



# **The Derby Compact**

**Compact on Relations between the  
Statutory Sector and the Voluntary and  
Community Sector in Derby**

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# 1. Derby Compact Principles

The Compact outlines the relationship between the statutory sector and the third sector, allowing them to work together more effectively to strengthen communities and improve people's lives. While there are many differences between the statutory and third sectors, which must be acknowledged and respected, the sectors have much in common. In particular, the statutory sector and the third sector share a common set of principles, which are at the heart of what they are trying to achieve. These principles make it clear that the Compact is neither a set of rules nor a bureaucratic burden, but a way of working that can help deliver real outcomes and improvements for people and communities. These principles have been created to help the statutory and the third sector build relationships and work together effectively in partnership.

The Compact's commitments put these shared principles into practice. They provide the framework for Local Compacts, which can tailor the national Compact to reflect distinctive local issues and partnership agreements

The shared principles of Derby Compact Partners are:

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

The statutory sector and the third sector are committed to the above principles.

## **2. Involvement in policy development**

### **2.1 The National Compact commitments**

Third sector organisations have expertise in many areas, often because they work directly with people and groups on the ground. This allows them to understand the needs of their beneficiaries and provide new and effective answers to problems. Involving and consulting the third sector can help statutory partners develop policies that meet the needs of people and communities.

Involving the third sector in policy development is a continuous process right from the earliest stages of policy development. It includes a range of methods from informal engagement to full-scale public consultation.

The Compact is consistent with the Government's Code of practice on consultation and the Cabinet Office's handbook 'Better together: improving consultation with the third sector', and should be used together with these documents.

### **2.2 Commitments for Derby Compact Partners**

#### **2.2.1 When to involve?**

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

Derby Compact Partners undertake to:

- Involve the third sector from the earliest stages of policy development, on all relevant issues likely to affect them. This can include empowering third sector organisations to start discussions within affected communities themselves.
- Inform the sector of progress in developing policy.
- Identify implications for the third sector when assessing the impact of new policies, legislation and guidance.

#### **2.2.2 Who to involve?**

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

Derby Compact Partners undertakes to:

- Identify and remove barriers, such as language barriers, which may prevent third sector organisations from contributing to policy development.
- Encourage and facilitate responses from the full range of third sector organisations that are likely to have a view.
- Support the development of third sector infrastructure. Infrastructure bodies enable third sector organisations to help people and communities more effectively, through services such as capacity building, representation and other forms of support.
- Identify where there are costs to third sector organisations as a result of partnership work with the statutory sector and offer support on a clear and consistent basis. This can be especially important for infrastructure bodies that are helping to organise or run consultations.

### **2.2.3 How to involve?**

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

Derby Compact Partners undertake to:

- Avoid compromising or undermining the independence of third sector organisations (whatever financial or other relationship may exist between them).
- Give notice of forthcoming consultations so that organisations can plan ahead.
- Publicise consultation exercises widely and make sure they are accessible to the people they are intended to reach.
- Use a variety of different consultation methods and explain the reasons for selecting them.
- Explain which matters are open to change as a result of the consultation and which are not. Provide feedback to explain how respondents have influenced policy decisions, including where respondents' views have not been acted upon.
- Allow enough time for third sector organisations to involve their service users, beneficiaries, members, volunteers and trustees in preparing responses.
- Conduct 12-week formal written consultations, with an explanation given for shorter time-frames.

- Make third sector organisations aware of the consulting organisation's obligations under the Freedom of Information Act 2000. Where appropriate, protect the confidentiality of information that has been supplied by a third sector organisation for the consultation.

## **2.3 Commitments for Derby's Third Sector**

### **2.3.1 Effective involvement**

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

Third sector organisations undertake to:

- Involve service users, beneficiaries, members, volunteers and trustees when preparing responses to consultations.
- Give feedback on what information is presented to statutory sector partners and what the outcome is to everyone involved in responding to the consultation.
- Be clear about whose views are being represented and what those views are. This includes explaining whether views have been gathered directly (and from what audience), or whether the response is based on the organisation's knowledge and experience of the issues.
- Make sure all research and information that is presented to the statutory sector is accurate and credible. Explain where the information comes from and if there is conflicting evidence.
- Be aware of the consulting organisation's obligations under the Freedom of Information Act 2000. Where appropriate, respect the confidentiality of information that has been supplied by statutory sector for the consultation.
- Promote statutory sector consultations across the third sector, where appropriate.
- Accept that, in rare cases, consultations may need to take place in shorter time-frames than 12 weeks.

## **3. Allocating resources**

### **3.1 The National Compact Commitments**

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

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

- HM Treasury, Improving financial relationships with the third sector: guidance to funders and purchasers, May 2006
- National Audit Office, Financial relationships with third sector organisations, a decision support tool for public bodies in England, May 2006
- HM Treasury, Managing public money, October 2007
- National Audit Office, Intelligent monitoring, June 2009
- Cabinet Office, Principles of proportionate monitoring and reporting

### **3.2 Commitments for Derby Compact Partners**

#### **3.2.1 Planning**

Third sector organisations are often in a good position to understand people's needs and to provide innovative solutions to those needs. Involving third sector organisations in designing new programmes and services, and focusing on results, can help statutory sector to provide the right resources, identify risks and solutions, and achieve better outcomes. When done appropriately, this does not affect competitive neutrality.

Derby Compact Partners undertake to:

- Plan new programmes and services with a focus on outcomes, providing scope for innovation wherever possible.
- Work with third sector organisations to understand public service reform and support the sector in responding to changes.
- Begin planning programmes and services well in advance of the expected start date, based on consultation with the third sector.

- Ensure that those third sector organisations that are likely to have a view on the programme or service are involved from the beginning.

### **3.2.2 Choosing finance and funding options**

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

Derby Compact Partners undertake to:

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

### **3.2.3 Application and bidding processes**

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

Derby Compact Partners undertake to:

- ensure that application documents are:
  - ✓ Publicised widely
  - ✓ Proportionate to the nature of the risk and the amount of funding being allocated
  - ✓ Contain enough information to allow organisations to make informed decisions.
- ensure that application and bidding processes across funding bodies are consistent with overarching Office of Government Commerce (OGC) guidance on public procurement.
- allow enough time for organisations of all sizes to apply, as well as for consortia and partnership working bids.
- be clear about how bids will be assessed.

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

### **3.2.4 Understanding costs**

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

Derby Compact Partners undertake to:

- Recognise that it is appropriate to include relevant overhead and administrative costs in applications.
- Accept the recovery of costs associated with volunteering, such as managing volunteers and reimbursing expenses.
- Be consistent across sectors when requesting cost breakdowns from organisations.

### **3.2.5 Making decisions**

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

Derby Compact Partners undertake to:

- Commit funding for three years or more. If this is not the best way to deliver the best value for money, it should explain clearly what alternative funding arrangements could deliver the same outcomes.
- Make funding decisions and inform organisations at least three months in advance of the expected start date. Any departure from that time-scale should be justified and explained.
- Provide constructive feedback to unsuccessful organisations.

### **3.2.6 Agreeing delivery terms**

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

Derby Compact Partners undertake to:

- Discuss the risks to the project and agree delivery terms before a financial agreement is signed.
- Allocate risks to the organisation(s) best equipped to manage them. Ensure that delivery terms and risks are proportionate to the nature and value of the opportunity.

- Agree a process for managing performance and responding to changing circumstances before signing a financial agreement.
- For grants, agree how under-spend will be managed.

### **3.2.7 Making payments**

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

Derby Compact Partners undertake to:

- Make payments in advance of expenditure where there is a clear need and where this represents value for money. This may be particularly relevant for grants.
- When ever possible make payments within 10 working days of invoices being received.

### **3.2.8 Monitoring and reporting**

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

Derby Compact Partners undertake to:

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

### **3.2.9 Concluding a financial relationship**

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

Derby Compact Partners undertake to:

- Assess the impact on beneficiaries, service users and volunteers before deciding to reduce or end funding.
- Where there are restrictions on future resources, discuss the potential implications as early as possible with third sector organisations.
- Give a minimum of three months' notice in writing when ending a funding relationship or other support, and provide a clear rationale for why the decision has been taken.
- Give organisations an opportunity to respond to the ending of funding and consider the response before making a final decision.
- Review programmes and services with relevant third sector organisations to inform future practice.

## **3.3 Commitments for the Derby Third Sector**

### **3.3.1 Contributing to planning**

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

Third sector organisations undertake to:

- Involve users, beneficiaries, members, volunteers and trustees when designing or reviewing programmes and services.
- Provide feedback to contributors on information that is presented to funders and on what the outcomes are.
- Be clear about who they are representing, in what capacity, and on what basis they are making that representation.

### **3.3.2 Making applications and bids**

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

Third sector organisations undertake to:

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

### **3.3.3 Agreeing delivery terms**

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

Third sector organisations undertake to:

- Have appropriate governance arrangements in place and ensure that everyone involved understands and agrees to delivery terms.
- Be clear about payment terms and, if appropriate, demonstrate why payment in advance is required.
- Recognise that it is legitimate for funders to ask for public recognition of their funding.
- Have appropriate systems in place to manage and account for finances.

### **3.3.4 Monitoring and reporting**

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

Third sector organisations undertake to:

- Negotiate monitoring and reporting requirements before a financial agreement is made.

- Recognise that monitoring, both internally and externally, is an element of good management practice.
- Ensure that systems are in place to deliver the reporting required.
- Give early notice to funders of significant changes in management, or financial or other risks.
- Be open and transparent in reporting.

### **3.3.5 When a financial relationship ends**

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

Third sector organisations undertake to:

- Plan for the end of funding to reduce any potential impact on beneficiaries and the organisation.
- Contribute positively to reviews of programmes or services to inform future practice.

## **4. Advancing equality**

### **4.1 The National Compact Commitments**

#### **4.1.1 Working together for equality**

Equality for everyone, regardless of their background, is a core value of our society, shared by the public and third sectors. Over the last four decades, discrimination legislation and related policy have played an important role in helping to make Britain a more equal society. As both society itself and equality legislation continue to evolve, it is crucial that the public and third sectors work well together to achieve equality and fairness for everyone.

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

The law protects people from discrimination on the basis of a number of different characteristics, including race, gender, age, sexual orientation, religion or belief, disability and gender reassignment.

These are referred to in this document as ‘protected characteristics’. The histories and issues facing people who share these characteristics are complex and often unique. This diversity should be understood and respected.

#### **4.1.2 The role of the Third Sector in promoting equality and Diversity**

In order to work towards its equality objectives, statutory sector needs the insight and knowledge of third sector organisations working at the front line with people who have protected characteristics.

These groups have unique experiences and different issues around access to services and involvement in civil society, which should be taken into account in policy making. Whether or not third sector organisations focus their activities on people with a protected characteristic, they can provide a vital role in delivering programmes and services. They also promote community cohesion by giving people the tailored support they need to play a full part in the community.

A good working relationship between the third sector and the public sector will help to meet the needs of the people they serve or represent and reduce inequality.

The Compact plays a key role in helping this relationship to work, not just through the commitments within this section, but by ensuring that organisations which promote equality are allocated sufficient resources and benefit from effective and relevant policy development, as set out in the other sections of the Compact.

## **4.2 Commitments for Derby Compact Partners**

### **4.2.1 Promoting equality and diversity**

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

Derby Compact Partners undertake to:

- Work with the third sector towards eliminating unlawful discrimination and promoting equality of opportunity. Put strategies in place to help achieve these aims in line with existing public duties.
- Where appropriate, work with organisations in the third sector that represent people with protected characteristics, to understand their specific needs and design appropriate services.
- Ensure that all third sector organisations, including those that serve people with protected characteristics, have equal opportunities to access funding programmes. This includes access to funds to build capacity, and to prepare and deliver projects.
- Be clear about any actions on equality that third sector organisations will be expected to undertake if they are funded to deliver programmes.
- If a strategic grant is withdrawn from an organisation serving people with a specific protected characteristic, assess the need to reallocate the grant to another organisation serving the same group.
- Work with the third sector to identify and remove any barriers that prevent volunteering by people with protected characteristics.
- Continue to ensure that it is free for volunteers to access Criminal Record Bureau (CRB) checks and commit to free registration of volunteers with the Independent Safeguarding Authority (ISA). Work towards a single check for volunteers who are volunteering for more than one cause.

### **4.2.2 Representation and infrastructure**

Both central and local government already support third sector organisations that give a voice to diverse groups. The public sector can take some simple steps to improve the effectiveness of engaging these organisations.

Derby Compact Partners undertake to:

- Acknowledge that funding for organisations that serve people with only one protected characteristic can promote cohesion.
- Enable infrastructure organisations representing people with protected characteristics to participate in policy development, consultation or other activities, by supporting them appropriately.

- Recognise that groups which involve people with protected characteristics at community level may be small or informal, and engage with these groups in a way that suits their working methods.

## **4.3 Commitments for the Third Sector**

### **4.3.1 Promoting equality and diversity**

An important way in which the third sector can promote equality effectively is by working with the statutory sector on equality issues.

Third sector organisations undertake to:

- Take practical action in partnership with statutory sector to eliminate discrimination, advance equality of opportunity and build community links.
- Show committed leadership (especially at senior levels) to promote equality and, where necessary, put strategies in place to achieve it.

### **4.3.2 Representation and infrastructure**

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

Third sector organisations undertake to:

- Be clear on who is being represented and how their views have been gathered.
- When selecting representatives from organisations and communities, be clear who they represent and with what legitimacy.
- Where appropriate, support infrastructure organisations that can promote the interests of people with protected characteristics.
- Identify groups that are in danger of being marginalised, excluded, or are currently underrepresented in voluntary activity, and put in place measures to promote their involvement

# Derby Compact conflict resolution process

**Compact**  
working together better together

Issue raised

Issue raised informally

Both parties should discuss the issue informally and try to reach a resolution.

Issue raised formally

The alleged breach of The Compact should be detailed in writing. A response should be given in a time frame in line with the organisation's existing internal complaints procedure.

YES

Resolved?

NO

NO

Resolved?

YES

The Derby Compact Forum mediates

The Chair will nominate an appropriate mediator acceptable to both parties.

This will happen within three weeks of referral to the Compact Forum.

NO

Resolved?

YES

OR

National options

- Compact Voice, the national advocacy service for the voluntary and community sector.
- Compact Commissioner.

Ombudsman  
or  
Judicial Review

For example, in cases of maladministration.

YES

Resolved?

NO

For contact details and further information, please see the Derby Compact web page:  
[www.derby.gov.uk/CommunityLiving/VoluntaryOrganisations/DerbyCompact.htm](http://www.derby.gov.uk/CommunityLiving/VoluntaryOrganisations/DerbyCompact.htm)

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