the third sector and the Department.

CLG engages with third sector organisations as stakeholders in a variety of ways. The Department's third sector strategy discussion paper explains that "At the national level we engage with some key policy organisations that advocate and act on behalf of the sector itself, including groups such as the National Council of Voluntary Organisations (NCVO), the National Association for Voluntary and Community Action (NAVCA), and Urban Forum."

On occasion, CLG involves third sector organisations directly in the formulation of policy. For example, following a commitment in the Local Government White Paper, CLG convened a third sector stakeholder group, chaired by Neil Cleevely of NAVCA, to draft a guidance document for local third sector organisations and LSPs in light of the "duty to involve". A discussion document, entitled *Principles of Representation: A framework for effective Third Sector participation on Local Strategic Partnerships (LSPs)*, was launched in November 2007. The final document was published on 11<sup>th</sup> August 2008.

Meanwhile, the National Community Forum is a Non-Departmental Public Body (NDPB) set up by the Department. It comprises 24 grassroots community workers from across England, who represent a diverse range of communities, and engage directly with central government policymakers including Ministers.

CLG also reaches third sector stakeholders through specific events. For example, the Department ran a series of 'road shows' about the third sector strategy in summer 2007. These were organised by the Government Regional Offices. In February 2008, CLG organised a joint conference with the Office of the Third Sector (OTS), *Strengthening Communities: Partners in Action*. This aimed to give delegates from the third sector and local government an opportunity to learn more about how the Government is taking forward recommendations around strengthening communities and local partnership working.

In addition, CLG is currently in the process of recruiting a third sector non-executive member of CLG's board to advise on third sector issues.

## **Strategies for working with the third sector**

CLG's third sector strategy discussion paper, published in June 2007, recognises the need for long-term strategic engagement with the third sector to bring greater coherence to policy development. The strategy paper sets out how CLG proposes to improve its relationship with the third sector in four main ways, by:

1. improving how we work with the sector;
2. enabling the sector to be an effective local partner in place shaping;
3. moving to a more strategic partnership and funding relationship with the sector; and
4. supporting sustainable investment in Community Anchors.

In the foreword to the paper, the then Secretary of State, Ruth Kelly, acknowledges the value of "an independent and diverse third sector" before discussing ways of engaging with this sector. The "Our ambition" section of the paper further explains that "Whilst recognising its independence, we want to encourage the sector itself to contribute fully to the new local government landscape, including collaborating on local representation, engagement and involvement, reaching out to all sections of the community and being user-focused."

The Compact is mentioned several times throughout the document. The section on 'enabling the sector to be an effective local partner in place shaping' proposes that CLG will "Set out our commitment to three-year grant funding in statutory guidance to local government and reflected in the Comprehensive Area Assessment. This will be supported by best practice on funding issues (including the key funding and procurement principles contained in the Compact)."

The section on 'improving how we work with the sector' includes a statement that "We should uphold the principle of the sector's independence and support staff to fulfil the actions that put the Compact into practice." The paper explains that CLG can do more to apply Compact principles to its ways of working, including raising awareness of the Compact across the Department and NDPBs and regional offices; involving the sector early in policy formation; and ensuring that the sector has the time and opportunity to respond to consultations.

Following this commitment, the Department is now taking forward a new Compact Development Programme to embed Compact compliancy across the Department. This is being developed at the moment with the aim of having arrangements in place next year.

In 2007, CLG won a Compact Award for "Voice and Independence". The Commission for the Compact website explains that the commendation for excellence was because CLG "Conducted extensive consultation on a new third sector strategy and set up a range of mechanisms to involve the sector in developing statutory guidance relating to the local government white paper. Also set up a sector working group to develop a discussion paper on principles for stronger sector representation on local strategic partnerships."

The third sector is currently being invited to respond to a consultation on the Department's Communities in Control White Paper (July 2008). This outlines plans for a new three-year £7.5m Empowerment Fund, unrelated to specific projects, which will be available to sector organisations in England supporting local communities in a number of areas, such as leadership, involvement in planning and social enterprise.

## **(4) Ministry of Justice (MoJ)**

### **Departmental structures**

The Ministry of Justice (MoJ) has a Third Sector Champion and a Third Sector Liaison Officer, who represent the government's third sector agenda both within the Department and to the Ministry of Justice's NDPBs, agencies and stakeholders.

Each of the Department's business areas has identified lead policy officials and they have responsibilities to secure the best possible services from the best available providers, including those from the third sector. The MoJ's Third Sector Strategy recognises that "The business areas within the MoJ are at different stages of development in their relationships with the third sector and have potentially different needs and futures."

Furthermore, much of the Ministry's work is delivered through executive agencies – such as the National Offender Management Service (NOMS), which combines HM Prison Service and the Probation Service – or through the NDPB mechanism – such as the Legal Services Commission (LSC).

These agencies and NDPBs have varying structures and strategies for engaging with the third sector. For example, the LSC's Chief Executive, Carolyn Regan, has taken personal responsibility for its relationship with the third sector and the LSC issued a statement setting out its commitment to the Compact with the voluntary and community sector in November 2007.

### **Strategic partners and forums**

The Ministry of Justice (MoJ) Third Sector Strategy promises that "The Ministry of Justice will establish a Third Sector Forum / Advisory Group / Partnership Board that draws together key third sector representatives from the various MoJ business areas and relevant officials, jointly chaired by the MoJ third sector champion and the third sector to meet bi-annually to review progress and identify future planning requirements. Where possible the meeting will be attended by the relevant Minister. This body will be set up by autumn 2008 in consultation with the third sector."

In addition, NOMS has a Third Sector Stakeholder Group for Contestability, which was convened to bring together a range of national, regional and local third sector providers of services to offenders across the seven identified pathways to reduce re-offending, (accommodation; skills and employment; mental and physical health; drugs and alcohol; benefits debt and finance; children and families; and attitudes thinking and behaviour). It aims to provide the third sector with "an opportunity to help shape commissioning plans and to highlight barriers to engagement and to think creatively about how these can be overcome."

Meanwhile, the Legal Services Commission is setting up regional Provider Reference Groups to enable more structured and regular channels for two-way communication with contracted third sector and private practice legal services providers.

## **Strategies for working with the third sector**

The Ministry of Justice has recently released its Third Sector Strategy (June 2008). This strategy addresses four key strands, built around the Department's various business areas:

- Enabling voice and campaigning;
- Strengthening communities;
- Transforming public services; and
- Encouraging social enterprise.

These four strands underpin the MoJ's approach to supporting the environment for a healthy third sector, consistent with the mission of the Commission for the Compact. Amongst other things, the strategy aims to help the Department to:

- recognise and respect the independence of the third sector and the right for third sector organisations to campaign whether or not they are under contract to deliver services; and
- continue to work towards best practice in relations with the third sector, as set out in the Compact.

In a press release on March 2008, the Commission for the Compact commended what it called "the excellent quality of the consultation document" which fed into the third sector strategy. Bert Massie commented that "The Ministry of Justice's approach involves clear commitment to Compact principles as well as detailed thinking as to how they can be embedded in the Department's ways of working."

Most recently, MoJ has teamed up with Chief Executives body Acevo to form a third sector task force that will aim to boost the work voluntary organisations do in probation services. The new task force, chaired by justice minister David Hanson, convened for the first time on 23 July and will continue to meet regularly before producing a final report in early autumn. It will consider how the system of selecting 'best value for money' can benefit charitable organisations and will also decide if there should be targets for third sector involvement, following the Government's decision in March to abandon the target for charities to deliver 10% of probation services under NOMS.

The MoJ will also be considering the Department's volunteering strategy following the review of volunteering across the criminal justice system currently being conducted by the government's volunteering tsar, Baroness Julia Neuberger.

NOMS is currently finalising its approach to working with the third sector to reduce re-offending, which includes specific principles, actions, time-lines and accountabilities to enable better engagement with the sector and to enhance its role in public service delivery and design. MoJ and NOMS are to publish a third sector paper "Working with the Third Sector to reduce re-offending 2008-2011 (in October 2008).

## **(5) Department for Children Schools and Families (DCSF)**

### **Departmental structures**

The Department delivers its business across a large number of diverse areas in which the third sector plays a part: from childcare and parenting support, through schools, to children's residential care. DCSF recognises the essential role that the third sector has to play in delivering public services for the Department.

The Department's Third Sector Liaison Officer (TSLO), is currently looking at how to embed working with the third sector across the Department. This would mean every policy team engaging with the third sector as opposed to having a separate forum that brings together the disparate policy areas that affect the third sector. This could be complemented by very specific third sector groups focussed on particular areas.

### **Strategic partners and forums**

The Department had a Third Sector Forum for Children and Young People's Services, which was set up by the former DfES in July 2006 and which met every three months up until July 2007. Its core membership was drawn from voluntary and community organisations and it was co-chaired by Parmjit Dhanda, Parliamentary Under-Secretary of State for Children, Young People and Families, and Clare Tickell, the Chief Executive of NCH.

The Third Sector Forum was given a time-limited remit to identify positive ways of tackling barriers to full third sector engagement in children and young people's services. The Forum was also involved in discussing government strategies and helping the Department understand their impact on the third sector. For example, it helped to develop the Third Sector Strategy and Action Plan.

In addition, DCSF sponsored a £3 million investment programme, VCS Engage. This national programme was particularly designed to strengthen the engagement of the voluntary and community sector in the Every Child Matters (ECM) agenda, i.e. in the planning, commissioning and delivery of services for children, young people and their families. It was delivered by a consortium of third sector providers led by the National Children's Bureau (NCB).

The VCS Engage programme officially ended in March 2008, but one of the action points in the Department's Third Sector Strategy and Action Plan was "To consider how best to take forward the learning from the programme." VCS Engage undertook a lot of research and preparatory work, which is now being taken forward in different ways. Some of the partners in the third sector consortium are continuing to be funded for discrete projects. Meanwhile, an infrastructure support group is being set up to explore the barriers for the third sector on both the commissioning side and the delivery side. The first meeting was scheduled for 28<sup>th</sup> July.

Both the Third Sector Forum and the VCS Engage programme have now finished and the Department is considering how best to work with third sector partners and the broader third sector. This could mean policy teams engaging directly with the third sector as well as the establishment of specific third sector groups. The Department's TSLO is also considering how to

make better use of research carried out by the third sector, as well as how to work more strategically with DCSF-funded third sector partners such as the Youth Parliament.

### **Strategies for working with the third sector**

In June 2007, the then DfES published its Third Sector Strategy and Action Plan. The strategy focussed on five areas:

- Voice and Campaigning;
- Strengthening Communities;
- Transforming Public Services;
- Social Enterprises; and
- Supporting the environment for a healthy third sector.

As part of the fifth area of focus, the Department and its NDPBs committed to “work in line with the Compact.” The strategy noted that the Department is readying itself for assessment against Compact practices and that it is working alongside the Office of the Third Sector and the Compact Commissioner to trial a Compact “tool” to help it assess its progress. Since the action plan was written, the Learning and Skills Council has done a Compact review and DCSF is considering doing the same, using its third sector partners.

Whilst this Strategy and Action Plan applied to the old DfES, its overarching principles are still recognised as valid for the DCSF, even if some of the specific initiatives mentioned no longer fall within DCSF’s remit. DCSF plan to rewrite its Third Sector Strategy alongside that of the Department for Innovation Universities and Skills (DIUS) – the other Department to be formed from the former DfES.

## **(6) Her Majesty’s Revenue and Customs (HMRC)**

### **Departmental structures**

HMRC has a Third Sector Team which works with the third sector. They work with the Third Sector in a number of ways including providing funding for projects which support HMRC customers and facilitating consultation through use of forums. The team also contributed to Compact week last year by launching HMRC’s 2008/9 multi year Grant in Aid funding round at a London event on 6 November 2007 and holding an event for their Individuals Stakeholder Forum.

HMRC has a Grade 3 Third Sector Champion, who is also Director of the Individuals Customer Directorate, to oversee the Department’s engagement with the Third Sector, supported by a small Third Sector Team within HMRC. The Third Sector Team works collaboratively across all policy development and service delivery streams to embed the principles of the Compact, implement the recommendations of the Cross-Cutting Review and align VCS activity across HMRC.

## **Strategic partners and forums**

As mentioned in Compact week, HMRC has an Individuals Stakeholder Forum, which is its key forum for consulting on issues impacting its individual (not business) customers. The forum is made up of a wide range of partners, including One Parent Families/Gingerbread, Citizens Advice, National Union of Students, Low Incomes Tax Reform Group, Council for Ethnic Minority Voluntary Organisations, Royal National Institute for the Blind, TaxAid and many others.

## **Strategies for working with the third sector**

The HMRC Strategy for working with the Third Sector sets out HMRC's aim to improve the development and delivery of HMRC policy, services, processes and products, through effective engagement with the VCS. The Strategy provides a framework for identifying and developing opportunities for joint working, and for progressing new and innovative ways of providing services through the VCS as intermediaries and as specialists in understanding our customers' needs.

The Strategy says that it respects the independence of the VCS and recognises that, in their working with HMRC, that independence is to be valued and not compromised.

## **(7) Department for Culture Media and Sport (DCMS)**

### **Departmental structures**

Within the Department, overall responsibility for the Voluntary and Community Sector (VCS) and volunteering issues rests with the Grade 3 Champion and the VCS Liaison Officer. Both attend meetings across Whitehall with other Government departments to share good practice and report on progress with regard to the VCS and volunteering. The Grade 3 Champion also chairs VCS Forum meetings with representatives of the VCS to discuss issues of common interest.

Key to DCMS' engagement with the sector is its NDPBs. In 2007, the DCMS Simplification Plan explained that:

“DCMS has relatively little direct interaction with Third Sector bodies. However, many of its NDPBs have considerable interaction with the third sector, with substantial funding being directed into them... The biggest interaction is through the NDPBs which are Lottery Distributors... The Big Lottery Fund, which distributes Lottery money to health, education, the environment and charitable purposes, has undertaken that 60-70 % of total funding will go to the voluntary and community sector.”

### **Strategic partners and forums**

DCMS operates a VCS Forum. According to the VCS Liaison Officer, “DCMS's bi-annual VCS Forum meetings create a platform for VCS organisations to raise issues and opportunities in relation to the Department and its work – for example VCS engagement in the 2012 Olympic and Paralympic Games – and to promote the Compact principles.”

In addition, the Simplification Plan outlines how:

“DCMS has also said it will investigate ways in which it can survey the customers of NDPBs, including those from the third sector, and then help bodies in implementing any suggestions made. DCMS also hopes that the work to investigate regulatory burdens within its sectors will highlight any problems being faced by third sector bodies that relate to DCMS’s objectives.”

### **Strategies for working with the third sector**

In spring 2005, the Department produced a discussion document, ‘A Giving Culture: getting the best out of the relationship between the VCS and DCMS’. Following this, in February 2006, DCMS updated its Strategy for Implementation of HM Treasury’s Cross Cutting Review, “Engaging with the Voluntary and Community Sector”.

The latter document outlined how “DCMS is committed to working closely with the Home Office’s Active Communities Directorate (ACD) and also to enshrining the principles contained in the Compact into the Department’s work. We support the recommendations contained in HM Treasury’s Cross Cutting Review, and will work to ensure their implementation within DCMS and across NDPBs.”

It contains five main areas for action:

1. Reform of delivery
2. Building capacity
3. Developing the Compact
4. Encouraging volunteering in DCMS
5. Better communication

DCMS is currently looking to update its voluntary and community strategy and is planning to go to consultation in the Autumn 2008.

## **(8) Department for Environment, Food and Rural Affairs (Defra)**

### **Departmental structures**

The Third Sector Team sits within the Local and Regional Governance Division.

Defra is also working with its delivery partners on third sector issues. The consultation document on its third sector strategy explains that:

“Defra is working with its Executive Agencies and NDPBs in the Defra Network to promote the Compact and to clarify accountability for third sector issues, including Compact compliance. In the context of Defra’s funding to these bodies, Defra encourages them to honour the spirit of the commitments in the Compact and apply these to work which is supported by Defra. A number of our delivery bodies are already exploring the need for their own third sector policies or strategies. Defra will share its own awareness raising materials about the Compact with these delivery bodies so they too are able to explore the practical implications for the way they do business. We will work with our delivery bodies to publish contact details for officials responsible for the third sector.”

### **Strategic partners and forums**

In the past few years, Defra has sought policy input from the third sector in a variety of ways:

- a Compact Group, with representatives from the Department and the sector taking a proactive role in supporting Defra to mainstream the Compact principles, including through work to ensure third sector organisations can recover appropriate management and overhead costs in their funding agreements;
- the Rural Community Buildings Network, comprised of representatives from faith groups and other third sector organisations whose assets include community buildings. The network brings together partners to share information and best practice on matters affecting rural community buildings and to provide a unified voice to advise on policy; and,
- a Social Enterprise Stakeholders Forum to discuss taking forward the Department’s social enterprise agenda.

Defra also engages with third sector organisations through policy-specific forums or events. For example, Defra’s framework for pro-environmental behaviours, published in January 2008, was developed in conjunction with the third sector. During Defra’s initial scoping for the framework, the Department engaged Green Alliance to act as a convener for the third sector (and relevant Defra delivery bodies). They organised a series of workshops to identify a short list of behaviours as a focus for Government and its delivery partners. Green Alliance’s conclusions were presented in a report to Defra and incorporated into the scoping report in December 2006 and the final framework document.

In terms of future plans, Defra’s consultation document on its third sector strategy sets out how:

“We also intend to develop a third sector liaison network for Defra, its Executive Agencies and NDPBs, so that we can more easily co-ordinate our approaches and exchange information. We will also explore the need for a mechanism, such as an annual forum, which brings together Defra, its delivery bodies and third sector stakeholders to improve dialogue.”

### **Strategies for working with the third sector**

In November 2007, Defra published a consultation document, “Towards a Defra Third Sector Strategy”. This focussed on 5 “common goals”:

1. Creating a supportive environment for a healthy and environmentally sustainable Third Sector
2. Enabling voice and campaigning
3. Strengthening communities
4. Transforming public services
5. Encouraging social enterprise and environmental entrepreneurship

One of the Strategy’s proposed objectives is “To reinforce the mainstreaming of the Compact into all areas of Defra activities, and encourage good practice through the work of our delivery bodies and those we commission to deliver on our behalf.” The new Defra Strategy will build on and incorporate Defra’s existing Compact Action Plan.

Defra published results on consultation in June 2008, and plans to publish its third sector strategy in Autumn 2008.

## 6. Departmental matrix

	<b>DoH</b>	<b>DWP</b>	<b>CLG</b>	<b>MoJ</b>	<b>DCSF</b>	<b>HMRC</b>	<b>DCMS</b>	<b>DEFRA</b>
<b>Departmental structures*</b>	<ul style="list-style-type: none"> <li>• Third Sector Partnership Team</li> </ul>	<ul style="list-style-type: none"> <li>• Delivery Directorate, Work, Welfare, and Equality Group</li> </ul>	<ul style="list-style-type: none"> <li>• Third Sector and Social Enterprise Team</li> </ul>	<ul style="list-style-type: none"> <li>• Each business area has lead policy officials</li> </ul>	<ul style="list-style-type: none"> <li>• Different arrangements for different business areas</li> </ul>	<ul style="list-style-type: none"> <li>• Third Sector Team</li> </ul>	<ul style="list-style-type: none"> <li>• Grade 3 Champion and TSLO hold overall responsibility</li> </ul>	<ul style="list-style-type: none"> <li>• Third Sector Team in Local and Regional Governance Division</li> </ul>
<b>Strategic partners and forums</b>	<ul style="list-style-type: none"> <li>• Third Sector and Social Enterprise Delivery Board</li> <li>• Third Sector and Social Enterprise Sounding Board (external)</li> </ul>	<ul style="list-style-type: none"> <li>• Different arrangements in different parts of dept.</li> <li>• Flexible New Deal consultation</li> <li>• DWP Provision Forum</li> </ul>	<ul style="list-style-type: none"> <li>• Consulting on an enhanced Third Sector Partnership Board</li> <li>• Third sector stakeholder group for Principles of Representation</li> <li>• National Community Forum</li> <li>• Third sector 'road shows'</li> </ul>	<ul style="list-style-type: none"> <li>• Third Sector Forum to be set up by autumn 2008</li> <li>• NOMS Third Sector Stakeholder Group for Contestability</li> <li>• LSC regional Provider Reference Groups</li> </ul>	<ul style="list-style-type: none"> <li>• Time-limited Third Sector Forum (now ended)</li> <li>• VCS Engage (now ended)</li> <li>• Infrastructure support group to explore barriers to third sector in commissioning and delivery</li> </ul>	<ul style="list-style-type: none"> <li>• Individuals Stakeholder Forum</li> </ul>	<ul style="list-style-type: none"> <li>• VCS Forum</li> </ul>	<ul style="list-style-type: none"> <li>• Compact Group</li> <li>• Rural Community Buildings Network</li> <li>• Social Enterprise Stakeholders Forum</li> <li>• Third sector input into pro-environmental behaviours framework</li> </ul>
<b>Strategies for working with the third sector</b>	<ul style="list-style-type: none"> <li>• Strategic review of third sector funding and investment</li> <li>• Strategy to support volunteering in health and social care</li> </ul>	<ul style="list-style-type: none"> <li>• Flexible New Deal commercial strategy</li> <li>• National consultative strategy</li> <li>• Commissioning Strategy</li> <li>• Third sector taskforce (W2W)</li> </ul>	<ul style="list-style-type: none"> <li>• Third sector strategy discussion paper</li> <li>• Taking forward a new Compact Development Programme</li> <li>• Communities in Control White Paper</li> </ul>	<ul style="list-style-type: none"> <li>• Third Sector Strategy</li> <li>• Third sector task force to boost the work TSOs do in probation services under NOMS</li> </ul>	<ul style="list-style-type: none"> <li>• DfES Third Sector Strategy and Action Plan</li> <li>• Learning and Skills Council Compact review, DCSF Compact review may follow</li> </ul>	<ul style="list-style-type: none"> <li>• Strategy for working with the Third Sector</li> </ul>	<ul style="list-style-type: none"> <li>• Voluntary and Community Sector Strategy</li> </ul>	<ul style="list-style-type: none"> <li>• Towards a Defra Third Sector Strategy (consultation document)</li> <li>• Compact Action Plan</li> </ul>

(\* It should be noted that all of the departments also have a Third Sector Champion and a Third Sector Liaison Officer.)

## 7. Thematic analysis

The following section takes a thematic approach to assessing how the Compact has impacted on the third sector's independence in its various dealings with central government departments. The analysis draws on a number of in-depth interviews with Third Sector Liaison Officers and other colleagues in the eight departments under review. The aide-memoire for these discussions is available in Appendix 2. The analysis is also informed by an e-survey which we carried out with departmental colleagues in the eight departments, which is available in Appendix 3.

### **Independence: 'goes without saying'**

The premise of this research project is that there are growing questions or concerns about the independence of the third sector in the context of its burgeoning relationship with central government. However, a strong theme emerging from the interviews suggests that the status of third sector organisations as independent bodies is 'taken for granted', inherent and integral to interviewees' understanding of the third sector:

In terms of respecting independence, it goes without saying. We know they're independent and campaigning organisations.

For me the independence of the sector is just taken for granted. The independence is generally known, appreciated and accepted. There's no desire to undermine the independence of the sector in some kind of Machiavellian way.

Indeed, several interviewees felt that an awareness of the independence of the sector is 'part of the business' of those who work with third sector organisations:

We have to have an acute sense of what [the third sector's] role is, what it's good at and bad at and it's part of our business to know they are independent organisations. I would hope we have an acute sense of them as independent organisations.

Not everyone engages with the sector and is aware of the Compact. But those who do will be acutely aware of the need the sector feels to be independent and how jealously they safeguard that role.

### **Right to campaign**

A particular focus of this consultation with central government was to assess perceptions of the sector's 'right to campaign', a key facet of its maintaining its independence. As with attitudes to the independence of the sector as a whole, both interviewees and survey respondents overwhelmingly recognised and supported the sector's right to campaign.

When asked to select the statement that best describes how their department treats campaigning by TSOs, 84% of survey respondents said that their department either "mostly" (50%) or "fully" (34%) recognises and supports the sector's right to campaign and to challenge

Government policy, irrespective of any funding relationship that might exist. Only 3% replied that their department “does not recognise the sector’s right to campaign and to challenge government policy.” These results are shown in more detail in Table 1 below:

**Table 1: Which of the following statements best describes how your department treats campaigning by TSOs?**

Answer	20%	40%	60%	80%	100%	Percent
The department does not recognise the sector’s right to campaign and to challenge Government policy, irrespective of any funding relationship that might exist.						3.12%
The department partly recognises the sector’s right to campaign and to challenge Government policy. However, it thinks that TSOs should not campaign on issues for which they are receiving government funding.						12.50%
The department mostly recognises and supports the sector’s right to campaign and to challenge Government policy, although some parts of the department may think that TSOs should not campaign on issues for which they are receiving a majority or significant amount of government funding.						50.00%
The department fully recognises and supports the sector’s right to campaign and to challenge Government policy, irrespective of any funding relationship that might exist. It proactively promotes to TSOs the fact that it supports them campaigning, even on issues where they receive significant sums of government funding, and that it will not sanction them.						34.38%

The interviews backed up this impression of strong support for the third sector’s right to campaign, with interviewees seeing the ‘voice’ function as an invaluable part of the sector’s role:

We know that’s one of the intrinsic roles of the third sector. We have several key third sector organisations whose role is to lobby and be critical, and by and large we maintain good relations. We put a lot of effort into stakeholder management and their campaigning doesn’t affect our relationship with them.

There’s a recognition that the third sector will always actively campaign and will continue to do so. The Department recognises this even when it goes against what the Department wants to do.

A lot of our supported organisations are very vocal. We are forever being lobbied and they do believe they have the right to harangue us. And ministers are very conscious of the need to listen to them. We have ministers who are very anxious and acutely conscious of the need to listen.

One interviewee from an NDPB detailed how their organisation supported the sector's campaigning role through direct funding:

We fund voluntary bodies' campaigning function. We see it as a very legitimate and important aspect of their role . . . We don't balk at funding that element of the sector.

Interviewees were asked about the implications of funding on recipient groups' campaigning activities, to gain a sense of support for the sector's 'voice' in practice, as well as in principle. The majority of interviewees were actively supportive of campaigning by organisations in receipt of departmental funding – either grant or contract-based – and viewed the funding process as divorced from any campaigning activity:

We've contracted with the Third Sector for years and many are campaigning organisations. To the best of my knowledge, that campaigning aspect has never been an issue or a reason not to award a contract. As long as they're delivering to contract, they can do what they like.

We wouldn't want to compromise their campaigning role and where we fund them, it doesn't remove their right to campaign. They do challenge us and that's what they have the right to do, which is understood by ministers and officials.

A couple of interviewees explained how this supportive attitude manifests itself in their procurement processes:

We fund a number of organisations that deliver as well as lobby. We are quite clear about their right to do that and treat their funding bids as a completely independent element. We've discussed this with some of these third sector organisations – we say, "we want to work with you because you deal with our key groups" and we've reassured them that they can work with us without compromise.

We are careful that they can maintain their independence . . . We recognise that the third sector does have a campaigning role, it's one of their key roles. We don't put pressure on them in our procurement processes.

### **Implementing independence**

While such strong assertions on the unquestioned independent character of third sector organisations may seem encouraging, it is equally important element that independence is maintained in practice and that there is no gap between rhetoric and reality. Interviewees outlined the kinds of mechanisms, policies and procedures that departments have put in place both directly to support productive working relations with third sector organisations and, more broadly, to create an environment in which a thriving – and independent – third sector can flourish. Most interviewees reported that their department implements, or is in the process of

implementing, those key elements of the Compact that support the independence of the third sector.

The mechanism most frequently cited was having 12 week consultation processes as standard (see box below for an example of a consultation that was commended by the Commission for the Compact); a majority indicated that three-year minimum funding arrangements are in place; a significant minority had in place full-cost recovery and more flexible and reduced reporting requirements, something which other departments are working on, according to the remainder of interviewees.

### **CLG's consultation and policy development with the third sector**

In 2007, CLG won a Compact Award for "Voice and Independence". The Commission for the Compact website explains that the commendation for excellence was because CLG "Conducted extensive consultation on a new third sector strategy and set up a range of mechanisms to involve the sector in developing statutory guidance relating to the local government white paper. Also set up a sector working group to develop a discussion paper on principles for stronger sector representation on local strategic partnerships."

The consultation and policy development initiatives referred to by the Commission are set out in more detail in the departmental overviews:

- The Department ran a series of 'road shows' about the third sector strategy in summer 2007. These were organised by the Government Regional Offices.
- Following a commitment in the Local Government White Paper, CLG convened a third sector stakeholder group, chaired by Neil Cleevley of NAVCA, to draft a guidance document for local third sector organisations and LSPs in light of the "duty to involve". A discussion document, entitled Principles of Representation: A framework for effective Third Sector participation on Local Strategic Partnerships (LSPs), was launched in November 2007. The final document was published on 11<sup>th</sup> August 2008.

In addition, both interviewees and survey respondents highlighted the range of strategies, partnerships and internal working groups dedicated to supporting the third sector. Of the respondents to the e-survey across the departments:

- 63% were aware of a departmental Third Sector Strategy with explicit reference to the Compact;
- 56% were aware of Third Sector Liaison Officers;
- 44% were aware of strategic partnerships with third sector organisations;
- 31% were aware of an internal Compact team;
- 22% were aware of regular secondees from the Third Sector who develop our relations with third sector organisations and help ensure adherence to the Compact; and
- 19% were aware of individuals take responsibility for implementing the Compact in their day-to-day work/as part of their job description, although none were aware of implementing the Compact as an element in performance appraisal.

Departments use various mechanisms in different ways and the interviews revealed some of the reasons why a particular mechanism works better in one department than another. A prime example of this was the difference in approach to third sector forums. Some departments have general forums that comment on all policy areas, while others have specific forums focussed on a narrower policy area. There are clearly advantages and disadvantages of each and the two approaches are not necessarily mutually exclusive. One approach to third sector forums is presented below:

### **Department of Health's Third Sector and Social Enterprise Delivery Board and Sounding Board**

The Department of Health won a Compact Award in 2007 for being the first Government Department to work with the sector at a strategic policy level through development of a Sounding Board as a reference and reality point to inform the Departments Third Sector and Social Enterprise Delivery Board.

The Department's Third Sector and Social Enterprise Delivery Board is chaired by the Parliamentary Under Secretary of State for Care Services and consists of senior officials responsible for delivering key programmes that address policy and delivery in relation to those issues of relevance to the sector and is balanced by non-DH members.

The Delivery Board is complemented by an external Third Sector and Social Enterprise Sounding Board to provide a further 'reality-check' and ensure the Department's Third Sector and Social Enterprise programme is positioned effectively within the wider third sector partnership agenda.

### **Awareness of the Compact**

Interviewees frequently admitted that in spite of the Compact's being the foundation of a department's interaction with the third sector, awareness and understanding of the Compact across the department as a whole are 'patchy'. A high level of awareness was reported within third sector teams, as well as for those divisions or officers that regularly deal with the third sector. However, awareness has not been developed consistently or reliably across all departments:

Awareness at senior level is good, but it filters down to lower officers at variable rates.

This variability was reflected in the survey results, which suggest that the Compact is only partially or selectively integrated across the department. See Table 2 overleaf:

**Table 2: Which of the following statements best describes how well the Compact is integrated across your department?**

Answer	20%	40%	60%	80%	100%	Percent
Not integrated at all – only a few people know about it and bother to implement it. There are no systems and tools in place to ensure department-wide compliance.						15.62%
Partially integrated - most people know about it but few feel responsible for implementing it. There are some systems and tools in place to ensure department-wide compliance but these are rarely used.						40.62%
Selectively integrated - only those in certain divisions (e.g. policy, commissioning) know about it and implement it. There are systems and tools in place to ensure department-wide compliance but these are only used in these divisions.						40.62%
Fully integrated - everybody knows about it and implements it. There are systems and tools in place to ensure department-wide compliance and these are used consistently.						3.12%

81% of respondents felt that the Compact was either partially or selectively integrated across their department. This means that “most people know about it but few feel responsible for implementing it” or that “only those in certain divisions (e.g. policy, commissioning) know about it and implement it”. Meanwhile, “There are some systems and tools in place to ensure department-wide compliance but these are rarely used” or “are only used in these divisions.”

This is particularly true of the larger departments, which operate across many policy agendas and where third sector issues have relevance to a range of different business areas:





[The Department] is very large, with lots of people, so the understanding varies across it and there are different ways in which people across the Department need to have that understanding.

One respondent to our e-survey even said:





I have been working with TSOs for many years and so have many of my colleagues. It was not until last week, at a workshop, that most of us found out there was a Compact.

The survey revealed that awareness of the Compact across departments is seen as variable. When asked to rate separately their personal and their department’s awareness and understanding of the Compact, respondents replied as shown in Tables 3 and 4 overleaf:

**Table 3: How respondents rated their personal awareness and understanding of the Compact**

Answer	20%	40%	60%	80%	100%	Percent
Poor						25.00%
Satisfactory						40.62%
Good						18.75%
Excellent						15.62%

**Table 4: How respondents rated their department's awareness and understanding of the Compact**

Answer	20%	40%	60%	80%	100%	Percent
Poor						28.12%
Satisfactory						43.75%
Good						25.00%
Excellent						3.12%

As a comparison of the two tables shows, individuals overall rated themselves (i.e. their own understanding of, or commitment to, the Compact) slightly higher than they rated their department. This reflects the type of individuals to whom the survey was distributed, i.e. people working in parts of the department that are more Compact-aware than the department as a whole. Over 80% of respondents categorised the main focus of their job role as policy/strategy and nearly 80% have contact with third sector organisations in their day-to-day work.

Overall, most respondents rated awareness as satisfactory, good or excellent at both a personal and a departmental level. However, there is a significant minority who felt that awareness was poor, especially at a departmental level where 28% of respondents selected the 'poor' option.

Departments have taken different approaches to tackling the issue of low awareness across their respective ministries, including their NDPBs. Defra, for example, used strategy development workshops with its staff and NDPBs to raise awareness and understanding of the Compact and independence (see box overleaf).

### Defra's strategy workshops

Following the publication of the consultation document *Towards a Third Sector Strategy* (November 2007), Defra has engaged the third sector and other stakeholders to develop its third sector strategy, due for publication in Autumn 2008.

Building on earlier work with stakeholders, a key part of the strategy development process has been three strategy workshops held in mid 2008. As well as one for the third sector, there were two workshops for staff in Defra itself and in its NDPBs.

The first of these was with senior Defra staff with policy or funding relationships with Third Sector and identified a high level of existing engagement and enthusiasm for the potential of working with the third sector, as well as the need to build knowledge and confidence in dealing with the sector.

The second workshop was with Defra delivery bodies and revealed a patchy level of knowledge of the Compact, but a general acceptance that the principles were common sense. Defra invited the CEO of the Commission for the Compact to give a presentation at the event to help raise awareness and understanding of the framework.

### The 'spirit' of the Compact

Despite this variable level of familiarity with the Compact, interviewees were unanimous in stressing the point that there is strong commitment to the *principles* that underpin it. This is supported by the survey results, where respondents rated commitment significantly higher than they rated awareness and understanding. See Tables 5 and 6 below:

**Table 5: How respondents rated their personal commitment to the Compact**

Answer	20%	40%	60%	80%	100%	Percent
Poor						15.62%
Satisfactory						34.38%
Good						28.12%
Excellent						21.88%

**Table 6: How respondents rated their department's commitment to the Compact**

Answer	20%	40%	60%	80%	100%	Percent
Poor						15.62%
Satisfactory						37.50%
Good						40.62%
Excellent						6.25%

As these tables demonstrate, only 16% of respondents rated their commitment to the Compact as 'poor', and the same applies to their respective department's commitment. This is significantly lower than the 25% and 28% respectively who thought that their personal or their department's awareness was poor. Indeed, half of respondents rated their personal commitment to the Compact as 'good' or 'excellent', and nearly as many said the same about their department's commitment.

The contrast between high levels of commitment and slightly lower levels of awareness of the Compact reflects a theme which was brought out in the interviews. Interviewees emphasised that it is the commitment to the 'spirit' of the Compact that is key, rather than to the very letter of the document:

I don't think most people look at the Compact, but they do recognise that they need a proper relationship with the third sector. Most of the time we're trying to do something because it's right, rather than just because the Compact says so. It's important that we are aligned with what's needed rather than just the letter of the Compact.

We do abide by the Compact. Not because it's the Compact, but because it's what we've done for some time.

On this theme, some commentators suggested that the promotion of the Compact as a concept in its own right might not be the most productive way to spread awareness of its core principles:

The word 'Compact' might not have high recognition, but the broad principles, such as promoting a level playing field, has. We try to raise awareness about the Compact, but I'm not sure that's productive. Someone on the front line wouldn't necessarily connect it with their own work. Our approach is to promote the principles within the Compact rather than the Compact as a concept. It makes it more meaningful.

If you asked about the Compact and independence, [the staff] would look at you as if to say "well it's self evident, we've been doing it for years". It's about what they do, not whether they recognise the badge on it . . . It's more about doing what the spirit of the Compact is [about].

### **Developing a 'mature' relationship**

Interviewees across all departments (both those in policy development and commissioning roles), emphasised the need to develop more 'mature' and 'adult' relationships between central government and the third sector. Unpacking this notion reveals issues around the character of interactions between the public and third sectors. Some departmental representatives emphasised the need to have "a more trusting relationship" (DWP); they expressed their frustration that the third sector sometimes fails to recognise that they operate within an environment driven by "ministers who want everything yesterday", and that upholding the Compact is a two-way relationship, where the two parties are partners, not adversaries.

In relation to independence, a 'mature' relationship centres around how the public and third sectors perceive and use the Compact. Whereas many in the third sector see the Compact as the central plank in ensuring positive and beneficial interactions with central government, evidence from this research study suggests that, for the departmental representatives, the Compact is helpful, but not necessarily definitive. It is a guide and a fallback. For the departments, it is the commitment to the spirit of the Compact and, importantly, the relationships between third sector organisations and departments that are most important:

It's important that we are aligned with what's needed rather than the letter of the Compact. It's more about "how can we work together to achieve this". It's about developing a more mature relationship. You can draw on the Compact if everything's going hopelessly wrong but in a mature relationship it's just a back up, a fall back that you can move on from.

It is important to recognise that the dynamic of any statutory/third sector relationship changes if it is based around funding, and it would be naïve to assume that this has no bearing on the independence of the recipient or beneficiary organisation. Nonetheless, an additional important element of a more 'mature' relationship is that the third sector needs to reflect more on what entering into a funded-relationship might mean to its core purpose and values. It also means not hesitating in coming forward to raise issues if there is a perceived conflict or breach of the terms of the Compact for the purpose of improving relations with government for mutual benefit, rather than using it as a stick with which to beat the statutory sector:

We don't do direct contracting or funding. We have a forum of stakeholders who come and tell us off regularly. They have nothing to worry about because we don't contract directly . . . but I have found they were more interested in talking to me when I did have funding!  
(Jobcentre Plus)

The sector needs to come forward to say if there's an issue – it may just be an oversight and shouldn't need to end up as a breach. I'm convinced that the vast majority of breaches are through lack of awareness.

They could raise issues through the Department if there's a conflict. They can approach us.

One consequence of this apparent divergence of views about the centrality of the Compact is that interviewees do feel that, at times, the Compact is used as 'a stick to beat us with', rather than a set of guiding principles:

There's a worrying tendency to use the Compact as a bit of stick with which to beat funders whose heart is in the right place. The Compact relates to both sides and it's about partnership. If you "breach" the Compact that's a signal you should change your behaviour, but it's not a stick with which to beat one. It's best used as a general statement of principle – but it shouldn't be punitive – it can be used to improve practices.

[Talking about] “breaching” the Compact isn’t helpful language. That’s only making people defensive. I’d prefer ‘not consistent’ or ‘diverging from the principles’. That kind of bullish approach can grate and get people offside.

## **Managing commissioning**

Another manifestation of a more ‘mature’ relationship would be where the management of issues relating to independence, particularly around commissioning and contracting, remains largely the responsibility of the third sector organisation. Interviewees highlighted awareness of the potential tension between third sector organisations becoming a strategic partner and their independent status, but emphasised that the commissioning process need not require them to ‘sell their souls to the Devil’:

Third sector organisations should realise they can have multiple roles, but that if they want to progress, that lines of demarcation [between campaigning and delivery] are necessary . . . Working with the Department doesn’t reduce their capability to campaign and remain independent. They’re not selling their souls to the devil. They’re not compromising themselves.

There’s one view from the Third Sector that they want to work more strategically, but another view about whether that impinges on their independence, but they aren’t mutually exclusive.

Some interviewees felt that these issues were for the sector to consider, rather than for Government to impose a solution:

The Third Sector needs to consider itself how it can do these service delivery roles while retaining its independence. In becoming more involved it has to understand there are risks to their reputation and safeguard that.

Where we use third sector organisations to deliver services, they are there to deliver services. What they do and their internal culture etc is up to themselves. It would really be an issue for them rather than us.

This is a view shared by the Barings Foundation which has been discussing with sector partners (including NCVO) a toolkit for third sector organisations to use in order to help safeguard their independence. The tool is based around some key questions pertaining to the organisation’s relationship with government, different pathways or scenarios which in turn flag up potential issues or threats. There is some discussion as to whether the tool would carry added value or weight if it was endorsed by the Charity Commission which could issue a guidance note or require organisations (as part of their annual returns) to indicate whether or not they had undertaken this review of the state of their independence.

Although the primary responsibility for maintaining their independence needs to lie with third sector organisations, central government interviewees do acknowledge that they also have a role to play. “Mission drift” was highlighted as a particular issue where departments could support the third sector to stay true to its mission and objects:

If the Third Sector wants to be seen as a more strategic delivery partner it’s up to them to think about whether it compromises its independence. But the actual issue is mission drift. If the organisation as a result of signing up as a delivery partner feels it’s moving away from original mission that is an issue for both the Third Sector and the Department to deal with. Our stakeholders say we should ask third sector organisations to show how their application fits with their mission and objects and include it in decision-making criteria.


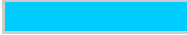


Organisations can bid for funding or not. When they do, we look at whether the grant/project fits within their objects. If it doesn’t we won’t fund them because sometimes they can just chase the money. We are aware that funding programmes can have a perverse effect and we want to work with the grain of their mission.

The survey also revealed mixed messages about how responsibility for maintaining the sector’s independence in funding and procurement is viewed. When asked to select the statement that best describes how their department approaches funding of, and procurement from, third sector organisations (TSOs), approximately two-thirds of respondents felt that their department “mostly” or “fully” recognises the independence of the third sector and understands what that means in practice when funding organisations to carry out work. This means that the department “usually” or “actively” seeks to implement appropriate funding arrangements to protect the independence of TSOs and to avoid excessive conditions on its funding”.

However, a significant minority selected options expressing incomplete recognition of the independence of the third sector or inconsistent implementation of appropriate funding arrangements. 28% selected “The department partly recognises the independence of the third sector, although this is not always translated into action where funding is concerned. It sometimes seeks to implement appropriate funding arrangements to protect the independence of TSOs and to avoid excessive conditions on its funding”, while 6% went so far as to say that “The department does not recognise the importance of the independence of the third sector or does not understand what that means in practice when funding organisations to carry out work. It is simply buying a service from a provider.”

These results are shown in more detail in Table 7 overleaf:

**Table 7: Which of the following statements best describes how your department approaches the funding of, and procurement from, TSOs?**

Answer	20%	40%	60%	80%	100%	Percent
The department does not recognise the importance of the independence of the third sector or does not understand what that means in practice when funding organisations to carry out work. It is simply buying a service from a provider.						6.25%
The department partly recognises the independence of the third sector, although this is not always translated into action where funding is concerned. It sometimes seeks to implement appropriate funding arrangements to protect the independence of TSOs and to avoid excessive conditions on its funding.						28.12%
The department mostly recognises the independence of the third sector and understands what that means in practice when funding organisations to carry out work. It usually seeks to implement appropriate funding arrangements to protect the independence of TSOs and to avoid excessive conditions on its funding.						40.62%
The department fully recognises the independence of the third sector and understands what that means in practice when funding organisations to carry out work. It actively seeks to implement appropriate funding arrangements for TSOs and to avoid excessive conditions on its funding.						25.00%

### Towards *inter-dependence*

In reality no organisation, whatever the sector, is entirely *independent* in the strictest sense of the word. The preceding discussion of central government representatives' perceptions of issues around the independence of the third sector supports the view that there is increasingly a symbiotic, *interdependent* relationship between the sector and government.<sup>22</sup>

For third sector organisations, funding from central government is often crucial to their continued existence; for central government, the third sector can tackle issues and deliver services in different and effective ways. One interviewee cited the 'freshness' that the independent third sector perspective could bring:

On the one hand we want them to deliver our stuff, but on the other, if they just blithely do what we say we won't have their freshness.

A survey respondent, meanwhile, recognised the value that independence brought in terms of the third sector's contribution to the department's work:

<sup>22</sup> For further discussion, please refer to the Literature Review

The independence of the sector is important to the Department, being in part the source of its valuable contribution to policy and programme work and its innovativeness.

This research suggests that the inter-dependent nature of the relationship needs to be communicated more strongly. In particular, this could emphasise central government's acceptance of third sector organisations as independent bodies, with their own aims and objectives, and their belief that this is an important part of their value to government. Third sector organisations could also be urged to assert their status as independent partners, without whom some key policy goals will not be met as effectively.

Examples do exist of third sector organisations putting principle before profit and choosing to remain independent at risk of losing a funding opportunity. The Revolving Doors Agency, for instance, was part of a network of small third sector providers (Partners in Reducing Reoffending) interested in bidding for a new service being let by NOMS (The National Offender Management Service). However, under the terms of the original brief this would have required the chosen provider to notify the Probation Service if any clients did not attend the provision. The Agency had a real concern about the validity of NOMS' approach, not believing that coercion works, or being prepared to compromise their confidential relationships with their clients. Faced with a choice of whether to bid or not, Revolving Doors Agency took a principled stand and decided not to proceed. To its credit, NOMS, having been informed of RDA's concerns, chose fundamentally to alter the contract specification which then enabled the Agency and the wider Partners in Reducing Reoffending network to apply.

### **Defra's use of interactive technology**

In July 2008, Defra held a workshop with the third sector to help develop its third sector strategy, due in late 2008. This was attended by Rocket Science as an observer. The workshop was well attended and was heavily interactive. For example, one session used over 30 electronic voting handsets to rate various aspects of Defra's engagement with the third sector and to explore the future of the relationship between the Department and the sector. Of particular interest to this report, the issues of independence and the Compact were explored in this session:

- One question asked participants to rate out of 5 "how relevant the Compact principles are in developing the relationship between Defra and the third sector". The aggregated responses gave an average score of 3.4, suggesting a high level of perceived relevance. (Before this question was voted on, a representative from the Commission for the Compact explained what the Compact was for).
- Another question touched upon the issue of independence in the context of funding and campaigning. When asked "How should Defra support third sector organisations in policy development or campaigning against the Department?", sixteen participants opted for "some strategic funding paying for both policy advice and campaigning". Only two people thought that "policy advice should be free so that third sector organisations could retain their independence and (impartiality)". This suggests that most attendees did not see strategic funding for policy advice and campaigning as being in conflict with the independence of third sector organisations.

Departments can and do explore these kinds of issues with their third sector stakeholders in a non-threatening way. The case study above illustrates how Defra recently deployed interactive technology at a third sector stakeholder event to explore its relationship with the sector as well as test out attitudes towards the Compact and independence:

Departments can also communicate the interdependent nature of their relationship with the third sector throughout commissioning processes or in guidance documents. This is demonstrated by the information pack for third sector organisations applying to the Department of Health's Strategic Partner Scheme 2009-10, part of its Third Sector Investment Programme. See below for further details:

### **Department of Health's Strategic Partner guidance**

As a key strand in its new Third Sector Investment Programme, the Department of Health is looking to develop collaboratively a Strategic Partner Programme. The information pack for prospective applicants describes some principles and processes that will be built into the Strategic Partner programme. These stem from key messages articulated in the responses to the Department's consultation, both during the consultation workshops held in each English region and in the formal written responses received. These are summarised as:

- A need to ensure accountability of strategic partners to the wider third sector at national, regional and local levels
- Strategic Partners must seek to be neutral in representing the sector as a whole not prioritising their own organisations interests
- Strategic Partners should be facilitators between DH and the wider third sector enabling broader engagement and dialogue, not gatekeepers
- Strategic Partners must have the capability to properly involve and engage with the sector as well as DH
- Strategic Partners must be resourced appropriately to create the capacity to engage and support the wider third sector to engage with DH
- Strategic Partners must retain their independence and role as a critical friend, not a 'cosy partner' who fears losing their funding if critical of DH

Particularly notable for this project is the latter point about how strategic partners will be expected to "retain their independence and role as a critical friend". The information pack states that "We would expect applicants under the Strategic Partner programme to describe how they would address and respond to these messages in their role as a Strategic Partner to the Department."

Having a clause like this in guidance documents can help to assuage any third sector organisation's concerns about losing their independence, whilst also pave the way for an ultimately more mature and more productive relationship that benefits both partners.

The final section of this report offers some more practical recommendations for departments looking to move towards more mature relationships with third sector organisations and to implement commitments to the Compact and to the independence of the third sector.

## 8. Recommendations

In addition to recommending the monitoring of government departments' commitment to respecting the independence of the third sector, the report to Parliament of the Eighth Annual Meeting to review the Compact also suggested undertaking:

“a programme of learning and development to address issues identified from this monitoring activity.”

On the basis of our survey and consultations with eight central government departments, it is possible to recommend a number of measures, some of which might usefully constitute such a learning and development programme. They include:

- sharing departmental best practice across the government's third sector networks – both the liaison officers and third sector champions. For instance, one of the examples cited in the report is the Department of Health's funding guidance that “Strategic Partners must retain their independence and role as a critical friend, not a ‘cosy partner’ who fears losing their funding if critical of [the Department]”;
- referring to the Compact in relevant policy officers'/commissioners' job descriptions (and appraisals) in order that civil servants are actively encouraged and incentivised to adhere to and promote the agreement and its codes;
- ensuring that managing the government's relations with the third sector is recognised as a core competence of a modern Senior Civil Service, through promoting initiatives such as the National Programme of Training for Third Sector Commissioning across central government departments and relevant NDPBs;
- spreading knowledge of the Compact and independence across departments and their delivery bodies by holding workshops such as those recently organised by Defra for staff from the core department and its executive agencies, NDPBs and delivery partners;
- involving the sector at an earlier stage of policy formulation (i.e. pre-consultation), such as along similar lines to Communities and Local Government's involvement of the third sector in developing statutory guidance relating to the Local Government White Paper, for which it won a Compact Award;
- developing third sector sounding boards within departments to provide a ‘reality check’ on new policy and legislation, as the Department of Health does and for which it won a Compact Award (and in a not dissimilar way to which the Better Regulation Commission has recommended minimising the regulatory burden on small businesses and voluntary and community sector organisations<sup>23</sup>);

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<sup>23</sup> Better Regulation Taskforce (2005) *Better Regulation for Civil Society: Making life easier for those who help others*

- continuing to embed working with the third sector (and knowledge of the Compact and understanding of independence issues) across departments as a whole so that every policy/delivery team engages with the third sector, as opposed to having a separate group or forum on issues affecting the third sector;
- developing and disseminating a set of case studies in order to illustrate and measure the value of an independent third sector in terms of its effect on the drafting of better legislation and designing of government programmes; and
- recognising that the behaviour of third sector organisations represents just as big a threat to the values and independence of the sector as government agencies may do; and that there are limits to what departments can do to safeguard the independence of the sector when there is an important role to be played by third sector organisations themselves.

## Appendix 1: Methodology

### Stage 1: Inception meeting

We began this project with a detailed inception meeting with the Commission for the Compact team. This meeting helped to contextualise the work with a discussion of previous research and the client's future priorities and objectives.

During this meeting, we discussed our proposal in detail, to clarify and agree practical aspects of the methodology, and to confirm ongoing communication and reporting arrangements. As the entire project had to be scoped and delivered within a relatively narrow timeframe (2-3 months), we used this meeting to start a running dialogue with the Commission's project manager through ongoing, informal discussions via the telephone and email, as and when the need arose.

### Stage 2: Literature review

In order to inform the research and consultations across government, Rocket Science undertook a literature review which looked at:

- Definitions and concepts: a discussion of definitions of the third sector, the Compact, and independence;
- The importance of independence to the third sector: a brief history of sector independence starting with Beveridge and moving into the 21st century, with a look at the controversy around campaigning;
- The role of the Compact in safeguarding that independence: an exploration of Compact principles, the role of the Compact, alternatives or complements to the Compact, and the effectiveness of the Compact;
- The current policy context that sets the boundaries for the Compact: focussing on public service delivery and community empowerment; and
- Some international comparisons: looking at other areas of the United Kingdom, as well as Europe and beyond;
- Conclusions: the implications of the research on the Compact and independence; and
- Bibliography: sources cited and suggestions for further reading.

The Literature Review has been prepared as a separate document complementing this report. It is available to download from the Commission for the Compact's website.<sup>24</sup>

### Stage 3: Departmental interviews

Beginning at the inception meeting, we engaged with the Commission for the Compact team on scoping out who should be contacted and at what stage.

The eight government departments which we were asked to cover were:

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<sup>24</sup> <http://www.thecompact.org.uk/admin/sfcms>

1. Department of Health;
2. Department for Work and Pensions;
3. Communities and Local Government;
4. Ministry of Justice;
5. Department of Children Schools and Families;
6. HM Revenue and Customs;
7. Department for Culture Media and Sport; and
8. Department for Environment Food and Rural Affairs.

We carried out one-to-one telephone interviews with representatives from each of the eight departments. In total, substantial interviews were conducted with 16 representatives across the departments. The intention was to speak with three departmental representatives. This was not always possible, but at least one interview was given with each department. Third Sector Liaison Officers were the first point of contact both as interviewees and as conduits to other relevant colleagues, recommending potential interviewees largely in policy development and commissioning but also including representation from staff working in NDPBs.

We drew up an aide-memoire for the telephone interviews. This explored:

- what departments understand by the Compact's references to independence and campaigning;
- what they think their role should be in ensuring Compact implementation in this area;
- what activities they or their departments are currently undertaking;
- what they think the third sector should be doing; and
- what barriers they may be experiencing in trying to enhance relations between the sector and government.

This is available in Appendix 2.

#### **Stage 4: Departmental survey**

We drew up a scorecard for survey, which effectively translates qualitative information into qualitative indicators by asking respondents to choose the most appropriate from a range of statements that correlate to a Likert-like scale from 1-4. We inputted the scorecard-based survey into QuestionPro software which allows for central compilation and analysis of results. The e-survey is available in Appendix 3.

With the help of the Third Sector Liaison Officers (TSLOs), we distributed the hyperlink for this e-survey within the central government departments. Every TSLO distributed the survey link as they thought most appropriate within their departmental structures, but the overall aim was for it to be sent to colleagues working in areas like policy or commissioning who might have contact with third sector organisations as part of their job or an interest in third sector issues. We received a total of 32 responses to the e-survey, with seven out of the eight departments represented in these responses.

## **Stage 5: Departmental overviews**

Alongside the general literature review, we developed eight separate but complementary departmental overviews. Each one of these incorporates:

- Departmental structures for working with the third sector;
- Strategic partners and forums; and
- Departmental strategies for working with the third sector and other policy documents, particularly in so far as they focus on the issue of the sector's status and independence.

The departmental overviews were initially compiled on the basis of desk-based research, in particular through using the departments' public websites and strategy documents available online. After this, we sent copies of each overview to the departmental Third Sector Liaison Officer (TSLO) for them to comment on.

The departmental overviews are accompanied by a single departmental independence matrix, which gives an overview of the state of independence across all eight departments. This maps the eight central government departments against the structures that they use to engage with the third sector, uphold the Compact, and safeguard the third sector's independence. It is a simple visual tool which we used to structure and present our overall findings in all eight government departments.

## **Stage 6: Presentation at Compact Voice Independence day**

We presented some of our initial findings and distributed copies of the literature review at an 'Independence Day' event on 4th July hosted by Compact Voice. Inputs, to and feedback from that event, have also informed our thematic analysis and final report.

## **Stage 7: Thematic analysis**

We analysed the content of the departmental interviews and the e-survey to draw out the different themes around independence and the Compact that came up and to explore how they were presented. This analysis is accompanied by unattributed quotations from both the interview transcripts and the e-survey responses.

## **Stage 8: Illustrative examples**

As we interviewed departments, our attention was drawn to a number of practical examples of ways of working that safeguard the independence of the third sector or promote the Compact. We explored these further with the relevant departments and constructed illustrative text boxes, which we inserted into the thematic analysis section.

## **Stage 9: Final report**

The final report was pulled together from all the different stages of the project and a draft copy submitted to the Commission for comments before being finalised.

## Appendix 2: Aide-memoire for interviews

### The Compact and Independence of the Third Sector

#### TOPIC GUIDE for 1-2-1 interviews with government departments

##### Introduction and Purpose

Rocket Science has been commissioned by the Commission for the Compact to conduct research into the Compact's commitments relating to the independence of the third sector. The research focuses on **central government departments** and incorporates general issues around independence and the Compact, as well as a specific assessment of the sector's 'right to campaign'. The study aims to increase understanding of:

- The Compact's role in safeguarding and recognising the independence and voice of the third sector;
- How far the Compact is being implemented in regard to independence within national government, and the different approaches being used; and
- How central government perceives its commitments to safeguarding the independence of the third sector, including the concepts and language used.

We are interviewing a number of key individuals from across 8 government departments who can give us some deeper insights into the relationship between the Compact and the independence of the third sector. The interview should take between 30 and 45 minutes.

We are also surveying people by means of an electronic questionnaire to get a feel for perceptions within your department.

We want to talk to you about four themes about independence and the Compact:

1. The understanding of the Compact
2. The commitment to the Compact
3. The way the Compact is integrated in your department
4. The structures in your department to support the Compact.

Within these four themes we want to ask you about how these relate to:

- Campaigning by the third sector
- Funding for the third sector
- How you consult with the third sector
- The mission of the third sector

We are interested in any examples you can give of things working well (or not so well) that we can use to inform the debate. All information will be confidential (i.e. you will not be identified as the source of any issue you raise).

### Q1 Understanding of the Compact and independence

- Is an understanding of the Compact in relationship to the independence of the sector well developed in your department? Where is it strong/weak? Why?
- Can you give us any evidence/examples showing your understanding of the Compact and independence in relation to:
  - How you **consult** with the third sector and what you consult it about?
    - consulting the third sector on issues that are likely to affect it?
    - building this into plans for policy development?
  - Your **funding** of the third sector?
    - not setting excessive conditions on funding?
    - including overhead costs?
    - making advance payments?
    - implementing longer term funding arrangements?
    - being proportionate in monitoring requirements?
    - focusing on outcomes?
  - **Campaigning** by the third sector?
    - supporting sector's 'right to campaign'?
    - supporting campaigning on issues for which they are receiving a majority or significant amount of government funding?
    - proactively encouraging campaigning?
  - The **mission** and values of the third sector
    - Awareness that every TSO will have its own values and mission
    - Not encouraging TSOs to be diverted from their values and mission

### Q2 Commitment to the Compact

- Do you feel that there is a strong commitment to the Compact in relation to the independence of the third sector in your department?
  - All/some/few parts
  - Why do you think this is?
- Can you give us any examples/evidence showing your commitment to the Compact and independence in relation to:
  - How you consult with the third sector
  - Your funding of the third sector
  - Campaigning by the third sector
  - The mission and values of the third sector

### Q3 Integration in your department

- Do you feel that both policy and practice around the Compact and independence are:
  - Well integrated (examples)
  - Partial (examples)
  - Poorly integrated (examples)

- Can you give us any examples/evidence showing integration in relation to the Compact and independence around:
  - How you consult with the third sector
  - Your funding of the third sector
  - Campaigning by the third sector
  - The mission and values of the third sector

#### **Q4 Structures in your department**

- Do you feel that the structures in your department help or hinder policy about/the delivery of the compact in relation to independence. Can you give examples?
- Can you give us any examples/evidence showing how your structures work in relation to the Compact and independence around:
  - How you consult with the third sector
  - Your funding of the third sector
  - Campaigning by the third sector
  - The mission and values of the third sector

**Is there anything else you wish to contribute/say at this stage? Is there anyone else we should talk to in your department?**

**Thanks for your time.**

## Appendix 3: e-Survey

### Introduction

Rocket Science has been commissioned by the Commission for the Compact to conduct research into the Compact's commitments relating to the independence of the third sector. The Compact is an agreement, signed in 1998, to improve relationships between government and the voluntary sector to mutual advantage.

This research focuses on central government departments and incorporates general issues around independence and the Compact, as well as a specific assessment of the 'right to campaign'. The study aims to increase understanding of:

- The Compact's role in safeguarding and recognising the independence and voice of the third sector;
- How far the Compact is being implemented in regard to independence within national government, and the different approaches being used; and
- How central government perceives its commitments to safeguarding the independence of the third sector, including the concepts and language used.

The following survey takes less than 10 minutes to complete. It has been distributed electronically to people working in 8 different government departments to explore awareness of, and attitudes towards, the Compact in relation to the independence of the third sector.

### About you

1. Name (optional):

2. Which department do you work for?

3. How would you categorise the main focus of your job role?

- Policy/strategy
- Service delivery (including commissioning)

Other

4. What is your grade? In relation to grade 7 are you:

- At or above
- Below
- N/A

5. Do you have contact with third sector organisations (TSOs) in your day-to-day work?

- Yes
- No

### The Compact in your department

6. How would you rate separately your personal and your department's awareness and understanding of the Compact?

	Poor	Satisfactory	Good	Excellent
Me personally	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
My department	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

7. How would you rate separately your personal and your department's commitment to the Compact?

	Poor	Satisfactory	Good	Excellent
Me personally	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
My department	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

8. Which of the following processes/structures does your department have in place to implement the Compact? (Please select as many as apply)

- Third Sector Liaison Officers

- A departmental Third Sector Strategy with explicit reference to the Compact
- Internal Compact team
- Individuals take responsibility for implementing the Compact in their day-to-day work/as part of their job description
- Implementing the compact as an element in performance appraisal
- Strategic partnerships with Third Sector Organisations
- Regular secondees from the Third Sector who develop our relations with Third Sector Organisations and help ensure adherence to the Compact
- Other

9. Which of the following statements best describes how well the Compact is integrated across your department?

- Not integrated at all** – only a few people know about it and bother to implement it. There are no systems and tools in place to ensure department-wide compliance.
- Partially integrated** - most people know about it but few feel responsible for implementing it. There are some systems and tools in place to ensure department-wide compliance but these are rarely used.
- Selectively integrated** - only those in certain divisions (e.g. policy, commissioning) know about it and implement it. There are systems and tools in place to ensure department-wide compliance but these are only used in these divisions.
- Fully integrated** - everybody knows about it and implements it. There are systems and tools in place to ensure department-wide compliance and these are used consistently.

### Themes within independence

10. Which of the following statements best describes how your department approaches consultation (including policy appraisal) with TSOs?

- The department does **not** recognise that effective consultation enables TSOs to fulfil their strategic role as independent advocates for those who otherwise would have no voice. It hardly ever seeks to consult the third sector on issues that are likely to affect it and rarely builds this into plans for policy development.
- The department **partly** recognises that effective consultation enables TSOs to fulfil their strategic role as independent advocates for those who otherwise would have no voice, although this is not always translated into action. It sometimes seeks to consult the third sector on issues that are likely to affect it and sometimes builds this into plans for policy development.

- The department **mostly** recognises that effective consultation enables TSOs to fulfil their strategic role as independent advocates for those who otherwise would have no voice. It usually seeks to consult the third sector on issues that are likely to affect it and often builds this into plans for policy development.
- The department **fully** recognises that effective consultation enables TSOs to fulfil their strategic role as independent advocates for those who otherwise would have no voice. It actively seeks to consult the third sector as early as possible on issues that are likely to affect it and always builds this into plans for policy development.

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11. Which of the following statements best describes how your department approaches the funding of, and procurement from, TSOs?

- The department does **not** recognise the importance of the independence of the third sector or does not understand what that means in practice when funding organisations to carry out work. It is simply buying a service from a provider.
- The department **partly** recognises the independence of the third sector, although this is not always translated into action where funding is concerned. It sometimes seeks to implement appropriate funding arrangements to protect the independence of TSOs and to avoid excessive conditions on its funding.
- The department **mostly** recognises the independence of the third sector and understands what that means in practice when funding organisations to carry out work. It usually seeks to implement appropriate funding arrangements to protect the independence of TSOs and to avoid excessive conditions on its funding.
- The department **fully** recognises the independence of the third sector and understands what that means in practice when funding organisations to carry out work. It actively seeks to implement appropriate funding arrangements for TSOs and to avoid excessive conditions on its funding.

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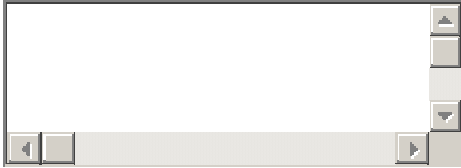
12. Which of the following statements best describes how your department treats campaigning by TSOs?

- The department does **not** recognise the sector's right to campaign and to challenge Government policy, irrespective of any funding relationship that might exist.
- The department **partly** recognises the sector's right to campaign and to challenge Government policy. However, it thinks that TSOs should not campaign on issues for which they are receiving government funding.
- The department **mostly** recognises and supports the sector's right to campaign and to challenge Government policy, although some parts of the department may think that TSOs should not campaign on issues for which they are receiving a majority or significant amount of government funding.
- The department **fully** recognises and supports the sector's right to campaign and to challenge Government policy, irrespective of any funding relationship that might exist. It proactively

promotes to TSOs the fact that it supports them campaigning, even on issues where they receive significant sums of government funding, and that it will not sanction them.

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13. Do you have any other comments about independence and the Compact?

A rectangular text input field with a thin black border. On the right side, there is a vertical scroll bar with a small arrow pointing up and a larger arrow pointing down. On the bottom-left corner, there is a small square icon containing a left-pointing arrow.