

EPGA: Third Sector track

“The Voluntary Sector Compacts and localism in the UK: Third Sector service and co-producer implications of variations between England, Scotland, Northern Ireland and Wales”.

Alex Murdock
Professor of Not for Profit Management and Leadership
London South Bank University
London SE1 0AA
Alex.Murdock@lsbu.ac.uk

Professor Arthur Williamson (Univ. of Ulster) has assisted in key aspects of this paper and it is planned that we will develop this paper together for later publication

This paper is currently in draft form and subject to further revision. Attributable quotation is acceptable and all constructive comments are most welcome.

Synopsis

This paper seeks to bring together a number of public policy reform strands in the UK which may have implications for public services delivery in other countries. It takes as its departure earlier work by Osborne (2002) examining the implications of Voluntary Sector Compacts.¹

The devolution agenda is now well established in Scotland and in Wales with implication for Regional Assemblies in England. In Northern Ireland a process of devolution was initiated following the Belfast Agreement of 1998 and commenced on 2 December 1999. Devolution was suspended in October 2002 following a breakdown in working relationships between Northern Ireland’s political parties. The devolution agenda has involved, especially in Scotland, a clear desire for a degree of policy independence.² The partnership agenda and importance of stakeholder relationships has also been stressed.³

¹ Osborne ,S. & McLaughlin, K (2002) “Trends and Issues in the Implementation of Local ‘Voluntary Sector Compacts’ in England” Public Money & Management

² Murdock, A (2002) “*Different sounds from distant drums ? : The implications of devolution for Scotland using Health Care as an example.*” American Society for Public Administration, Arizona USA March 2002 (Conference paper)

³ Murdock , A (2004) ‘*Stakeholder Theory, Partnerships and Alliances: Analysis of the Health Care Sector in the UK and Scotland*’
Chapter in
‘Strategies for Public Management Reform’ Elsevier-Oxford 2004 ed.
Lawrence Jones, Kuno Schedler and Riccardo Mussari

In England and Wales the White Paper ‘Strong local leadership - quality public services.’(2002) has sought to set a new path in Local Government.⁴ The implication has been of a search for locally responsive forms of governance and accountability. This has been accompanied by a new focus on service delivery as demonstrated by reports such as “Devolving decision making: Delivering better public services: refining targets and performance management” (2004)⁵ and the evolution of Comprehensive Performance Assessment (2004).⁶ Northern Ireland is soon to enter a period of major structural change in its pattern of public administration following a review process that has been in train for several years.

The voluntary and community sector agenda has developed with the Cross Cutting Review which presaged a greater role for the sector in the delivery of services and identified the need for partnerships with full cost recovery. This highlighted the need for implementation of the Voluntary Sector Compacts described by Osborne (op cit)⁷ This report in turn led to Private Action Public Benefit (2002)⁸. This has now led to a response from the Home Office⁹. The next step was the Draft Charities Bill in England and Wales (2004) and the Draft Charities and Trustee Investment Bill in Scotland (2004) which are currently going through the parliamentary process in both countries.¹⁰ This legislation has been subject to extensive consultation both sides of the border. There are major similarities but some differences. They could signify a major change in the nature of the voluntary and community sector in the future.

All these events both explicitly and implicitly envisage an enhanced and key role for the voluntary sector in public life and provision of public services in the UK.

This paper seeks to weave these related public policy strands together with a view to identifying and exploring the implications for the voluntary sector. The question posed is whether the different strands will work in conjunction or in apposition. There are inherent tensions associated with the move towards a greater involvement in service delivery by the voluntary sector. Full cost recovery may prove to be insufficient to ensure the independence of the sector and there are serious questions as to whether the Voluntary Sector Compact’ will create a new procurement ethos.

⁴ODPM (2002) “Strong Local Leadership” Office of Deputy Prime Minister

⁵ HM Treasury (2004) “Devolving decision making: Delivering better public services: refining targets and performance management” (published as adjunct to 2004 Budget)

⁶ The Audit Commission (2004) “ Comprehensive Performance Assessment”

⁷ HM Treasury (2002) “ Cross Cutting Review of the role of the Voluntary and Community Sector in Service delivery”

⁸ Strategy Unit (Sept 2002) “Private Action Public Benefit” No.10 Strategy Unit

⁹ Home Office (2003) “Charities and Not-for-Profits – A Modern Legal Framework’,

¹⁰ Cm 6199 “The Draft Charities Bill” & “Draft Charities and Trustee Investment Bill (Scotland)”

Introduction

This paper will first briefly set out the context of the Reform and Modernisation agenda of the Labour Government post 1997 and set it within the emerging context of localism. There is an inherent tension between the centralising nature of both the UK political system and the initial (and some say continuing) tendency of a Labour government to fear a loss of control. The factors of Devolution and the role of the Third Sector will then be addressed and are presented as adding an additional and complex dynamic.

The Reform and Modernisation Agenda

The Labour Party which took power in 1997 had no proximate experience of power in national government but it was no stranger to reform. The path to New Labour had involved a number of major reforms reaching right down to the core of the party. As Richard Kelly observed:

“In political science terms it had involved changing Labour from a ‘federal-delegatory’ organisation into an ‘elite-plebisitory’ organisation”
Pyper and Robins 2000: 168

The Blair Government sought a new reform agenda in public services. The introduction of a new performance culture in the public sector is demonstrated by first the Best Value agenda in Local Government and also by published ratings in the Health Service. Audit Commission (2004) This marked a new direction from the earlier ‘contracting out’ and ‘charter mark’ agenda of Conservative Governments whilst not removing either of these from the public sector environment. Entwistle. & Martin (2005)

This could be seen as a centralising tendency using inspection and regulatory regimes with a wide range of requirements for reporting accompanied by ‘sticks and carrots’ to ensure compliance. Pollitt (2003)

Subsequently a new focus has arisen which espouses more locally determined initiatives and accountabilities. This decentralising agenda recognises that there are

limitations and indeed drawbacks from the use of centrally determined and driven measures and inspection regimes (Pratchett (2002 and 2004), Association of Local Government (2004), Coaffee (2005)). Indeed the view from the ‘think tanks’ suggests that this ‘new localism’ could even create new local structures thus leading to what has been variously described as the ‘mutual state’ (Mayo & Moore. (2001)), or ‘associative democracy’ (Hirst (1994)), The New Local Government Network sees the issue of local choice as also a major factor in engaging with service users and the community. Arend, N., Corrie, D et al (2003)

This can arguably be seen as creating a tension between reform models. Newman proposed various governance models to account for these tensions as follows:

- Hierarchy (the traditional Whitehall model whereby power tends to be concentrated at the top)
 - Self Governance (whereby the community is encouraged to participate and empowerment is a key concept)
 - Rational Goal setting (the use of managerial targets centrally set but with local discretion)
 - Open Systems (the use of networks and a flexibility of exchange)
- Newman (2001)

Possible tensions between these various governance models are evident. A hierarchical approach does not sit easily with self governance. Similarly Open Systems and Hierarchy have inherent contradictions. The use of managerial targets (set centrally) implies a significant level of constraint upon the amount of self governance which might be permissible.

These potential tensions and contradictions become even more evident when further dimensions are added. Devolution is one such dimension in that it involves – at its most simple – the division of powers between two governmental and political entities. The other dimension is that offered by the Third Sector. If the Third Sector (or Voluntary and Community Sector as Government documents prefer to describe it) is also added to the equation then the complexities of contradictions and tensions multiply. Though devolution obviously applied to both Wales and to Scotland we will focus primarily upon Scotland as the more far reaching of the two. In Northern Ireland, as indicated above, the devolution agenda has stalled, pending the re-

engagement of the political parties in a power sharing executive and the resumption of the Northern Ireland Assembly at Stormont, near Belfast. The paper will draw attention to issues relating to devolution in Northern Ireland and to the pending root and branch reforms of public administration. The reader interested in devolution in N. Ireland is referred to the detailed literature produced by the Constitution Unit at University College. (see References)

Scotland and Devolution

A brief outline of the historical context

Scotland was a separate kingdom brought together with England by the Act of Union in 1707. It was a union effected by negotiation rather than conquest. Possibly this accounts for why relations with Scotland have been characterised by what McCormick calls a ‘peaceful and friendly character’. (McCormick 2000). This relationship has been associated with two legal systems that overlap but are nevertheless distinct.

Hearn, in a landmark book on Scottish identity, draws out the liberal aspects of Scottish identity. He quotes from a novelist William McIlvanney is a speech to a Scottish Nationalist Party Rally on 19 March 1994 -

‘Scottish history I think demonstrates constantly, a terrible desire for fairness’ⁱ
Hearn talks of a national identity historically rooted in egalitarian values, and opposed to the values of the Conservative party and the unbridled free market. In answer to the question “What do nationalists want?” Hearn asserts they are seeking:

- constitutional structures
- social policies
- cultural valorisation (by this he means that Scots have lived in the shadow of English culture and this has led to a resentment at the diminution of Scots culture)

Hearn sums up the desire for devolution as follows:

“In Scotland, a unique conjunction of a strong, quasi-state-like civil society and strong, intertwined public traditions of socialism, liberal reformism and politico-religious resistance to the state, have provided a context for grounding a vision of an alternative and less alienated future, in the form of greater Scottish political autonomy. But there is a real tension here, between a hopeful vision of the future and a pragmatic defence of a present connected to an idealised past. This discourse is defensive and conservative, but it is also an attempt to convey chosen aspects of the past and present into the future - to argue for a certain kind of future by arguing from a certain kind of past”.ⁱⁱ

Therefore though devolution brought into place new institutions it should be regarded in the light of already existing separate institutions and legal structures. The Scottish Parliament was not modelled upon the ‘mother of Parliaments’ at Westminster. Rather through a different voting system (proportional representation) and different parliamentary structures it was intended to ensure that the ‘legislature’ had more control over the ‘executive’ than was perceived to be the case at Westminster. (Mitchell 2000). In the former the success was significant in that the Scottish Parliament has a diversity of political parties (including the Conservative Party which under the Westminster voting system were left without a seat in Scotland). However a possibly unrealised consequence was that no party achieved a majority this necessitating a coalition administration. Mitchell (2000) suggests that this might be associated with a subsequent failure to achieve primacy of the legislature over the executive.

The nature of devolution in Scotland

The Scotland Act contains the basic terms of the ‘division of labour’ between the two parties. However it is not straightforward and the White Paper on Devolution (1997) commented that the Scottish Executive will need to keep in close touch with departments of the United Kingdom government. Good communications will be vital. This led to the publication in 1999 of ‘concordats’ which provided for Joint Ministerial Working committees which would involve ministers and officials of the devolved administrations. Concordats were also put in place to provide for European issues, financial assistance to industry, international relations and gathering statistical data. There would also be bilateral interdepartmental concordats between English and Scottish government departments.

However the powers to be devolved were considerable and include:

- Health
- Further and higher Education
- School education
- Social Work
- Local Government
- Passenger and road transport
- Prisons, police and fire services
- Agriculture
- Tourism
- Forestry
- Sport and the arts

A number of areas were ‘reserved’ for the Parliament at Westminster. These include:

- Constitution of the United Kingdom including electoral law
- International Relations and foreign policy
- Defence and national security
- The protection of borders and aspects of border control
- Fiscal and monetary policy including the issue and circulation of money.
However the Scottish Parliament was given certain tax raising powers.
- Employment and Social Security (Benefits).
- Matters relating to common markets for goods and services and company law
- Regulation of medical professions
- Transport safety and regulation

What however is more significant and which differentiates the Scottish Parliament from the Welsh Assembly is the power of the former – as confirmed by a referendum – to vary the rate of income tax by up to 3p in the £. It is calculated that this gives the Scottish Parliament the option to forgo, or raise, some £450-500 million per annum in tax. It should be noted that such variation in tax would be collected via the National Tax agency – Inland Revenue. Himsworth and Monroe (1998).

Devolution in Wales

Wales, unlike Scotland, never enjoyed separate institutions and instead presents a ‘softer,’ culturally based, differentiation from England and indeed the rest of the UK. It does, however, share two political factors with Scotland and that is the historic affinity with the Labour party and the presence of a strong nationalist party.

Devolution, though not able to reach back into separate institutions and legal systems, did not come as a sudden surprise to Wales. Bogdanor points out that throughout the 20th Century there had been a steady and clear trend of administrative decentralisation, culminating in 1951 with the appointment of the first Minister for Wales. Bogdanor (2001:159). However this decentralisation was of executive not legislative functions. Indeed Bogdanor asserts that in some respects the decentralisation may have moved the locus of power away from elected politicians and towards civil servants.

The long years of Conservative rule had seen an increase in the number of Welsh Quangos as a means of dealing with a part of the country which was regarded by the then government as relative devoid of political support. The need to hold such bodies locally accountable and also a pressure for local government reform combined to add to the attractions of a Devolved Welsh Assembly. This, according to Bogdanor, meant that the Labour party in Wales was more sympathetic and supportive of devolution than its Scottish counterpart. This history may go some way to explaining why the Assembly in Wales had been set up with executive rather than legislative devolved powers. This made the Welsh Assembly different from other similar devolved national bodies in Scotland, Northern Ireland, the Channel Islands and the Isle of Man. This does not mean that the Welsh Assembly has no legislative role – rather that the role pertains to secondary legislation (such as statutory instruments, rules and regulations). The extent of delegation will therefore depend upon how tightly the primary legislation (drawn up by the UK Parliament) is worded.

The lack of tax raising powers in particular distinguishes the Welsh Assembly from the Scottish Parliament. As Cole observes:

“Without tax raising powers the Assembly depends entirely on the Treasury for its block grant. Negotiations on Welsh finances are undertaken with the Secretary of State and not with the Assembly itself (which must be consulted). This produces much ambiguity, as there is no guarantee that the Secretary of State will be from the same political majority as the Assembly government.” Cole 2004:356

Professor Rawlings in evidence to the Richard Commission (2004) noted:

“Legislative devolution, it is well to remember, is not only about primary powers. Implicit in such a scheme for Wales is a major boost to the pre-existing form of lawmaking activity that is Assembly general subordinate legislation. In particular, and highlighting the interplay of Welsh devolution with the strong administrative paradigm of ‘England and Wales’, central government has been seen making many regulations applying to Wales in matters of health and education, now identified as the leading candidates for legislative devolution. To the extent that secondary legislative powers follow primary ones, by which is meant the substitution of a unitary competence for the present (highly) fragmented one, local subordinate lawmaking activity could thus be expected to increase considerably, if only to keep up with England.”ⁱⁱⁱ

The comments by Professor Rawlings about health and education are highly relevant. The reality is that the Assembly has expanded its legislative functions in directions beyond that which a strict interpretation of primary legislation would have suggested. Hazell (2003).

The charitable and wider not-for-profit community

The National Council of Voluntary Organisations avers that there is, as yet, no universally agreed definition as to what constitutes the voluntary sector in the UK. The Government widely uses the term ‘Voluntary and Community Sector’. Other authors incline to the terms ‘not-for-profit’ or Third Sector. However the Prime Minister’s Strategy Unit uses the term ‘charitable and wider not-for-profit community’.

“The charitable and wider not-for-profit community is the collective term used ... to describe charities, community groups, voluntary organisations, social enterprises and some mutual organisations. These organisations all pursue social aims and do not distribute assets to external stakeholders” The Voluntary Sector Almanac (2004:26)

The National Council for Voluntary Organisations regularly surveys the voluntary sector and produces an account of its size and range. This authoritative survey is published in the form of an Almanac. The most recent was published in 2004. The date for Tables 1 and 2 below are drawn from the 2004 Almanac. It should be noted that the use of the terminology ‘charity sector’ below represents a narrower definition than that of ‘voluntary and community sector’

Table 1: Scope and Structure of UK Charity Sector 2002 (Source NCVO)

	<£10K	£10K-£100K	£100K- £1M	£1M-£10M	Over £10M	All
--	-------	------------	------------	----------	-----------	-----

Number	99.7K	43.8K	15.7K	2K	232	153K
%	59%	29%	10%	1.4%	0.15%	100%
Income						
£M	287	1547	4914	6007	8012	20770
%	1.4%	7%	24%	29%	39%	100%

An obvious observation is that the vast majority of charities are quite small – nearly 60% of the registered charities reported an annual income in 2002 of less than £10,000. However when the actual weighting of income is considered then it is apparent that the sector has an income distribution rather akin to that reported for the population. A relatively few control a large proportion of the total sector income. In fact some 232 charities (about 0.15% of the total number of registered Charities) control nearly 40% of the sector income.

When the sector is broken down in terms of the constituent parts of the UK perhaps unsurprisingly the majority of the sector income and the actual charities themselves is found in England..

Table 2: Distribution of Charities and Charity Income in UK 2002 (Source : NCVO)

Country	% of Income	% of Charities
England	85.4%	77.2%
Wales	3.2%	4.8%
Scotland	8.2%	16%
N.Ireland	2.8%	2.%

The slight disparity between the figures (i.e. proportionally more income than charities are to be found in England than in Scotland or Wales) is in part due to the location of many Charity HQ's in London. In some ways this mirrors the position in the private sector where many company HQ's are located in London or the South East.

The UK Government and the Charitable Sector

In the wider UK government context the Charity Sector is not uniquely tied to any one of the major Government Departments though it has traditional associations with the Home Office. The more recent initiative in the area of Social Enterprise has been linked to a unit in the Dept. of Trade and Industry (DTI).

The sector has been influenced over the past four years by two major reviews. The Treasury conducted a Cross Cutting Review of the Sector as part of the 2002 Spending Review. This review sought to enhance the role of the sector in service delivery. HM Treasury (2002)

The review involved a number of working groups including voluntary sector representation. They covered, inter alia :

- Service delivery
- Social and community enterprise
- Capacity
- The Funding Relationship
- The Development of the Voluntary Sector Compact

The review recognised that nature of the voluntary and community sector meant that they may be able to deliver services more efficiently to certain groups. This suggested that government should make more use of the sector as a preferred supplier of services. The area of Social Enterprise is an interesting one. The author is aware of a close government interest in this area. However possibly what may be happening is a degree of redefinition of existing charitable activity in order to fit into the new social enterprise mantra.

Capacity building, the Funding Relationship and the Voluntary Sector Compact are all, to some extent, facets of the same issue – namely that of resources. The need for core or infrastructure funding has bedevilled the sector for many years. Funders are often unwilling to underwrite core costs – in particular where the costs are seen as not directly related to actual service provision.

Accordingly the Review identified the problems which this posed for the sector and that a means to address this was needed if the sector was to play an enhanced role in service provision. This has led to the creation of a new source of funding to build

capacity and infrastructure – The Futurebuilders Fund with a funding resource of £125 M. What is distinctively different about this source of funding is that it is envisaged most of it will be in the form of loan finance (as opposed to grants).

The Review also led to the publication of guidance to Funders (namely governmental bodies) urging more positive and helpful practices to support the sector. The Office of Deputy Prime Minister published ‘Local Procurement Guidelines’ in Oct 2003. The hope of the sector is that the principle of Full Cost Recovery will become more than a vision but rather a reality. ACEVO (2004)

The other report ‘Private Action Public Benefit’ was produced by the Prime Ministers Strategy Unit in 2002. It presaged a major change in the legal environment for the sector – The Charity Bill (Cm 6199 “The Draft Charities Bill”) which has been included in the legislative timetable for the coming session of the Westminster parliament. The scope of the legislation is beyond the remit of this paper but the legislation presages major changes in the law on charity in England and Wales and it is likely that some of these changes will be replicated in Scotland and that they will also influence changes in charity law and practice in Northern Ireland.

The Voluntary Sector Compact

The term “compact” is used to describe a document setting out a model relationship between two parties, in this case between the Government and the Voluntary Sector. In the case of the United Kingdom Osborne and McLaughlin trace the notion of a compact back – in spirit at least – to previous administrations. The concept was advanced formally by the Labour Party in 1994 some 3 years prior to the 1997 election in “Building the Future Together”, a key policy document. The proposed policy was picked up by the incoming Labour government and seen as linking in with much of the modernisation agenda and participation initiatives. In March 1997 the Labour Party published a key document, *Building the Future Together: Labour’s policies for partnership between Government and the Voluntary Sector* and installed Alun Michael as its “shadow minister for the voluntary sector”. This slim seven-page document announced that:

“Labour will, in Government, establish a Compact with the Voluntary Sector as a simple statement of the broad principles which will underpin the way every department and agency of government will work with voluntary organisations. Labour

will determine the details of the national compact in partnership and consultation with the voluntary sector.

A few weeks later, in May 1997, Labour had a landslide victory at the polls. The first draft compact was produced in England in 1998 but that year there were also separate ones for each of the constituent parts of the UK. Osborne & McLaughlin (2002).

Morison, writing from a legal perspective, noted that the Compacts were an unfamiliar form of document:

“To the lawyer approaching them for the first time the compacts may appear as genuinely baffling documents. They seem to be made up of warm words and platitudes” Morison, J. (2000:113).

However Morison sees them as important in that they set out a new relationship between the government and the voluntary sector. He notes in a footnote that he had been advised by a member of one of the Voluntary Service Councils that that the original intention had been to have a common compact for all of the UK. Morison, J. (2000:113) However though they do not have the status of legal contractual documents they do present some common factors. Namely:

- An identical message from the Prime Minister
- Forwards from a Secretary of State and from key people in the Voluntary Sector
- A common language stressing the ‘recognition’ of the importance of the Voluntary Sector
- An acknowledgement of the independence of the Voluntary Sector

Morison regards the Compacts as an important constitutional development and feels that they represent an important redefinition of the boundary between the state and civil society. He regards them as jointly determined and evolving phenomena in which the voluntary sector is not simply the subordinate and dominated participant.

However that is not a view shared by some other writers on the subject from the sector itself. Joe Saxton writing in the *Guardian* in November 2003 saw the Compact

as a critical Government initiative but saw its impact on the relationship between the Government and the Voluntary sector as not yet assured..

“The Compact remains probably the most central and earliest initiative by the Labour government to change the relationship between the state and the voluntary sector. The investment and profile it has been given are testament to that. What other initiative has a week to itself?. But the real question is whether the Compact is changing the relationship between the state and voluntary sector.” *Guardian* (Nov 5 2003).

Joe Saxton then goes on to outline how research undertaken by his not for profit organisation with Charity CEOs had shown that few mentioned the Compact and, of those that did, it was in generally critical terms. He suggests that there are too many initiatives and that the Treasury is very much in the driving seat through such developments as Gift Aid and Futurebuilders. Osborne and McLaughlin to some extent echo this when they report that local compacts are seen as having ‘only limited value’. However they then suggest that ‘ there is evidence across local authorities in England that the Voluntary Sector Compact is being taken seriously’ Osbourne & McLaughlin 2002:59

Osborne and McLaughlin identify 5 positive and 5 negative factors associated with Voluntary Sector Compacts:-

Table 3: Positives and Negative factors in the Voluntary Sector Compact

Positive Factors	Negative Factors
Links to Modernisation and Best Value	Limited impact that Working Group can have on local authorities
Synergy with other initiatives	Lack of a funding and legislative base
Government commitment to strategic funding	Legacy of poor relationships in some areas
Commitment of key bodies (such as Local Government Assoc., NCVO)	Inappropriate focus on Compact as a document rather than a process
Impact of some early success	Tendency for some government depts. to see it as part of regulation

Source : derived from Osborne and McLaughlin 2002:59

Osborne and McLaughlin identify seven factors which they feel need to be in place if the positive factors are to outweigh the negative ones. These are summarised as follows:

1. Local Ownership

2. The Compact as a process rather than as a document
3. Centrality of values (with a focus on cultural change)
4. The process as led by the Voluntary Sector
5. A non-hierarchical view of Voluntary Sector/Government relationships
6. Involvement of voluntary Sector in the policy process
7. The compact process needs to encompass community involvement (not just the formal voluntary sector).

The question which this paper seeks now to address is whether the impact of devolution and localism works with or against these seven factors, taking in turn England, Scotland and Wales.

The Compact in England

Of the various compacts, the English compact has been the subject of the most documentation and coverage. Appendix A sets out the national Structure and Appendix B sets out the Local structure. These fairly complex diagrams identify the various actors and the flow of expectations etc. The Local Compact Structure clearly expects that local stakeholders will be involved and that the compact will take cognisance of local needs in its operation. The English Compact is associated with a number of codes of practice guides which set out good practice. There is also a detailed web site at www.thecompact.org.uk

This site includes the codes and annual reports.

The practice guides operate in the following areas:

- Volunteering
- Black and minority ethnic organisations
- Funding
- Consultation
- Community Groups (most recently added)

The 5th Annual report (2004) on the Compact noted that 89% of Local Authorities were now covered by a local compact (an increase over the previous years 66% figure). The Compact was described as making progress in the NHS context. An annual survey of the Voluntary and Community sector is carried out on aspects of the Compact. The 2004 survey showed, however, that only 20% reported they had made use of the compact in the past year.

The introduction of a community groups practice code is perhaps significant in the localism arena. The implicit message is that the compact reaches beyond the formal and regulated voluntary and community sector (The Registered and General Charities) to what is sometimes described a ‘civil society’. Research by Joseph Rowntree found that the localism factor appeared to becoming more significant in Neighbourhood Management. Burgess, P. et al (2001). A recent report focused upon London also picked up on the same theme (Association of Local Government 2004). If the Voluntary and Community sector is defined broadly then the introduction of the Community consultation code clearly presages a greater role for the sector.

What is also significant in England is the extension of the Compact into the NHS arena. Recent Department of Health publications have laid heavy stress upon this as a priority. Dept. of Health (Sept 2004) Dept of Health (Feb 2005) Since Health Bodies are involved in Local Strategic Partnerships and consultation activities with Local Authorities and other local stakeholders this will be seen as an additional push toward a greater role for the Voluntary sector in both health service delivery and in decision making in the NHS.

This year (2005) the Compact in England has been the subject of more government activity leading to something called ‘compact plus’. This involves a greater focus upon funding , the concept of ‘compact champions’ and references to organisational kitemarks and a ‘lighter touch inspection and regulation regime’ (Strengthening Partnership 2005). At the time of writing the consultation on this has just finished (12 July 2005). Nick Aldridge , a well informed commentator and writer on the sector , regarded it as a positive step but was sceptical about whether funders would ‘contract in’ to the new scheme. (Aldridge 2005)

The Compact in Scotland

The Scottish Compact is similar to that in England in its structure. The actual initial version - like the Welsh one – set out the perspective of the Executive and made limited reference to what the expectations or obligations of the voluntary sector might be. This was later addressed by a document prepared by the Scottish Council of Voluntary Organisations (SCVO). Scottish Council for Voluntary Organisations (Jan 2001)

However the GEN consultants suggest that this may have led to ‘some dilution’ in the impact of the compact.

The Baseline Review by Gen Consultants came about in part from an awareness that there was not good knowledge about the operation of the compact. The Report by the Compact Review Group (Jan 2004) observed: (Para1.3)

“There was a growing recognition that the Compact needed to be more effectively implemented by both the Executive and the Voluntary Sector.

In the body of the report they go on to say: (Para 3.4)

“To date there has been limited monitoring of the extent to which the principles outlined in the Compact are being carried out. Initial monitoring of Compact implementation during 2000-01 suggested that there was only limited information available to describe the current state of the relationship between the Executive and the Voluntary sector and insufficient information from before the launch of the Compact to establish a baseline. The Review Group believes that this lack of information continues due to the fact that information is fragmented and systems in place are not adequate to capture essential data.” (Scottish Executive 2004).

The lack of data about Scotland is in marked contrast to the situation reported in both Wales and in England. In England data was gathered centrally and published annually. In Wales the lead representative body for the voluntary sector undertook a survey. This author searched for evidence that the equivalent body in Scotland (SCVO) had undertaken such a survey of Compact implementation. It appeared strange given that SCVO had produced one of the key Compact documents. If such a survey has been undertaken it has not been widely disseminated and the Review Group makes no reference to any work by SCVO or other bodies in its 2004 report. Scottish Executive (2004).

The SCVO and the Compact Review Group indicate one possible reason for the apparent lesser interest in the operation of the Compact in Scotland. They note that a high proportion of the sector’s income is self-generated (44%) and a lesser proportion (38%) comes from the public purse. The fact that the Scottish Voluntary sector is less dependent on the public purse reflects the existence of other substantial sources of income (SCVO, Feb. 2005). However, when the UK situation is examined the similar

figure of 38% is found for public funding of UK charities (The UK Voluntary Sector Almanac 2004:61).

This is an area which probably warrants further research to establish why the Compact appears to have been both slower to take off in Scotland and also why there was an apparent failure to realise the situation until 2003. It is possible that provision of services may not have been subject to contracting out to the voluntary sector to the extent that this has taken place in England (other than in the housing area). An editorial in *Public Money and Management* (2001) suggested that Scottish Charities may be becoming more ‘political’ than their English counterparts. This might imply that they were resistant to contracting out and the imposition of measurable targets.

The New Compact which has been launched in Scotland seeks to remedy the situation of a lagging progress on the compact agenda through a more detailed implementation plan. The plan identifies a number of actions and has similarities to the detailed compact plans found in London. However in contrast to the Annual Reviews in England the Scottish implementation plan does not appear to set specific and measurable targets – rather it focuses upon activities. This could be its Achilles heel.

The Compact in Wales

The key difference between the operation of the Compact in Wales and that in England and Scotland is that the compact in Wales has a legislative basis.. This derives from the Government of Wales Act 1998 which states (sect 114):

“The National Assembly shall make a scheme setting out how it proposes, in the exercise of its functions, to promote the interests of relevant voluntary organisations.”

This meant that in Wales the Compact has a statutory basis and the name was changed to the ‘Voluntary Sector scheme’. The legislative nature of its underpinning also has led to an imbalance in that the intentions of the Assembly are set out but the document is ‘light’ on the obligations of the voluntary sector.

The Scheme is rather more limited than those elsewhere and this is demonstrated by the lesser number of ‘formal codes of practice’ than are found in Scotland, England

or Northern Ireland (see Table 5 below). However the other areas are covered in the Action Plan which is used to monitor progress.

The Welsh Council of Voluntary Associations (WCVA) recently surveyed the extent to which the compact had been adopted and found that there is a compact in place in 20 out of 22 counties and that in the other 2 it was being reviewed. They noted that there were moves taking place to include health authorities. Eighteen counties had an action plan in place (Welsh Council of Voluntary Organisations, April 2004)

Therefore it seems that the adoption of the compact scheme has been particularly successful in Wales. The legislative basis for the scheme is arguably a factor in this success.

However though there was only one Code of Practice (for Funding) the WCVA Survey found that only 7 counties had adopted this code for funding – though most of the remainder indicated progress towards one was being made.

Joint Liaison Committees (JLC)had been set up and were functioning in almost all the Counties. Members included senior politicians and voluntary sector members seen as senior and representative of the sector. However only a small number of counties reported that the JLC was involved in drawing up policy or in monitoring of policy though there was some indication that there was an improving trend in this area.

The GEN consultants report that there were no formal sanctions in the Welsh Compact despite its legal basis. However their assessment was that the high level of involvement of Assembly politicians with the sector suggested that issues were successfully resolved informally before they became the subject of complaints. Scottish Executive (2003b)

A comparison of the operation of the Compacts : A final thought.

The Scottish Executive commissioned a report from GEN Consulting which made some comparisons between the operations of the compacts in the UK. Scottish Executive (2003b). The author has taken the data from the report (published in 2003) and updated it. It is an interesting observation that even within the space of a couple of years the situation has changed significantly. The GEN Report assessed the level of

Political involvement in Scotland as Low. However the fact that the Scottish Executive – ahead of the other parts of the UK has produced a ‘new compact’ suggested that this assessment has to be revised upwards.

Table 4 Comparison of Compacts

Compact	Legal Status	Government Partners	Shape	Codes of Practice	Action Plan	Annual Review	Political Involv't
England	No	Gov Dept Next Steps Agencies NHS PCT	Symmetrical	5	Yes	Yes	High
N.Ireland	No	N.Ire Exec	Asymmetrical	3	Yes	Yes	Unclear
Wales	Yes	Assembly	Asymmetrical	1	Yes	Yes	High
Scotland	No	Exec Agencies Non-Dept Public Bodies	Symmetrical	4	Yes- @now	Yes @ now	High @now

Source: Derived and updated from Scottish Executive (2003b)

Note: @ This is based upon the Scottish Executive's introduction of the New Compact in 2003 and the associated Implementation Plan.

The differences in symmetry between the difference countries is worthy of comment. The English and Scottish compacts and codes of practice are seen as symmetrical involving commitments and obligations for both the sector and government. Wales and N. Ireland on the other hand are seen as asymmetrical with the obligations of the voluntary sector relatively unspecified.

The Welsh compact stands out as the only one with a clear legislative basis. It is surmised that this could be the reason why the compact has been so successful in getting established there.

Table 5 Comparison of Compacts by Codes of Practice

Compact	Funding	Consultation	Community Development	Volunteering	Future Proofing	Partnership	BME
England	Yes	Yes	Yes	Yes			Yes
N. Ireland	Yes		Yes	Yes			
Wales	Yes						

Scotland	Yes	Yes			Yes	Yes	
----------	-----	-----	--	--	-----	-----	--

Source: Derived and updated from Scottish Executive (2003b)

The number of codes of practice clearly represents local differences. The lack of a BME population in much of Scotland and Wales has meant that there has not been the importance attached to a code of practice in respect of the Black and Minority Ethnic section of the voluntary community.

The fact that Wales had only one code of practice is interesting and may well derive from the Assembly led compact. It is perhaps natural for the Assembly politicians to assume that the most important consideration in the relationship with the voluntary sector derives from funding needs and concerns.

Summary

The Voluntary and Community Sector plays an important role in society and indeed is the source of much of the ‘social capital’ which makes up civil society. Increasingly the government views the Sector as important in the delivery of services and in the engagement of people with policy.

The Voluntary Sector Compacts have a natural fit with the concept of localism. They highlight the role voluntary organisations play in the community and in representing the particular needs, preferences and views of that community.

However it is apparent that the extent to which Voluntary sector compacts are able to deliver on this agenda varies. In examining their form and success in the constituent parts of the UK differences emerge. In Wales the legislative basis for the compact would appear to be associated with a more widespread introduction. In England the sophisticated monitoring and use of IT and guidance structures stand out as factors and here the compact has reached almost the same level of adoption as in Wales.

However in Scotland there is the appearance of a false start with a failure to engage and a need to play catch up. The lesser focus on public service contracts and government funding driven nature of the voluntary sector and the possible lack of political engagement in the early years may well have been factors. The latter may be addressed by the revised contract implementation plan but the lack of tangible performance measure leaves this author sanguine about the prospects.

References:

ACEVO (2004) Surer Funding

Aldridge, N. “Taking them on “ Charity Times May 2005

Arend, N. Corrie,D et al (2003) ‘Choice: what role can it play in helping local services evolve’ New Local Government Network

Association of London Government (2004) “ Local Councils, Local Solutions”

Audit Commission (2004) “ Comprehensive Performance Assessment”

Benjamin, A. (2005) “Compact gets a makeover 'Champion' aims to win contracts justice for charities “ The Guardian March 23, 2005

Bogdanor, V. (2001) ‘ Devolution in the United Kingdom’ Oxford U.P.

Burgess, P. et al (2001) ‘Devolved approaches to Local Governance: Policy and Practice in Neighbourhood Management’ Joseph Rowntree Foundation

Cheetham, J. (2001) “New Labour, Welfare and Social Work and Devolution: A view from Scotland” Brit J of Social Work Vol 31 625-8

Cm 6199 “The Draft Charities Bill” & “Draft Charities and Trustee Investment Bill (Scotland)”

Coaffee, J. and Johnson, L. (2005) “The Management of Local Government Modernisation: Area decentralisation and pragmatic localism” Int J. of Public Service Management Vol 8 No 2

Coaffee, J. (2005) “The new localism and the management of regeneration.” Int J. of Public Service Management Vol 8 No 2

Cole, Alistair et al. (2003) “Inside the National Assembly for Wales: The Welsh Civil Service under Devolution” Political Quarterly 2003 223-232

Cole, A. (2004) “Devolution and Decentralisation in Wales and Brittany: A framework for evaluation” Int J of Urban and Regional Research Vol 28 No 2

Constitution Unit , University College , London (2004a) ‘ Nations and Regions : The Dynamics of Devolution – Devolution and the Centre’ Quarterly Report Nov 2004

Constitution Unit , University College , London (2004b) ‘ Nations and Regions : The Dynamics of Devolution –Scotland ’ Quarterly Report Nov 2004

Constitution Unit , University College , London (2001) ‘Devolution and Health: 2nd Annual Report ‘

Constitution Unit , University College , London (2004c) ‘ Nations and Regions : The Dynamics of Devolution –Wales ’ Quarterly Report Nov 2004

Compact: Getting it Right Together (2002) Report to the (UK) Parliament of the Fifth Annual Meeting to Review the Compact on Relations between the Government and the Voluntary and Community Sector (source on [www. Compact.org.uk](http://www.Compact.org.uk))

Currie, C. & Toft , A. (1997) “Devolution and the Scottish NHS” BMJ 314 p1848

Dept. of Health (Sept 2004) New agreement between NHS and voluntary sector

Dept of Health (Feb 2005) National partnership body for voluntary sector

Entwhistle, T. & Martin, S. (2005) “From Competition to Collaboration in Public service Delivery : A new agenda for research” Public Administration Vol 83 No 1 2005

Exworthy, M. (2002) “Primary Care in the UK : understanding the dynamics of devolution” Health and Social Care in the Community Vol 9 No 5

Exworthy, M. et al. (2002) “ How great expectations in Westminster may be dashed locally : the local implementation of national policy on health inequalities” Policy and Politics Vol 30 No 1 79-96

Grey, A. & Jenkins, B. (2004) “Government and Administration :Too much checking , not enough doing” Parliamentary Affairs Vol 57 No 2 269-287

Greer, S. (2001) “ Divergence and Devolution” The Nuffield Trust, London

Halfpenny, P. and Reid (2002) “Research on the Voluntary Sector: an overview” Policy and Politics Vol 30 No 4 533-550

Hazel, R. & Jervis,P. (1998) “Devolution and Health” Nuffield Trust , London

Hazell, R. ed. (2003) ‘ The State of the Nations : The Third Year of Devolution in the United Kingdom’ Imprint Academic

Hearn, Jonathen (2000) “ Claiming Scotland : National Identity and Liberal Culture” Polygon, Edinburgh Univ. Press

Himsworth,C.M.G. & Monroe,C.R. (1998) “Devolution and the Scotland Bill”” Cromwell Press UK

HM Treasury (2002) “ Cross Cutting Review of the role of the Voluntary and Community Sector in Service delivery”

HM Treasury (2004) “Devolving decision making: Delivering better public services: refining targets and performance management” (published as adjunct to 2004 Budget)

Hirst P (1994) ‘ Associative Democracy’ Cambridge: Polity.

Hood, Christopher (2000) 'Art of the State : Culture, Rhetoric and Public Management' Oxford U.P.

Home Office (2003) "Charities and Not-for-Profits – A Modern Legal Framework",

Home Office (2005) "Strengthening Partnership : Next steps for compact"

Jeffrey, C. (2002) "Devolution" in Foundations Oct. 2002 Joseph Rowntree Foundation

Keating. M. (2003) "Social inclusion , devolution and policy divergence" Political Quarterly 2003 429-438

Kendall, J. (2000) "The mainstreaming of the third sector into public policy in England in the late 1990's : the whys and the wherefores" Policy and Politics Vol 28 No4 541-562

Klein, R. (2003) "The new localism , once more through the revolving door?" J of Health Services Research Policy Vol 8 No 4 p 195-6

The Labour Party (1994) 'Building the Future Together'

Marnoch.G. (2003) "Scottish Devolution: Identity and impact and the case of community care for the elderly" Public Administration Vol 81 no 2

Mayo, E. & Moore, H. (2001) ' The Mutual State: How local communities can run public services' New Economics Foundaion

McCormick,N. (2000) "Is there a constitutional path to Scottish Independence?" Parliamentary Affairs (Hansard) 2000: 53 721-736

McCrone, D. (2001) ' Understanding Scotland : the sociology of a nation' Routledge

McCrone, D. (2005) " Cultural capital in an understated nation: The case of Scotland " Brit J. of Sociology Vol 56 No 1 2005

Midwinter, A. (1996) "The Devolution of Power in the United Kingdom" Public Money and Management Oct-Dec 1996

Midwinter, A. & McVicar, M. (1996) "The Devolution Proposals for Scotland : an assessment and critique " Public Money and Management Oct-Dec 1996

Midwinter, A. (1999) "The Politics of Needs Assessment : The Treasury Select Committee and the Barnett Formula " Public Money and Management April-June 1999

Midwinter, A. & McGravey, N. (2001) "The New Accountability? Devolution and Expenditure Politics in Scotland" Public Money and Management 2001 July-Sept.

Midwinter, A. (2002) “The New Politics of Local Spending : Central-Local Financial Relations under Scottish Devolution” Public Money and Management 2002 April-June.

Mitchell ,J. (2000) “New Parliament, New Politics for Scotland” Parliamentary Affairs (Hansard) 2000: 53 605-621

Mitchell, J. & Bradbury, J. (2004) “Devolution: Comparative Development and Policy Roles” Parliamentary Affairs 2004 Vol57 329-346

Mooney, G. and Poole, L. (2004) “ A land of milk and honey? Social policy in Scotland after devolution.” Critical Social Policy Vol 24 No 4

Morison, J. (2000) “ The Government-Voluntary Sector Compacts : Governance, Governmentality and Civil Society” J. of Law and Society Vol 27 No 1 98-132

Milewa, Timothy (2004) “Local Participatory Democracy in Britain’s Health service: Innovation or Fragmentation of a Universal Citizenship?” Social Policy and Administration Vol 38 No 3

Murdock, A (2002) “Different sounds from distant drums ? : The implications of devolution for Scotland using Health Care as an example.” American Society for Public Administration, Arizona USA March 2002 (Conference paper)

Murdock , A (2004) “Stakeholder Theory, Partnerships and Alliances: Analysis of the Health Care Sector in the UK and Scotland”
Chapter in
‘Strategies for Public Management Reform’ Elsevier-Oxford 2004 ed.
Lawrence Jones, Kuno Schedler and Riccardo Mussari

Needham, C. (2002) “Consultation: A cure for Local Government?” Parliamentary Affairs Vol55 699-714

Newman, J. (2001). ‘Modernising Governance: New Labour, Policy and Society.’ London: Sage.

Osborne ,S. & McLaughlin, K (2002) “Trends and Issues in the Implementation of Local Voluntary Sector Compacts’ in England” Public Money & Management Jan-Mar 2002

ODPM (2002) “Strong Local Leadership” Office of Deputy Prime Minister

Painter, C. & Clarence, E. (2000) “New Labour and Inter-governmental management: flexible networks or performance control?” Public Management Vol2 No4 477-498

‘Pharmacy and Voluntary Health Sector should be partners’ (2002) The Pharmaceutical Journal Vol 268 No 7204 p933 29 June 2002

Pike, A. (2003) ‘The Disintegration of Local Government: a discussion paper’ Association of London Government

Pollitt, C (2003) 'The Essential Public Manager' OUP

Pollock, A. (1999) "Devolution and health challenges for Scotland and Wales" BMJ 318 1195-8

Public Money & Management (2001) "Giving Greater 'Political Voice' to Charities in Scotland?" Editorial Oct-Nov 2001

Pratchett, L. (2002) "Local Government: From Modernisation to Consolidation". Parliamentary Affairs 2002 Vol55 331-346

Pratchett, L. (2004) "Local Autonomy, Local Democracy and the 'New Localism'". Political Studies Vol32 358-375

Prime Ministers Strategy Unit (Sept 2002) "Private Action Public Benefit" No.10 Strategy Unit

Pollitt, C. & Bouckaert, G. (2000) 'Public management Reform : A Comparative Analysis' Oxford U.P.

Pyper, R. (1999) "The Civil Service : A neglected Dimension of Devolution" Public Money & Management April June 1999

Pyper, R. and Robins, L. (2000) 'United Kingdom Governance' Macmillan

Richard Commission (2004) National Assembly for Wales (web site www.richardcommission.gov.uk)

Saxton, J. (2003) "Oh dear, the charity compact!" The Guardian November 5, 2003

Scottish Council for Voluntary Organisations (Jan 2001) 'The Scottish Compact : Implementation Guidance to Voluntary Organisations'

Scottish Executive Health Department (1999) "Fair Shares for All : A short Guide to the Report of the National Review of Resource Allocation for the NHS in Scotland"

Scottish Executive (2003a) 'The Scottish Compact '

Scottish Executive (2003b) 'The Scottish Compact: Baseline Review '

Scottish Executive (2004) 'Scottish Compact : Implementation Strategy 2003-2006'

Scottish Parliament (2003a) "National Health Service Reform (Scotland) Bill"

Scottish Parliament (2003b) "National Health Service Reform (Scotland) Bill : Policy Memorandum "

SCVO (Feb 2005) A Snapshot of the Scottish Voluntary Sector : SCVO Research Dept.

Somerville (2004) “Governance and democratic transformation” Paper at 54th.
Political Studies Association Conference April 2004

Stoker, G. (1999) ‘ The New Management of British Local Governance’ McMillan
Trench, Alan ed. (2004) ‘ Has Devolution made a difference : The state of he Nations
in 2004’ Imprint Academic

Stoker, G. (2004) ‘ Transforming Local Governance : from Thatcherism to New
Labour’ Palgrave

The UK Voluntary Sector Almanac (2004) NCVO

Voluntary Action Cardiff (2001) “The Cardiff Voluntary Action Compact 2001”

Welsh Council of Voluntary Organisations (April 2004) ‘Survey , through county
voluntary councils, of local authority and voluntary sector relationships in Wales’

Welsh Local Government Association (Jan 2004) Response to the Independent
Commission to Review the Voluntary Sector Scheme.

Wilding, K. et al (2004) ‘The UK Voluntary Sector Almanac’ NCVO

Wilson, J. & Doig, A. (2000) “Local Government Management : A model for the
future “ Public Management Vol2 No 1 2000 57-83

R. Wilson (2001), Agreeing to Disagree? A Guide to the Northern Ireland Assembly,
Belfast: The Stationery Office.

Woods, K. (2004) “Political devolution and the Health Services in Great Britain “
Int. J of Health Services Vol 34 No 2

ⁱ Hearn (2000) p.2

ⁱⁱ Hearn (2000) p.132

ⁱⁱⁱ Web reference: <http://www.richardcommission.gov.uk/content/evidence/written/rawlingsr/chapter9-e.htm>

Appendices 1 and 2 attached

