

## How to safeguard Sector stability - using your Compact

Compact Voice Briefing: For Voluntary Groups  
March 2010

There has been much recent discussion about the scope of the inevitable public sector budget cuts in 2010. These are likely to be wide-ranging, and may threaten as many as 170,000 jobs according to [some commentators](#). The changes to funding arrangements will occur across the spectrum, and will have a significant impact on many voluntary organisations, including those who deliver services.

However, there is a tool which will help local authorities make “smart cuts”, rather than unstrategic short term cost savings. Every local area in the country is covered by a Local Compact, and the principles of this agreement will be critical for navigating the new funding relationship.

The Department of Communities and Local Government’s recommended “[Ten ways councils can protect local services](#)” can all be addressed by a Compact way of working; for example informing strategy to “cut out waste and duplication”, “involving the third sector” and “learning from (others) who are doing it better” - through sharing best practice between Local Compact areas. Additionally, it should be recognised that the Sector is committed, along with public bodies, to making the best use of available resources.

### **Working together on budgets**

When a public body is planning service cuts, early discussion with the Sector should take place. This should cover the impact on the Sector and the community (boosting the Sector’s funding may be a cost-effective way of minimising community impact), the wording of any public consultation, priorities, alternatives and implementation issues.

### **Safeguarding relations**

If a public body is planning to cut funding for groups, discussion with the Sector covering the same ground should be held at once. The impact of even modest cuts on local groups can be considerable and disproportionate, and flat percentage cuts should be avoided. Jointly agreed funding conditions should specify the minimum notice that must be given and the covering of “winding down” costs.

There are examples of this already occurring; when Thurrock Council reluctantly felt they had to make grant cuts because of the pressure on their 2010/11 budget, they were originally intended to be flat percentage cuts across the board. However, when Merton’s success in working together with the Sector to identify funding priorities - and the impact of cuts - was highlighted to them, Thurrock Council readily agreed to do it that way. This had the effect of strengthening the local partnership - while not to involve partners will have the opposite effect.

### **What should you emphasise with public sector partners?**

If a service is completely removed due to shorter term cuts, the public sector should look at a placeholder service being established to cover the gap until it can be resumed - there is a role for the Sector here.

When expenditure needs to be carefully considered to ensure it gives the best value, this is actually the right time to think about **investing** in the Sector. In particular, new **preventative** Sector services should be pursued - so that avoidable costs can be tackled. Making cuts without recognising this need can be a false economy. If handled strategically, local authorities will have more resources for their own priorities, rather than being compelled/driven to concentrate on these avoidable issues.

Finally, Compact working is about partnership, and valuing the work of local partners in an area. It is not about ignoring the needs and likely outcomes for partners - an attitude where local authorities say “it’s not your business how we intend to make these cuts”.

## Next steps: taking the relationship forward

Here are some practical steps you as a voluntary group can take, to ensure you achieve the best possible outcome for your local community.

1. Don't be defensive when discussing these issues with local authorities - instead emphasise that you are part of the solution
2. Recognise the difficult position they are in, as this empathy will engender more productive discussions
3. Promote your own good practice - share and show where your services have provided value presently or previously, and have good case studies and reasons to continue this to hand
4. Remind them of their Compact commitments - for example the Government has a duty to involve you in changes to policy that may directly affect you, they must give you three months notice of changes to your funding, and any consultation about policy change should be open for 12 weeks to allow time for a considered response - earlier if possible
5. Visit the Compact Voice website [resources section](#) for more help, or give our Compact Implementation Hotline a call on 0207 520 2451.

*"How cuts are handled can damage relations and undermine work to drive Local Compacts forward. Drawing on expertise of local groups can aid more effective budget making"*

**Richard Catherall, former  
Chair of the Local Compact  
Developers Network, 2007**

*"We urge that in response to the pressures on public spending you work in partnership with our sector to carry out far-reaching reforms of our public services, rather than just top-slicing budgets of existing services, agencies and systems which led to social catastrophe for parts of our country in previous recessions."*

**ACEVO letter to the UK Chancellor,  
December 2009**

## Tips for public sector bodies

Compact working is about partnership, and valuing the work of local partners in an area. It is not about ignoring the needs and likely outcomes for partners - an attitude which says "it's not your business how we intend to make these cuts". So:

1. If the Sector hasn't contacted you, take the initiative to contact them first - this will build mutual trust and confidence
2. Ensure that smaller groups are involved in budget discussions - harness their expertise
3. Remember this is not about creating more work, when you do this the benefits to your own work will be immediate and substantial
4. Get together with other local authorities (fire, health) if you're having difficulties, or perhaps put it on the Local Strategic Partnership agenda
5. Distribute this Guide to partners and local infrastructure organisations

And finally, promote your good practice - celebrate your achievements in partnership, or [tell us](#) and we'll showcase them nationally!