

# The Concise Compact **Guide**

**Compact**  
working together | better together



# The Concise Compact **Guide**

## The Compact

The Compact is the national agreement between government and the voluntary and community sector to improve their relationship for mutual advantage and community gain.

Since it was agreed in 1998, the application of the Compact has been extended. The Compact now also applies to the wider third sector, and to non-departmental public bodies and local authorities.

## This Guide

This guide is for all public sector and third sector organisations. It helps you to understand when the Compact applies to you, and how to meet your undertakings.

The guide has been developed to be used as a reference tool or checklist. Simply turn to the page for the activity you are involved in to read about the relevant Compact undertakings you should be meeting.

If you're unsure about anything, go to the final page of this document for some answers to frequently asked questions.

N.B. This is only an initial guide to your Compact undertakings. It's a good idea to also read the full version of the Compact and its five codes of practice, available from:

**[www.thecompact.org.uk](http://www.thecompact.org.uk)**

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# Undertakings for the **Third Sector**

## Are Compact undertakings relevant to my organisation?

Compact undertakings are relevant to all third sector organisations. This is because representatives of the voluntary and community sector signed up to the Compact in 1998 and have since made annual renewals of this commitment at Compact annual meetings. Following this, at the 2007 annual meeting it was decided to include the wider third sector in this commitment.

However, it is acknowledged that - unlike the Government, whose departments are all bound by collective decisions - the third sector consists of independent organisations. Each individual third sector organisation must decide for itself how seriously it wants to take the Compact. A third sector organisation which seeks to develop and maintain good partnership working arrangements with any branch of Government will want to take the Compact seriously, since the establishment of good partnerships requires effort from both partners. Any third sector organisation which expects government bodies to fulfil their Compact undertakings towards it should pay equal attention to fulfilling its own undertakings towards those government bodies.



## Undertakings for the **Third Sector**

### I. Partnerships

The Compact is relevant in the following circumstances: when you work in partnerships, networks or collaborations with government or the public sector; for example if you engage with policy and partnership work and local area agreements, provide information for those working in and with the third sector; or ensure third sector and religious and belief group involvement in public services planning/delivery and partnerships.

This section explains the Compact undertakings you will need to consider if you are involved in partnerships with the public sector in any or all of the following ways:

- Identifying community needs and consultation
- Identifying and developing plans
- Promoting equalities and community cohesion
- Developing and managing partnerships

***In order to meet your Compact undertakings you will need to ensure that you have considered and implemented the following:***

#### **Identifying community needs and consultation**

Consult the 'community sector' and consider its different interests alongside those of the 'voluntary sector', before agreeing representation on partnership boards and other local structures

Show flexibility and sensitivity to the needs of those being consulted; and consider the specific requirements, interests and contributions of women, minorities and the socially excluded

Publicise consultation findings, encourage participation by involving membership and infrastructure organisations, and evaluate to learn lessons for next time

**Identifying and developing plans**

Demonstrate genuine consultation and involvement with representative local communities and other marginalised and discriminated groups in partnership bids to funding programmes

Consult community groups when reviewing management structures and looking at forward planning, and include their views in evaluations by funders

**Promoting equalities and community cohesion**

Support partnership working among diverse ethnic and religious and belief groups within the third sector

Respond to the development needs of community groups and count this as a service priority

**Developing and managing partnerships**

Support third sector groups to co-operate with agencies working with the community sector

Encourage active community members to carry out leadership roles in your third sector networks

# Undertakings for the **Third Sector**

## 2. Volunteering

The Compact is relevant in the following circumstances: when you recruit, support, develop and create opportunities for the volunteer base within the third sector; for example if you: identify and implement good practice in volunteer management and development such as capacity building, fundraising, monitoring and reporting; analyse trends, address lifestyle volunteering, retention strategies and methods to increase and diversify existing base and its contribution to achieving the organisation's vision; or liaise with volunteer placement and support agencies to promote joined up working.

This guide explains the Compact undertakings you will need to consider if you are involved in volunteering in any or all of the following:

- Overcoming barriers to volunteering
- Valuing volunteer contributions
- Volunteering experience
- Volunteering infrastructure

***In order to meet your Compact undertakings you will need to ensure that you have considered and implemented the following:***

### **Overcoming barriers to volunteering**

Make arrangements which do not unfairly exclude particular groups and tackle discrimination to ensure that volunteering is open to all

Promote opportunities to include equality access in recruitment for volunteering

Include reasonable costs for reducing barriers to volunteering in relevant funding bids

**Valuing volunteer contributions**

Communicate to volunteers how their contribution has benefited the organisation

Keep data on volunteering and use that information whilst involving volunteers to develop new policies and ideas

**Volunteering experience**

Involve volunteers in decision-making, include them in internal communications and acknowledge them as important stakeholders in the organisation where they volunteer

Commit resources to support and train volunteers and create a valuable experience

**Volunteering infrastructure**

Identify a named person responsible for volunteer involvement, monitoring and reporting

Identify within your organisation, a trustee board champion for volunteering

Adopt clear policies regarding the payment of volunteer expenses

# Undertakings for the **Third Sector**

### 3. Fundraising and external funding

The Compact is relevant in the following circumstances: when you develop or implement funding strategies and identify and secure external funding for the third sector; for example if you: maintain a knowledge base of available grants/funds, develop and manage relationships with trusts, foundations and statutory sources, or keep abreast of new developments and opportunities in the fundraising arena and improve the quality of external funding applications made.

This guide explains the Compact undertakings you will need to consider if you are involved in fundraising in any or all of the following ways:

- Programme design
- Application and tender process
- Terms of delivery
- Payment terms
- Monitoring and reporting
- Financial relationship

***In order to meet your Compact undertakings you will need to ensure that you have considered and implemented the following:***

#### **Programme design**

Work with funding partners to contribute to programme design and focus on the needs of users and beneficiaries

Ensure services are addressing local priorities

**Application and tender process**

Make sure your organisation is eligible when applying

Meet requirements when applying for funds and understand that your suggested outputs should meet aims of the programme

Show clear lines of accountability with joint bids when applying for funds

Include reasonable costs for reducing barriers to volunteering in relevant funding bids

**Terms of delivery**

Agree terms of delivery at the outset and be aware of your risks, in particular those associated with delivery of outputs or outcomes

**Payment terms**

Have systems in place which manage finances and funded projects, account for them and promote sustainability

**Monitoring and reporting**

Monitor and evaluate all project spending, in proportion to the size of grant

Maintain honesty and transparency in reporting

**Financial relationships**

Plan in good time for different situations to reduce potential negative impact at the point of end of contracts if grant funding ends

# Undertakings for the **Third Sector**

## 4. Strategic leadership and management

The Compact is relevant in the following circumstances: when you give strategic direction or contribute to corporate management in working with the public sector; for example if you: lead service delivery, partnership working and foster relationships with key stakeholders; lead the development of overall policy, performance management and evaluation frameworks; or plan for, deploy and manage resources.

This guide explains the Compact undertakings you will need to consider if you are involved in strategic leadership and management in any or all of the following:

- Business strategy
- Planning and delivery
- Funding and accountability
- Policy development and consultation
- Good practice

***In order to meet your Compact undertakings you will need to ensure that you have considered and implemented the following:***

### **Business strategy**

Promote the Compact across your organisation by ensuring a Compact action plan is reflected in business strategy

### **Planning and delivery**

Identify and provide resources to put systems in place to review, monitor and evaluate delivery of Compact implementation, and designate an individual with responsibility for delivery

**Funding and accountability**

Show openness and accountability, maintaining high standards of governance and conduct and meet reporting and accountability undertakings through the accounting framework for charities

Respect and show accountability to the law, and observe the appropriate guidance from charity commission including that on political activities and campaigning

Support the sector to properly allocate costs to achieve full cost recovery

**Policy development and consultation**

Contribute to public policy by consulting with stakeholders to become informed about activities and policy positions when presenting cases to government and statutory bodies

Consult effectively by involving all stakeholders thereby embracing diversity

Ensure policy positions really reflect the views of stakeholders, and constituents are representing their constituency

**Good practice**

Promote Compact working with government, other agencies and within and across the third sector

Involve users in the development and management of activities and services



# Undertakings for the **Public Sector**

## Are Compact undertakings relevant to my organisation?

Central government departments and non-departmental public bodies (NDPBs) should follow the national Compact. This is because central Government departments and agencies were collectively signed up to the Compact in 1998, with NDPBs following in 2003. The Government has regularly renewed its commitment to the Compact since 1998, restating the commitment explicitly in its report (July 2007) on *The Future Role of the Third Sector in Social and Economic Regeneration*. In summary, it is Government policy that departments and NDPBs should follow, and meet their undertakings under the Compact. Most local authorities are signed up to Local Compacts, and they should follow the local undertakings contained within these.

## How does this guide relate to Local Compacts?

This guide is based on the national Compact. However, most Local Compacts are based on the same principles as the national Compact, and often the specific undertakings will be the same. Where this is the case, this guide will be relevant.

## Why should I meet my Compact undertakings?

The government is committed to the Compact at the highest levels, and therefore failing to meet Compact undertakings is failing to follow government policy. It is also worth noting that 'Compact breaches' are sometimes publicised in the press, and the Compact Advocacy programme advocates on behalf of third sector organisations who feel a government partner has not followed the Compact. Finally, Compact undertakings were developed because they lead to better partnerships between government and the third sector, and ultimately better outcomes for local people. Therefore, working in partnership with the third sector through following Compact principles should help you to do your job more effectively.

## Undertakings for the **Public Sector**

### I. Procurement

The Compact is relevant in the following circumstances: when you are involved in procuring services (or goods) from the third sector; for example if you: identify user needs and the services that will best meet them; develop, manage and/or carry out plans, frameworks and strategies for funding; or manage arrangements to monitor/measure performance against contract requirements.

This guide explains the Compact undertakings you will need to consider if you are involved in procurement in any or all of the following:

- Programme design
- Application and tender process
- Agreeing terms of delivery
- Agreeing payment terms
- Agreeing monitoring and reporting
- Concluding financial relationships

***In order to meet your Compact undertakings you will need to ensure that you have considered and implemented the following:***

#### **Programme design**

Apply the provisions of the funding and procurement code fully to contracts with third bodies

Support equality access by reducing barriers in application processes and involve third sector in contributing to procurement plans, programme design and in funding new services

Engage the third sector to better understand its needs

Review the effectiveness of local authority and central government funding processes

Build the capacity of the third sector provider base, particularly those working with hard to reach groups

**Application and tender process**

Ask third sector organisations to include overhead costs in estimates for service provision

Promote fair and equal access for the third sector by asking only for relevant information in applications

**Agreeing terms of delivery**

Keep groups informed of progress during application and tender process, give reasons and feedback on decisions and publish results

Give timely notification of decisions and at least three months notice in advance of the expected date of new programme or provision set up

Support and openly promote the right within the law of third sector organisations to campaign, challenge and comment on government policy, irrespective of the funding relationship

**Agreeing payment terms**

Provide longer term arrangements, make payments in advance of expenditure where appropriate and necessary, and implement three year funding programmes as the norm rather than the exception

**Agreeing monitoring and reporting**

Show proportionality in your monitoring requirements based on the size of funding, the provider and risk; and focus on outcomes across your programmes

**Concluding financial relationships**

Give at least three months notice of end of funding, give reasons and encourage third sector response

Agree terms of delivery at outset, discuss risks up front and establish key responsibilities

## Undertakings for the Public Sector

### 2. Grants

The Compact is relevant in the following circumstances: when you are involved in administering grants to the third sector; for example if you undertake financial planning, manage budgets, conduct financial analysis of organisations seeking funding, develop grants policies and procedures, develop reporting and management information systems for grant administration, or manage existing portfolio of grants or co-ordinate awards.

This guide explains the Compact undertakings you will need to consider if you are involved in administering grants in any or all of the following ways:

- Programme design
- Application and tender process
- Agreeing terms of delivery
- Agreeing payment terms
- Agreeing monitoring and reporting
- Concluding financial relationships

***In order to meet your Compact undertakings you will need to ensure that you have considered and implemented the following:***

#### **Programme design**

Apply provisions of the funding and procurement code fully to both contracts and with grants to third bodies

Build and maintain community sector infrastructure and support sustainability within specialist volunteering infrastructure, through enabling the third sector to contribute to programme design

**Application and tender process**

Commit to full cost recovery where third sector bids reflect full cost of projects with a legitimate portion of overhead costs; and recognise costs for access to volunteering as match funding

Simplify small-grants programmes, take positive action to ensure fair treatment and equal access for all including religious and belief groups and those who are not normally funded

**Agreeing terms of delivery**

Keep groups informed of progress during application and tender processes, give reasons and feedback on decisions and publish results

Give timely notification of decisions and at least three months notice in advance of the expected date of new programme or provision set up

Support and openly promote the right within the law of third sector organisations to campaign, challenge and comment on government policy, irrespective of the funding relationship

**Agreeing payment terms**

Make payments in advance of expenditure where appropriate and necessary, and implement three year grant funding programmes and contracts as the norm rather than the exception

**Agreeing monitoring and reporting**

Show proportionality in your monitoring requirements based on the size of funding, the and provider and risk; and focus on outcomes across your grant programmes

**Concluding financial relationships**

Give at least three months notice of the end of funding, give reasons and encourage third sector response

Agree terms of delivery at the outset, discuss risks up front and establish key responsibilities

## Undertakings for the **Public Sector**

### 3. Services and programmes

The Compact is relevant in the following circumstances: when you are involved in managing services and/or funding programmes which relate to the third sector; for example if you: develop programme policy and manage delivery of strategy; identify and progress new projects and programmes, or develop monitoring and evaluation systems and manage quality control of service or programme delivery.

This guide explains the Compact undertakings you will need to consider if you are involved in managing services and programmes which relate to the third sector in any or all of the following ways:

- Consultation and community involvement
- Programme design
- Monitoring and evaluation

***In order to meet your Compact undertakings you will need to ensure that you have considered and implemented the following:***

#### **Consultation and community involvement**

Build consultation into your regular planning cycle and consult early

Demonstrate genuine consultation and involvement with representative local communities in developing partnership bids to funding programmes

**Programme design**

Take all opportunities to support the third sector in contributing to service and programme design

Consider how programmes outcomes can best be sustained and contribute to the long-term capability of third organisations

Consider additional third sector funding needs to reflect the full cost of service, including a legitimate portion of overhead costs

Ensure all programmes aim to strengthen the third sector and diverse third sector supplier base

**Monitoring and evaluation**

Evaluate after consulting and learn lessons for next time

## Undertakings for the **Public Sector**

### 4. Policy

The Compact is relevant in the following circumstances: when you are responsible for developing policy which may have an impact on the third sector, for example if you: develop policy, assess policy implications, prepare briefings/papers, provide information and advice on policy or monitor and contribute to policy developments.

This guide explains the Compact undertakings you will need to consider if you are involved in developing policy in any or all of the following ways:

- Early consultation
- Policy appraisal
- Consultation and policy development
- Analysis
- Feedback
- Evaluation

***In order to meet your Compact undertakings you will need to ensure that you have considered and implemented the following:***

#### **Early consultation**

Build consultation into your regular planning cycle and consult early to make a difference

#### **Policy appraisal**

Appraise and produce impact statements on new policies and procedures at a development stage, identifying effects and implications for the third sector

**Consultation and policy development**

Build consultation with the third sector into plans and develop policies which recognise all communities

Involve groups from representative local communities in service planning, performance target setting and scrutiny processes

Establish race equality strategies within corporate planning processes

Take account of the community sector's needs and role in setting policies and procedures or carrying out a regulatory role for example:

- Reducing barriers to volunteering resulting from existing legislation, regulation and policies
- Ensuring regulations affecting community groups are in proportion to size, and effects of new regulations are appropriately assessed

**Analysis**

Analyse results of consultations, report back on views and what has been done as a result

**Feedback**

Provide feedback to the third sector on consultation results and provide statistics on benefit and relevance to their communities

**Evaluation**

Implement effective and transparent equal opportunities monitoring and evaluation systems

## Undertakings for the **Public Sector**

### 5. Consultation

The Compact is relevant in the following circumstances: when you consult with the third sector, for example if you: establish and deliver public engagement and consultation programmes, design and manage models for capturing relevant community and stakeholder feedback, or set up and service consultation panels comprising stakeholders and partners.

This guide explains the Compact undertakings you will need to consider if you are involved in consulting with the third sector in any or all of the following ways:

- Early consultation
- Consultation process
- Analysis/feedback
- Evaluation

***In order to meet your Compact undertakings you will need to ensure that you have considered and implemented the following:***

#### **Early consultation**

Consult early enough to make a difference and enable considered and intelligent responses to be provided on issues which are likely to affect the third sector, particularly where government is proposing new roles, responsibilities or policies for the sector



**Consultation process**

- Give consultees enough time to reply (12 weeks for written consultation)
- Make materials available in accessible formats, giving advance notice of, and publicising consultations
- Prepare consultation documents which are concise, clearly laid out and written in simple language
- Publicise consultations, involve membership and infrastructure organizations and ensure that your website maintains a detailed consultation calendar
- Take account positively of specific needs, interests and contributions of women, minority groups and the socially excluded
- Build consultation with representative local communities through the third sector into the full cycle and plans for policy development
- Consult the sector so that proposed legislation or regulation, guidance and policies take account of the ways they may affect volunteers, volunteering activities and third sector markets

**Analysis/feedback**

- Analyse results of your consultation exercises and provide feedback
- Notify respondents promptly of decisions, giving full explanations and feedback

**Evaluation**

- Evaluate your consultations with a view to developing and spreading best practice

These Compact undertakings are consistent with the government's own code of practice on consultation (updated in 2008).

## Undertakings for the Public Sector

### 6. Community involvement and partnerships

The Compact is relevant in the following circumstances: when you promote community involvement in service delivery and build partnerships with the third sector; for example if you: engage local communities in delivery and quality assurance of programmes and services, develop plans or project proposals with stakeholders based on outcomes of consultations, or promote equalities and community cohesion through relations with the third sector.

This guide explains the Compact undertakings you will need to consider if you are involved in partnerships the third sector in any or all of the following ways:

- Identifying community needs and consultation
- Identifying and developing plans
- Promoting equalities, diversity and community cohesion
- Developing and managing partnerships

***In order to meet your Compact undertakings you will need to ensure that you have considered and implemented the following:***

#### **Identifying community needs and consultation**

Consult the third sector on effects of policy changes on volunteers and volunteering activities

Involve the third sector in contributing to service design, based on their unique expertise of communities' needs

Understand the role community groups can play in building social capital and community cohesion

#### **Identifying and developing plans**

Measure the contribution community groups make to the government and partnerships agenda

**Promoting equalities, diversity and community cohesion**

Operate equality performance systems which ensure the BME third sector is treated fairly

Increase accessibility of learning and development support for community groups and residents

Build consultation with representative local communities through the third sector into partnership bids or plans for policy development, from pre-consultation stage to implementation

Establish race equality strategies in corporate planning processes of government, and also work within guidance on the statutory duty of public authorities to promote race equality

**Developing and managing partnerships**

Reduce barriers to volunteering resulting from existing legislation, regulation and policies

Involve disadvantaged communities with first hand experience of particular problems in developing solutions, and give the process resources as appropriate

Resource Compact implementation internally and within the third sector

Provide adequate training to all employees working with communities to be more effective

Promote Compact working across partnerships, sharing best practice and learning

Build capacity and infrastructure for groups enabling engagement in local area agreements (LAA) and partnerships

Resource delivery of the LAA statement of community involvement

## Undertakings for the **Public Sector**

### 7. Strategic leadership and management

The Compact is relevant in the following circumstances: when you give strategic direction and contribute to corporate management to working with the third sector; for example if you: lead service delivery, partnership working and foster relationships with key stakeholders; lead development of overall policy, performance management and evaluation frameworks; or plan for, deploy and manage resources. This guide explains the Compact undertakings you will need to consider if you are involved in strategic leadership and management of work with the third sector in any or all of the following ways:

- Business strategy
- Planning and delivery
- Independence
- Funding
- Policy development and consultation
- Better government

***In order to meet your Compact undertakings you will need to ensure that you have considered and implemented the following:***

#### **Business strategy**

Promote the Compact across the organisation by ensuring a Compact action plan is reflected in business strategy

#### **Planning and delivery**

Identify and provide resources to put systems in place to review, monitor and evaluate delivery of Compact implementation and designate an individual with responsibility for delivery

#### **Independence**

Support and openly promote the independence of the third sector, including the right within the law to campaign, challenge and comment on government policy, irrespective of funding relationship

**Funding**

Promote proportionality and pay regard to 'strategic funding', ensuring continued capacity of the third sector to respond to government initiatives

Support development of third sector infrastructure and promote its growth at all levels

**Policy development and consultation**

Consult the third sector on issues likely to affect it and appraise new policies and procedures at development stages to identify implications

Consider the needs and interests of women, minority groups and the socially excluded

Respect the confidentiality of information provided by the third sector, within constraints of the law

**Better government**

Promote working relationships, consistency of approach and good practice between government and sector, particularly where cross-departmental issues are concerned

Adhere to principles of open government, good regulation, review operation of Compact annually with third sector and promote adoption by other public bodies

Identify and provide resources to put systems in place to review, monitor and evaluate delivery of Compact implementation and designate an individual with responsibility for delivery

# Frequently asked **Questions**

## 1. Do Compact undertakings apply to my organisation?

The national Compact applies to the following types of organisation:

- Central government departments
- Non-departmental public bodies
- Third sector organisations

## 2. Why do Compact undertakings apply to my organisation?

Government and the voluntary and community sector signed up to the Compact in 1998 and have since made annual renewals of this commitment at Compact annual meetings. At the 2003 Compact annual meeting it was agreed that non-departmental public bodies should be included in the scope of the Compact and at the 2007 meeting it was agreed to include the wider third sector.

## 3. How does this guide relate to my Local Compact?

This guide is based on the national Compact. However, most Local Compacts are based on the same principles as the national Compact, and often the specific undertakings will be the same. Where this is the case, this guide will be relevant.



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