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Marilyn Taylor

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Surviving Over Time and Space? The Experience of the English Compact

Marilyn Taylor

Abstract

Since it was first agreed in the autumn of 1998, the English Compact has achieved international status, as a marker of – or vehicle for - a new and improved relationship between the state and the third sector. Over the twelve years or so since its first publication, it has been supplemented by local compacts across the country and has been ‘refreshed’ or renewed twice. As such it has proved remarkably durable across time and space. But the political context in which it operates has now changed. A government committed to partnership has been replaced by one with a strong ideological commitment to limiting the powers and role of the state. How will this affect its future role?

KEYWORDS: English, compact, state, third sector, national local, charity, law UK

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Introduction

The increased global prominence of the voluntary, or non-profit sector over the past two decades has been well-documented (see, for example, Salamon, 1994; Salamon et al., 1999). Part of the global shift from government to governance, it signalled a recognition that it was no longer possible in the context of globalisation, or given the complexity of today's society, for the state to govern without the co-operation of other actors (Rhodes, 1997; Stoker, 1998; Kooiman, 2003; Taylor, 2007). But it was the UK that was hailed, in a recent publication, as the first country to start a process of comprehensive policy development towards this sector (Gidron and Bar 2010, p. 17). A crucial marker in this process was the signing of the English Compact,ⁱ agreed between the incoming New Labour government and the voluntary and community sector (VCS)ⁱⁱ in 1998. Fourteen years since its publication, this Compact, which inspired parallel agreements in a number of other countries, remains in place – albeit in revised form - and has been supplemented by compacts at local level throughout the country. It has cross-party political support and, indeed, has survived a recent change of government at national level.

The English Compact has not been without its critics. Nonetheless, it has proved remarkably durable across time and space. This article examines the factors that have sustained it to the present day and what this means for the relationship between the state and the VCS in this country. It begins by setting the development of the Compact in context by briefly tracing the historical development of relations between the state and the VCS in England. It then identifies some of the key factors underpinning the successful introduction of the national Compact as a policy innovation in 1998. The two following sections discuss the impact of the Compact at national and local level and the factors that have helped or hindered its application.

A further section then considers some of the criticisms that have been made of the Compact as a concept, asking how far the Compact can be considered to have created the genuinely new kind of relationship that its midwives might have been hoping for. Finally, the article considers the prospects of a policy innovation introduced by a centre-left administration under a new right-of centre Coalition government with a radically different ideological agenda.

The relationship between government and the VCS

The relationship between the state and voluntary action in England has taken different forms through the centuries. For a long time, as the infrastructure of the state developed, the two sectors had parallel roles in the provision of welfare – with the voluntary sector often characterised as providing for the deserving poor and the state for the ‘undeserving poor’. But by the twentieth century, the state was taking an increasingly dominant role and by the mid 1940s, with the introduction of the welfare state, the third sector had become very much ‘the junior partner in the welfare firm’ (Owen, 1966).

Some thirty years later, the balance of the relationship was to change again. The election of the Thatcher government in 1979, with its neo-liberal agenda, paved the way for a reduction of the state role in public service delivery in favour of a mixed economy of welfare. This gave the sector a more prominent role as well as increased income from government (Kendall and Knapp, 1995). But the ‘contract culture’ that it introduced gave rise to growing unease within the sector. There were concerns in particular about the bureaucracy associated with contracts, inappropriate regulation, goal distortion and the threat to the autonomy of the sector as well as the distinctive contribution that it could make to welfare and society more generally (Lewis, 1999; Kendall, 2003). Some argued that the sector risked becoming a ‘shadow state’ (Wolch, 1990) with VCOs taking on ‘collective service responsibilities previously shouldered by the public sector...but controlled in both formal and informal ways by the state’ (Fyfe, Timbrell and Smith, 2006:633). Government interest in the sector seemed largely instrumental and the hiving off of the government unit with responsibility for the sector to the Department of National Heritage (from the more influential Home Office) suggested a lack of understanding of its potential.

It was against the background of this ‘contract state’ (See Butcher et al., this issue) that the idea of a ‘concordat’ was first mooted – as an agreement that would lay down basic principles for future relations between the sectors (Deakin Commission, 1996). This idea was rejected by the Conservative government of the day, but it was taken up by the main opposition party - New Labour. When the 1997 election swept New Labour into power, it became an early policy priority.

What made the Compact ‘take’ as a policy innovation?

Elsewhere in this issue, authors have used advocacy coalition theory (Mazmanian and Sabatier, 1989) and Kingdon’s policy implementation framework (Kingdon, 1995) to analyse the introduction of compacts and their failure or success. Kendall has argued, however (Kendall 2009; Kendall and Taylor 2010), that the process

through which the Compact was introduced is more complex than these frameworks suggest. Nonetheless, the coming to power of the new Labour government in 1997 can be understood as a policy window that, against a background of growing interest in civil society as a policy stream world-wide, was successfully exploited by policy entrepreneurs from both government and an increasingly confident VCS. These contributory factors were reinforced by the nature of the process through which the Compact was developed and agreed, which gave it legitimacy, particularly in the VCS. These factors are discussed further below.

The policy window

The mid 1990s were the dog days of a Conservative administration that had held power since 1979. The main opposition party – rebranded as New Labour – was in search of a new political ideology that would differentiate it both from the past and from the government in power at the time. This was to become the ‘third way’ – a path which could overcome the limitations of both market and state and which had resonance for many on the centre left. To the third way, the ‘third sector’, as it increasingly came to be known, was of course central and when Tony Blair was elected as the new leader of the Labour Party in 1994, he commissioned a review of the relationship between government and the voluntary sector (Labour Party, 1997). This picked up Deakin’s proposed ‘concordat’ and rebranded it as a ‘compact’. When New Labour came to power, the opportunity was taken at an early stage to convert this into policy.

Wider interest in civil society as a policy stream

The third way drew on a wider range of ideas current at the time. Globally, civil society had been ‘rediscovered’ in the wake of the fall of communism (Alexander, 1998). Commentators promoted the idea of an ‘enabling state’ and were beginning to talk of a move from ‘government to governance’ (Osborne and Gaebler, 1992; Rhodes, 1997; Stoker, 1998; Kooiman, 2003). Etzioni’s communitarian agenda was attracting considerable interest (see, for example, Etzioni, 1998) and Putnam’s ideas about social capital were beginning to make their mark (Putnam 1993, 2000). Within the UK, as Kendall documents (2003), after stagnant policy interest in the 1980s, three independent reports in the 1990s, culminating in the Deakin Commission mentioned above (Kendall, 2003: 51-2), helped to promote an enhanced profile for the sector amongst policy makers. Cross-sector partnership approaches – to urban regeneration and social care, for example – were already being introduced by the then Conservative government.

For New Labour, as Butcher et al. report in their article in this issue, the VCS was central to its move from a 'contract state' to a 'relational state'. It continued to promote the market in its agenda for radical service reform, but put greater emphasis on the voluntary sector's potential role here. It also saw important roles for the community sector in its agenda for democratic renewal, community empowerment and civil renewal (Blunkett, 2003). Voluntary and community action were on the crest of a wave.

Policy entrepreneurs

Kendall identifies two key players in the development of the Compact as a policy innovation. The first was Nicholas Deakin – the independent chair of the above-mentioned Commission - whose idea of a 'concordat' was seen by Kendall (2003) as the most innovatory aspect of the Commission's report. Equally important, in the political stream, was Alun Michael the Labour MP who led the Labour Party review that picked up the idea of the concordat. He became Minister with responsibility for the voluntary sector at the Home Office after the election, securing a significant increase in resources and profile for what had been a traditionally weak unit (Kendall, 2003: 60-2).

The increasing confidence of the sector as a whole

The introduction of welfare markets and growing use of cross-sector partnerships was already changing the nature of the relationship between government and VCS players by the time New Labour came to power. Significantly, too, the third sector infrastructure had strengthened considerably. This process could be said to have begun in the 1970s when the National Council for Social Services changed its name to the National Council for Voluntary Organisations (NCVO) and the Volunteer Centre UK and Charities Aid Foundation were established as independent organisations. Over the 1980s these organisations built up both their membership and capacity and were joined in 1988 by the Association of Chief Executives of National Voluntary Organisations (ACENVO, which was later to drop the N(ational)).

By the 1990s, there was also a growing community sector infrastructure, evidenced in part by the formation in 1994 of a Community Sector Coalition to promote the interests of smaller community-based organisations. Equalities groups too were gaining in strength and recognition. It was significant for the widespread legitimacy of the Compact that it was signed with the voluntary *and* community sector (VCS) and was in the coming years to pay particular attention to the needs of community and black and minority ethnic groups.

The process

The process of Compact agreement, along with the skills and commitment of key players in both sectors, has been well-documented (see in particular Kendall, 2003). It was negotiated between a Ministerial Task Force and an independent third sector Working Group on Government Relations (WGGR), chaired by an influential ex-civil servant, whose boundary-spanning skills were a considerable asset and who was seen by Kendall as the third key policy entrepreneur in the Compact's introduction (Kendall, 2003). The WGGR had a reference group of 100 third sector organisations covering many of the different constituencies in the sector but also consulted with the wider sector – it is claimed that these constituencies involved some 25,000 organisations. This helped not only to provide a sense of ownership across the sector and bring potential sceptics on board but maybe also, while encompassing its diversity, to generate a sense of the sector as a coherent whole and mobilise it around a single purpose.

How has the Compact fared over time?

In terms of its survival and spread, the Compact can be judged as a success. By the end of the New Labour era, in 2010, it enjoyed cross-party support. In 2009, it was re-endorsed through a process of 'refreshment'. Parallel 'local Compacts' had been established in the majority of local authority areas, involving local authorities and other public bodies. However, its profile had ebbed and flowed over this time. Implementation was slow and under-resourced and its impact was variable. This section first explores the factors that contributed to its survival and spread and then assesses its impact during this period, looking first at the national and then at local compacts.

The National Compact: factors promoting implementation

A number of factors contributed to the sustainability of the Compact over the thirteen years of the new Labour administration and legitimated it in the eyes of both parties to the agreement. These were:

- its content and coverage;
- the structure of implementation: a comprehensive institutional architecture;
- the context of implementation: a wider policy commitment to supporting the VCS in its new roles.

Content and coverage

The original Compact comprised a set of principles and a series of commitments, from government, from the VCS and joint commitment across both sectors. It was amplified through five codes of practice, also negotiated between government and the WGGR, covering funding, policy appraisal, volunteering, and eventually the specific needs of community and BME groups. By going beyond a statement of principles, the commitments and codes of practice made it possible to operationalise the Compact, to assess progress and pinpoint breaches. By going beyond funding, the Compact recognised the wider roles and responsibilities of the sector, including its right to be a critical partner.

Institutionalisation

The goodwill of key champions in government was critical to the signing of the Compact. But if it was to be sustained it needed to be institutionalised. Over time, and with some false starts, a comprehensive architecture for the implementation of the Compact (Zimmeck et al., 2011) was developed which included:

- An annual Ministerial Review meeting which reported directly to Parliament
- The appointment of high-level Compact champions in each government department and regular meetings across central government departments
- Compact Voice – a body representing the voluntary and community sector's interests
- A Compact Advocacy Programme now located within Compact Voice
- A Commission for the Compact – a non-departmental public body to promote and monitor Compact implementation.

This architecture took time to establish but provided a means of promoting implementation within both government and the VCS, of monitoring implementation and negotiating changes, and of mediating where there were breaches. It also provided the means of negotiating and consulting on the 'refresh' of the Compact in 2009, designed to give it a fresh impetus.

The most recent evaluation of the Compact (Zimmeck et al., 2011) comments particularly favourably on the Commission for the Compact, arguing that it brought much-needed resources into Compact implementation, provided expert support across the board and carried out essential research to gather evidence on Compact-working in central government. While Zimmeck and her colleagues criticise the fact that the Commission was not independent of central government, they praise its even-handedness across the sectors. However, they are more critical of Compact Voice, the body set up to represent the VCS. Its

location within the National Council for Voluntary Organisations (NCVO) gave it stability over time and some key personnel remained in post throughout (in marked contrast to the situation in government). However, Zimmeck and her colleagues argue that it has been under-resourced throughout its life and question how far it can claim to represent the sector as a whole – a critique that is strongly disputed by the body in question.

The wider policy commitment

The Compact did not stand alone. In 2002, the government reported on a comprehensive review of the potential role of the sector in service delivery, which it had carried out with VCS involvement (HM Treasury, 2002). This introduced a number of measures to build the capacity of the sector, investing in its infrastructure and its service delivery role and reaffirming the importance of the Compact. A parallel review launched the first major revision of Charity Law since 1601 as well as new constitutional forms to promote social enterprise. Earlier, after unprecedented levels of consultation, government had also introduced programmes to address social exclusion in partnership with local communities (Social Exclusion Unit 2001) and these were later supplemented by funding for a number of community empowerment initiatives.

Policy towards the third sector was reviewed again later in the decade in a joint undertaking between HM Treasury and the Cabinet Office (HM Treasury, 2007). Their report led to a range of further initiatives, including the refresh of the Compact mentioned earlier in this article and completed, after due consultation, in late 2009.

The National Compact: factors inhibiting implementation

However, all was not plain sailing. After the initial high-profile development and signing of the Compact, progress at the national level was disappointingly slow. It took nearly five years to agree the five codes of practice attached to the Compact, four years to ensure that high-level champions were in place within government and nearly nine years to establish the Commission for the Compact as a body with adequate resources and the strategic approach necessary to promote, support and monitor Compact implementation. Ironically, by the time this was in place in 2007, one of the earliest and most powerful mechanisms to ensure Compact compliance - the annual Ministerial meeting – was breaking down. Zimmeck and her colleagues (2011) report declining attendance at the annual ministerial meetings from the middle of the decade – in two cases, even the Minister directly responsible failed to turn up.

In parallel with these developments, a series of working groups and independent evaluations reported a failure in government to give Compact implementation sufficient priority or resources (HM Treasury, 2002; Carrington, 2002; Compact Advocacy Programme, 2004; Craig et al., 2005). Government was also slow in appointing departmental and regional champions. Alun Michael, the Compact's early political champion, commented at a recent conferenceⁱⁱⁱ, that the Compact had simply not gone 'deep enough'. In fact, he had left the Home Office early in the life of the New Labour administration to become First Minister for Wales in 1998 – where he introduced a policy to make Compacts compulsory at local level. But, while this did not impede the introduction of the Compact, constant turnover over time in the government Ministers and senior civil servants charged with Compact responsibilities further impeded progress (Zimmeck, Rochester and Rushbrooke, 2011).

The National Compact: impact on relationships between the sectors

Measuring the impact of the Compact is fraught with difficulties (Zimmeck, 2010). Without any kind of baseline, moreover, it is impossible to say what might have happened without a Compact. However, successive national reviews over the decade reported low levels of awareness and patchy implementation among government departments and government regional offices ((HM Treasury, 2002; Carrington, 2002; Craig et al., 2005; Zimmeck, Rochester and Rushbrooke, 2011). Late information about grants was commonplace – funding for two national initiatives with which the present author was involved was frequently not confirmed until well into the new financial year (IVAR/UWE, 2009). Consultation timetables were another frequent casualty (Zimmeck et al., 2011). And when political expediency demanded, even the Department responsible for the Compact itself was capable of serious breaches, as in the case of a Campaigning Research Programme in 2009 whose funding was suddenly withdrawn after participants had been selected and an evaluation team appointed.

Local Compacts

The 1998 Compact was signed between central government and representatives of the third sector. But it was accompanied by a commitment to roll out the Compact idea at local level. This significantly increased its coverage, since it is at this level that most contact occurs between the state and the VCS. Indeed, a UK-wide survey at the time suggested that the groundwork for this was already in place (Craig et al., 1999). Agreements between the sectors were already being developed in many local areas, although these were often confined to funding^{iv}. A later evaluation suggested that they increasingly covered not just the local

authority but also a number of other public bodies at local level (Craig et al., 2005). By 2007, the Audit Commission estimated that 99 percent of local authorities were 'Compact-active' (Audit Commission, 2007). Indeed the spread of local Compacts could be regarded as the greatest success of the national Compact, whose agreement provided encouragement and a comprehensive template for those in the local state and VCS who were already keen to build a positive relationship between the two sectors.

That said, the content of local Compacts has always varied hugely – from a simple statement of principles to detailed agreements with codes of practice.

Factors facilitating local Compact development and implementation

Early research suggests that the policy drive provided by the national Compact was certainly one factor that promoted the development of local Compacts (Craig et al., 2002, 2005), but the structural and contextual factors discussed in the previous section – the Compact's institutional architecture and wider policy developments - were to prove equally important in promoting their spread and implementation. On the one hand, the Compact Advocacy Programme, Compact Voice and especially the Commission for the Compact injected energy into the promotion and support of local Compacts. On the other, the Compact was used as an indicator of compliance in a number of central government policies for the modernisation of local government.

A particular example was the introduction of local strategic partnerships (LSPs) in every locality. Initially set up to bring together all major local players in the most disadvantaged localities in order to draw down funding for neighbourhood renewal, LSPs developed into a country-wide mechanism to act as the vehicle for developing a Local Area Agreement between local public agencies and government. LSPs were required to include VCS representatives and funding was supplied to support the sector's participation in this process. Not only did the LSP provide a useful framework for the spread of the Compact to all parts of the public sector locally. Government also identified the agreement of a Compact as a useful indicator of satisfactory progress in partnership working, which could help to release central funds^v.

A number of local factors were also important in promoting the spread and implementation of local Compacts. Craig et al. (2002, 2005) found that a lot depended on the establishment of relationships of trust between key individuals on either side. The 'paradox' of the Compact, they suggested, was that the most successful Compacts were likely to have been built on foundations already established before Compact negotiations began, in terms of existing good relationships between the sectors (Craig et al., 2002, 2005).

They also suggested that the process of development was as important as the product in the sense of increasing understanding and trust between the sectors (see also Butcher et al., this issue). Often, this process involved exercises to map the local VCS and the contribution it made, thus raising public sector awareness of its size and contribution. Once developed, Compacts were more likely to have an impact if formal processes were introduced to support them: the appointment of Compact champions, and the establishment of working groups and regular review processes.

Factors inhibiting the development and implementation of local Compacts

The Compact was one of a large number of policy developments affecting local government in the early 2000s. However committed an authority was in principle, the high level of policy activity under New Labour often meant that local Compact development and implementation was a low priority or that key officers were moved on to other initiatives. A change of key personnel or political administration could spell life or death for the Compact at local level. Meanwhile, in too many cases, there was no mechanism for formal review once the Compact was agreed or, if there was, it was not implemented. A Compact Voice survey in 2011 found that, while many local Compacts had been reviewed following the national ‘refresh’ of the Compact in 2009, over a quarter of respondents said that their implementation groups had not met over the previous twelve months. This meant that, however effective the development process might have been, there was a danger that the Compact, in the end, would amount to little more than a piece of paper.

Impact on relationships between the sectors

Zimmeck et al.’s 2011 evaluation found that the best local Compacts ‘had made significant and valuable contributions to improving relationships’ (2011, p. 6). However, it estimated that only one third could be said to be working well. An earlier assessment by the Audit Commission (2007) suggested that they had helped to improve funding and commissioning, as well as understanding between the sectors. However, it found that key principles, such as full-cost recovery or three-year contracts, were still thin on the ground. A survey in 2011 by Compact Voice, while positive in its assessment, commented on the startling difference in perceptions - with local authorities being much more positive about progress than their VCS counterparts.

Craig et al.’s earlier evaluations, meanwhile, found that, in many areas, awareness beyond key players in either sector was low and highlighted in particular the failure of Compacts to engage with Black and Minority Ethnic

(BME) organisations. A later study of Compact champions in both sectors still found that awareness of the Compact still did not reach far enough beyond those most involved and that more consistent support was needed for Compact champions (IVAR, 2009a).

What does this tell us about implementation?

Drawing on the discussion so far and the evaluations cited (Carrington, 2002; Craig et al., 2002,2005; Audit Commission, 2007; Zimmeck, Rochester and Rushbrooke, 2011; Compact Voice, 2011), it is possible to argue that key factors in the successful working of a Compact, whether at local or national level, include:

- sustained and consistent leadership at Ministerial or equivalent level
- a thorough process of consultation in the development of the Compact which lends it legitimacy and gives both sectors ownership
- incentives at local level for public bodies to engage in Compact development, including reference to Compact development in more generic policies
- an adequately resourced and sustainable architecture for implementation at national and local level, with adequate authority and ideally independent of either sector, which can:
 - promote and monitor Compact working,
 - celebrate and share good practice and
 - help to spread awareness of the Compact beyond those most involved
- champions across government and in the third sector with adequate resources to promote Compact implementation at departmental and local level
- a system for regular review, including baseline data on compliance and regular updates

However, the shortcomings of implementation led, towards the end of the New Labour years, to a comprehensive process to ‘refresh’ the Compact, based on a three-month consultation process. The refreshed Compact was slimmer than the original and no longer had separate codes or, indeed, joint undertakings. Instead, undertakings were grouped under three main headings - allocating resources (57%); involvement in policy development (25%) and advancing equalities (18%). An increased emphasis on funding and procurement issues, with far less attention given to volunteering and community groups, suggests that this is ‘a document less about the relationship between government and the sector in the

broadest sense and more about the specific relationship required for the delivery of public services (Zimmeck, 2010:129-30).

Legal status

One major concern the process of refreshment did not address was the issue of compliance. Over the years, concerns have been expressed about the legal status of the Compact – or lack of it. For some, this means that the Compact has no teeth. Others, however, would see the annual meeting and other steps that have been put in place as offering a more fluid and flexible approach to institutionalising the Compact. The Compact Advocacy Programme, for example, provides a means by which breaches can be tackled and complaints addressed. However, an evaluation of its operation suggested that it acted mainly as a backstop or safety net and usually signalled a breakdown of relationships rather than being able to secure compliance in the first place (IVAR, 2010). Other steps have been taken to give local Compacts more teeth – for example, as reported earlier, the existence of a Compact has sometimes been used as an indicator of compliance with central government requirements. However, a proposed kite-marking scheme proposed in 2005 was never implemented.

A new kind of relationship – or incorporation?

For many, the Compact was an important endorsement of the value of the VCS in society, placing it on an equal footing with government. It was seen as a significant symbol of the mainstreaming of the sector under new Labour (Kendall, 2003) and its advocates saw it as a way of securing a more even-handed relationship between the state and the VCS after the years of the ‘contract state’. However, it was not greeted with universal approval. From the beginning, some commentators were deeply sceptical, arguing that the Compact represented the incorporation of the VCS into a government agenda (Taylor, 2010).

In 2001, an influential commentator, Ralf Dahrendorf, described the Compact as a sign of the gradual co-option of the sector by government. He counseled firmly against “the embrace of the state,” warning that the “independence that is the oxygen of charity” would be “stifled by the flirtation with political power” (Dahrendorf, 2001). A year earlier, John Morison, discussing the significance of the Compact in all four UK countries, presented a more nuanced analysis. For him, the Compact was part of a reconfiguring of the relationship between state and third sector, with the sector becoming part of a new arena of governance ‘at a distance from’ the state:

The compact process can be seen as part of an exercise of governmentality ... within the context of a newly emerging partnership relationship between formal government and some more managerially minded parts of the voluntary sector. Government, perhaps in pursuit of a third way, is seeking to operationalise a particular, ultimately more managerially driven programme by influencing, allying with, and co-opting the voluntary sector as a resource that they do not directly control. (Morison, 2000, p. 131)

In this way, however, Morison argues that what might be presented as increased autonomy, a chance to govern oneself, can also be seen as a reconfiguration of rationalities so that the self-interest of the sector aligns with the interest of a state seeking to mobilise a reserve army of support effectively and on its own terms (Morison, 2000, p. 129). Later commentators have endorsed this view, seeing the Compact as a way of drawing the VCS into the state's policy agenda (Haugh and Kitson, 2007) and instituting it as 'a governable terrain' (Carmel and Harlock, 2008). The increasingly instrumental approach taken in the 'refresh' of the Compact, discussed above, certainly lends weight to this argument as do the instances of non-compliance within central government itself. For this reason, some argue that it is generally most relevant to a small but influential subset of Compact-friendly service deliverers rather than the wider sector (Spratt, Shucksmith and Philip, 2007). However, many accounts of Compact successes over the years might suggest this is too harsh a judgement.

One-sided?

An alternative view, however, might see the Compact, despite its initial joint undertakings, as a rather one-sided affair, less about partnership than holding the state to account. The commitments from government have always been more numerous than those of the sector itself (at a ratio of two to one) and reviews or evaluations of the Compact have largely examined how far government has complied with its undertakings. There are VCS commitments - to be inclusive and equitable, for example. But managing the third sector side of the agreement presents considerable logistical problems in a sector that by definition is diverse and autonomous – the metaphor of 'herding cats' seems particularly apt. Unlike Compacts in some other parts of the world, the VCS signatories at national (and generally at local) level are infrastructure bodies rather than individual VCOs. It is more feasible perhaps to think of the Compact as an agreement between government and the VCS infrastructure, especially at national level and indeed various quality standards have been developed by infrastructure bodies within the

sector since the Compact was signed. However, a recent study (IVAR, 2009b) found little evidence that these had been specifically influenced by the Compact.

The Compact in the Big Society

Changes in political administration – at national or local level – can spell life or death for the Compact, stimulating new interest, as in Australia, or leading to a withdrawal of political support, as in Canada. However, by the time of the 2010 UK general election, there was cross-party support for the Compact in England. Indeed a Green Paper published by the Conservative Party when in opposition suggested that it should be strengthened and given more teeth. Shortly after the Conservative-Liberal Democrat coalition came to power, steps were taken to agree a ‘renewed’ Compact aligned to the new government’s priorities and designed to make it easier to use and understand (NAO, 2011).

Under New Labour, the Compact reflected a comprehensive policy commitment to strengthening the VCS. Under the new coalition government, rhetorical support for the sector remains as strong as ever – it sees it as ‘a key partner in delivering its planned reforms in public service delivery’ (NAO, 2011:4). But there are two fundamental differences (Taylor, 2011). First is the ideological commitment to transferring power away from the state – which has deep historical roots, especially on the Conservative side. Its flagship Big Society policy seeks to encourage communities and what it now calls civil society organisations (CSOs), mutuals, co-operatives and social enterprises – as well as the private sector – to take over public assets and services. Its Localism Act gives communities new rights to buy local assets and to challenge local services, while its Open Public Services White Paper (HM Government, 2011) proposes devolving control of services to the lowest appropriate level, increasing user choice and driving up provider diversity, by opening up all but the most sensitive services to ‘any willing provider’.

Some in the sector certainly welcome the new opportunities that this offers. But the second fundamental difference is that these changes take place against the background of unprecedented public spending cuts, the implementation of which is already testing some of the provisions of the Compact to their limits. The resulting cut in local authorities spending power, estimated at 25 percent cut across the board (Hastings et al. 2012) is inevitably having a knock-on effect on the VCOs that they support. There are various estimates of the impact of this, but one of the most authoritative suggests that, overall, cuts to public sector funding for the sector represent about 8 per cent of total funding to the sector per annum over the next four years (Kane and Allen, 2011). This is happening against a background of rising demand as the impact of the cuts takes its toll, disproportionately many argue, on the most vulnerable in society

(Browne, 2010). This does not only affect individual jobs and organisations. Cuts to one part of the sector affect others and risk stripping out local ecologies. Cuts to local government not only threaten funding but also the posts that provide support to VCOs and put at risk the experience and knowledge of the sector on which successful commissioning depends.

How then has all this affected the Compact? In the discussion thus far, this article has identified three key factors that have contributed to the legitimacy and sustainability of the English Compact: its content and coverage; its institutional architecture; and the wider policy commitment to the VCS and its relationship with government. These three are considered in turn below.

Coverage and content

The recent renewal of the Compact under the new government was based on a six-week consultation process, which engaged with some 1500 individuals (Compact Voice, 2010). This timetable was dictated by the need for it to be agreed before the new government's Spending Review but, as Zimmeck et al. (2011) point out, this in itself was not compliant with the minimum of twelve weeks for government consultations required by the Compact. The renewed Compact is a much slimmer version with 48 undertakings (compared to the 273 of the original Compact and codes and the 87 of the only recently 'refreshed' 2009 version). It is accompanied by a Compact Accountability and Transparency Guide (Cabinet Office, 2010), also negotiated with the sector, through Compact Voice, which its negotiators claim as a significant step forward (Compact Voice, 2010). However, Zimmeck and her colleagues argue that the renewed Compact is much more instrumental in nature. It is expressly linked to the new government's Big Society policy and much more narrowly concerned with the sector's potential role as a public service provider (NAO, 2011). If this proves to be the case, it could well reinforce the criticisms of those like Dahrendorf and Morison who have seen the Compact as a form of governmentality, making the sector 'willingly compliant' in its exploitation by the state.

Institutional architecture

An early initiative of the new coalition government was to announce a wholesale 'cull of the quangoes', the arm's length non-departmental bodies that it claimed had mushroomed under New Labour. This swept up the Commission for the Compact, which ceased to exist at the end of March 2011. Government cuts to public spending were also to reduce the resources available for support and research to the remaining Compact infrastructure. This represents a significant loss of expertise and winds the clock back, despite the valiant efforts of Compact

Voice, to the unsatisfactory situation before the Commission was set up. Meanwhile, cuts to financial support for the wider national infrastructure, which is expected to be largely self-sufficient by 2013, could have a more far-reaching effect on the sector's capacity.

A recent review of the national Compact by the National Audit Office confirms this pessimistic view. Reviewing one of the Compact's few measurable provisions, it found that insufficient resources were allocated to Compact promotion and implementation and that cross-departmental meetings between champions had been scrapped. Zimmeck and her colleagues (2011) also comment on the discontinuation of the Annual Report and meetings with Ministers.

The wider policy environment

Difficult as planned cuts may be, the Compact Voice survey cited earlier found that local Compacts were seen to have mitigated the impact of the cuts, although this view was considerably more common among public sector than VCS respondents (Compact Voice, 2011). However, Nicholas Deakin, one of the original architects of the Compact, has argued that it is the changing nature of the state itself that is the more fundamental threat to the Compact and especially at local level where, this article has argued, the Compact has been most successful (Deakin and Taylor, 2011).^{vi}

Whatever the difficulties of the relationship between the state and the VCS over the thirteen years of New Labour, relationships were forged between the sectors which gave voluntary and community organisations at national and local level a much greater say as partners in policy development and implementation. But the implications of current policy are that the state's role, especially at local level, will increasingly be that of a commissioner, with commissioning as the main mechanism for funding. If local authorities simply become commissioners along market lines, this will fundamentally change the nature of the relationship between the sectors. Some see scope for involving the sector in the design of tenders and in commissioning, but this will be difficult where significant parts of the sector are also competing to run services.

Consortia involving VCOs as nominal partners or sub-contractors may develop, but VCOs participating in such arrangements may struggle to have any significant input into determining the content and costing of service programmes (Deakin and Taylor, 2011). Early experience of the recent tendering of a Work Programme by the Department of Work and Pensions is not reassuring (NCVO, 2011). 18 contracts were awarded, only two of which went to a voluntary organisation as lead contractor (one in partnership with a private agency). The size and complexity of the contracts meant only the larger organisations would have been able to tender. The lead or 'prime' contractors then subcontracted

delivery to second-tier organisations, including VCOs, but there are fears that these will be left carrying the risk without the rewards, especially given the fact that payment is by results, which involves delays and uncertainties that smaller organisations in particular will find hard to accommodate. While VCOs have been named in prime contractors' bids, many have yet to receive any referrals – there is a suspicion that they are simply being used as 'bid candy'. And there are fears too that, despite the prime contractors being subject to assessment after a year, they will be deemed 'too big to fail'.

Effectively, through this arrangement, it could be argued that the government is outsourcing commissioning itself. The implication for the Compact is that, in future, as the market continues to go to scale, VCOs will not be negotiating with government at all, but with large organisations outside the state, who may or may not abide by the Compact principles forged with government, and who may indeed have little understanding or concern for the wellbeing and sustainability of their subcontractors.

One option for the future of the Compact at local level might be to develop it into an agreement between *all* sectors on the principles and rules of engagement that will cover the commissioning of public services and other significant local decisions. The experience of the local strategic partnerships, which covered all three sectors, may set a precedent here. Local Compacts could also set a framework for procurement, which could help to guarantee equal access, responsiveness and especially freedom to campaign. However, this would not address the issue of subcontracting and it would only address the service delivery function of the sector. Some form of agreement with the major private sector contractors may be possible, if they are prepared to contemplate that step, but it is hard to see what the motivation for compliance would be (Deakin and Taylor, 2011).

This may be an unnecessarily pessimistic reading of the future. The situation is still evolving and it remains to be seen in particular how far local authorities and other public bodies are able to sustain a wider vision of the relationship between state and sector than that apparently envisaged by central government, along with the capacity to maintain it in practice when relevant experience and skills may have been lost through cuts. If they can, it may be that, at local level at least, the Compact can become a symbol of a more rounded relationship – maybe even, as suggested above, including the range of key local actors, although personalities and relationships may be as important as the agreement on paper in ensuring that these principles are carried out. However, at national level, it is harder to see where its future lies. The National Audit Office report, mentioned earlier (NAO, 2012), found that 40 percent of consultations in the period it studied transgressed the twelve-week requirement in the Compact. Meanwhile, a recent meeting between the relevant Office for Civil Society

Minister and the All Party Parliamentary Group (APPG) on Civil Society and Volunteering was told of ‘pretty awful breaches’ by its chair – who happens to be Alun Michael, one of the original architects of the Compact.

Conclusions

Two positive messages emerge from this review. The first is the immense significance of the Compact as the symbol of a changed relationship between government and the voluntary and community sector. It has sustained over thirteen years – longer than many policy initiatives – and spread out at a local level across England, as well as internationally. It has acted as a ‘thermometer’ of the relationship between the sectors. In some appealed cases, it has been able to repair bad practice and may well have prevented more. Although it is hard to demonstrate its impact – we do not know what would have happened without it - it has put a spotlight on government practice in relation to the sector, although there remains considerable room for improvement. At best and in some localities, evaluation suggests that it has been a lever for change.

However, it has often been difficult to realise its intentions in practice – not surprising given the 273 undertakings made in the first Compact and its codes. Progress has been halting, has varied considerably across government departments and localities and has been vulnerable both to changes in personnel and to being crowded out by more immediate policy imperatives. The infrastructure that supported it is now under-resourced. Some argue that, especially in its latest manifestation, it signifies the co-option of the sector into its role as substitute for the state – thus justifying the concerns of some of its earliest critics. Others suggest that it is based on a false premise – or one that has been increasingly exposed under the present government - of shared interests between state and VCS, foreseeing a more adversarial relationship in future (Rochester et al., 2011).

What is clear is that the future of the Compact – and indeed of the relationship between the state and the VCS in 2011 – is at a crossroads. It might yet have a role as a useful framework for the development of procurement practice – indeed this might give it more precision – but this hardly reflects the breadth of the original vision. Ironically, while it was first conceived as a guarantor of the survival and growth of the VCS as a key player in English society, it is now the role of the state itself that is compromised, at least at local level. And without the broader vision of an enabling state that first brought the Compact into play, it is hard to see what its future will be.

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ⁱ Parallel Compacts were developed in the UK's devolved administrations: Wales, Scotland (Fyfe, Timbrell and Smith, 2006) and Northern Ireland (Acheson, 2010), see also Craig et al., 1999, Morison, 2000).

ⁱⁱ This article will use the terminology 'voluntary and community sector (VCS)' throughout to denote what in other contexts may be called the non-profit sector, the non-governmental sector, the civil society sector, and so on.

ⁱⁱⁱ Shaping the Future of Civil Society, Inside Government, London: 20th June 2012.

^{iv} National agreements covering the development of agreements between local authorities and the local VCS had already been developed in Scotland and Wales prior to the signing of the national Compact (Craig et al., 1999). In Wales, Alun Michael, as Secretary of State and then, on devolution, first Minister, required all local authorities to develop Compacts.

^v Local government in England is not constitutionally separate from national government and a significant proportion of its funding is determined by central government.

^{vi} I would like to acknowledge the contribution of Nicholas Deakin to the argument in this section.