

Best Value Guidance and the Compact - Briefing Note

April 2012

This briefing note provides information about how the principles of the Compact and their use locally can help deliver better communities, highlights how these principles are complementary to those found in the Department for Communities and Local Government's recently published 'Best Value Statutory Guidance', and gives practical advice about how both can be used to ensure more effective partnerships.

What is the Compact?

The Compact is the agreement between government and the voluntary and community sector (often referred to as civil society). It sets out a way of working that aims to ensure that the Government works effectively in partnership with the voluntary and community sector to achieve common goals and outcomes for the benefit of communities and citizens in England.

It considers areas such as policy and service design and delivery, funding arrangements, promoting equality and strengthening independence. Every government department, as well as Non-Departmental Public Bodies, Arms Length Bodies and Executive Agencies, are signed up to the Compact. The Office for Civil Society is responsible for making sure that the Government is putting the Compact into practice.

As well as the national Compact, most areas in England also have a Local Compact. Local Compacts share many of their basic principles with the national Compact. Local Compacts will be developed and signed up to by a variety of partners which can include voluntary and community sector organisations, councils, health and social care organisations, police, fire, and housing, amongst others.

By following the ways of working set out in local Compacts communities have benefited from greater involvement in policy design, improved reach and understanding by local public bodies, better commissioning and procurement, and stronger support for the voluntary and community sector.

The full text of the Compact can be found at www.compactvoice.org.uk/sites/default/files/the_compact.pdf

The Compact is accompanied by an Accountability and Transparency Guide, which outlines steps to take at a national and local level if Compact principles are not followed. The Guide can be found at:

www.compactvoice.org.uk/sites/default/files/the_compact_accountability_guide.pdf

Local Compacts at Work

Compact Voice shares examples of both local and national good practice, and coordinates the annual Compact Awards, which recognise excellence in Compact working.

These case studies provide practical advice and highlight ways local partnerships have delivered real benefits to local communities. They include examples of tackling hate crime, managing cuts to budgets in an open and transparent way, engaging different statutory partners, and measuring impact, amongst others.

Case studies are available on Compact Voice's website at www.compactvoice.org.uk/resources/case-studies.

Best Value Statutory Guidance

In September 2011, the Department for Communities and Local Government (DCLG) published 'Best Value Statutory Guidance', a short piece of guidance relating to the general Duty of Best Value. Under this duty a Best Value Authority¹ is expected to "make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness"².

The guidance provides information about how this can be achieved, particularly with regard to the relationship between local authorities and the voluntary and community sector. It sets out a number of expectations about the way authorities should work with voluntary and community organisations and small businesses when considering funding decisions.

These are:

- Avoiding passing on disproportionate reductions in funding compared to the levels they take on themselves.
- Giving three months' notice of any actual reduction in funding or other support.
- Meaningful and active engagement with organisations and service users before making a decision on changing or ending services.
- Consulting local voluntary and community sector organisations at all stages of the commissioning cycle, including decommissioning.

The guidance makes it clear that authorities should be responsive to the benefits and needs of voluntary and community organisations of all sizes, honouring the commitments set out in local Compacts.

¹ A local authority; a National Parks authority; the Broads Authority; police and fires authorities, the London Fire and Emergency Planning Authority; a Waste Disposal Authority, Joint Waste Authority, an Integrated Transport Authority; Transport for London; the London Development Agency. See Section 1 of the Local Government Act 1999, economic prosperity boards established under section 88 and combined authorities established under section 103 of the Local Democracy, Economic Development and Construction Act 2009.

² Section 3(1) of the Local Government Act 1999.

While the Best Value guidance does not legally apply to central government departments or their executive agencies, it does reaffirm the Government's commitment to the fair standards set out in the guidance, which are similar in intention to those principles found in the national Compact.

How can the Best Value Guidance be used?

The Best Value Guidance sets out reasonable expectations about the ways authorities should work with voluntary and community groups, particularly when making funding decisions. It also makes it clear that local authorities should consider overall value, including economic, environmental and social value, when reviewing service provision.

It is important that all decisions which are made give proper regard to the Best Value Guidance. Like the Compact, the guidance is intended to provide clear ways of engagement between sector partners.

Local authorities should be responsive to the benefits and needs of voluntary and community sector organisations, honouring the commitments set out in local Compacts. This can help both sectors understand and positively influence decision making processes, avoiding the need for challenges later on, and helping avoid potential negative consequences if these principles aren't followed.

Is the Best Value Guidance legally binding?

Local authorities are required by law to have regard to the guidance. However, this is not the same as saying that by law they are required to take the steps set out in the guidance. Local spending decisions are a matter for local authorities but DCLG and the Secretary of State have stated that there is no excuse for any council to target the voluntary sector disproportionately.

Any group or organisation that is concerned that a local authority has not taken the Best Value guidance into account can ask for evidence that it has been considered. A local authority may have to justify or explain how a decision has been reached, or how consideration has been given to the guidance. The Secretary of State does not have a statutory power to intervene simply on the grounds of how funding is provided to the voluntary sector. However, as a last resort, he could be called upon to intervene if there were evidence that a local authority was failing in its Best Value duty.

How does the Compact fit in?

The national Compact contains a number of undertakings which expand on or complement those in the Best Value Guidance. They include:

- 4.2 Assess the impact on beneficiaries, service users and volunteers before deciding to reduce or end funding. Assess the need to re-allocate funds to another organisation serving the same group.
- 4.3 Where there are restrictions or changes to future resources, discuss with civil society organisations the potential implications as early as possible, give organisations the opportunity to respond, and consider the response fully, respecting sector expertise, before making a final decision.
- 4.4 Give a minimum of three months' notice in writing when changing or ending a funding relationship or other support, apart from in exceptional circumstances, and provide a clear rationale for why the decision has been taken.

The Compact establishes principles for good partnership working between the sectors. It is widely supported both locally and nationally as a key mechanism to help establish good relationships, rather than just being a way to challenge if things don't go well. While many local Compacts do contain information about dispute resolution processes, or how to challenge if relationships appear to not be working, following mutually agreed processes throughout partnership activities may prevent these redress principles from ever being needed or used.

The Best Value Guidance states that Local Authorities should honour the commitments established by Local Compacts. Doing so can help both sectors understand and positively influence decision making processes, by recognising and working to principles which have been established and agreed to reflect local need.

Is the Compact legally binding?

No, but local partners and signatories are expected to follow its principles. It can help deliver and support a wide range of activities, including those which are a statutory requirement such as the Duty to Consult³, and duties under the Equality Act⁴.

The principles of both the national Compact and local Compacts can often help provide a mutually agreed way to deliver on these, and other activities. This has many positive benefits, including helping to avoid challenges. It can help deliver better services, encourage closer relationships with different organisations and community groups, and lead to services which better reflect the needs of communities.

Examples of the Best Value Guidance in use

In January 2012, Community Action Derby used the Best Value Guidance as a way to influence proposed funding decisions made by Derby City Council. As a result, sixteen charities had their funding reinstated while further consultation was undertaken.

In February 2012, Bradford Council took into account the principles of the Best Value Guidance to provide an additional three months' notice to local organisations whose funding was being reduced. This enabled the affected organisations to manage the reduction in their income more effectively.

In January 2012, Eric Pickles, Secretary of State for Communities and Local Government, wrote to Nottinghamshire County Council expressing concern that proposed cuts to the voluntary and community sector appeared to be disproportionate, and reminding them of the Best Value Guidance. The council responded with a detailed explanation about how they had taken into account the principles contained in the guidance.

³ Section 3(2) of the Local Government Act 1999

⁴ <http://www.homeoffice.gov.uk/publications/equalities/equality-act-publications/equality-act-guidance/equality-duty?view=Binary>

Where can I find out more information?

Case studies, guidance, and up-to-date news are available at Compact Voice's website: www.compactvoice.org.uk. You can also find out information about local Compact partnerships.

The Best Value Statutory Guidance is located on the DCLG website:
<http://www.communities.gov.uk/publications/localgovernment/bestvaluestatguidance>

More information about the renewed national Compact can be found on the Cabinet Office website:
<http://www.cabinetoffice.gov.uk/news/government-and-voluntary-sector-agree-new-compact>

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