



RESEARCH BRIEFING

Economic and social benefits of applying Compact commitments

June 2010

This briefing note explains the Compact and highlights emerging findings from the Commission for the Compact's research exploring the economic and social benefits for local authorities when applying Compact commitments. As the research is still ongoing, the findings are preliminary and only for the purposes of this workshop.

What is the Compact?

The Compact is an agreement between government and the voluntary sector in England. It is a set of actions that, when implemented, improve partnership working and outcomes for individuals and communities. Public and voluntary sector organisations interact primarily at the local level. Local Compacts have been developed by local public and voluntary sector partners to manage and improve local partnership working.

Introduction to the research

Implementation of Local Compacts is mixed. Some local authorities have cited a lack of a business case as a barrier to implementing Compact commitments. The research will explore and demonstrate the economic and social benefits for local authorities when they apply Compact commitments in their relationships with voluntary and community sector organisations.

Methodology

Grant Thornton UK LLP has been commissioned to carry out the research. Eight authorities were visited as part of the first phase and four authorities are being visited during the second phase. The first phase of visits was used to gather information and the second to test emerging relationships and conclusions.

The research and tool kit

The research will produce case studies demonstrating the benefits of Compact working across a number of national indicators and Compact commitment related themes. They are intended to demonstrate to local authorities that applying Compact commitments to service areas can deliver financial and performance benefits.

An electronic tool kit will also be produced to support the research. It will allow local authorities the opportunity to assess their Compact relationship with voluntary and community sector organisations. It will also help local authorities develop a localised business case that identifies possible efficiency and performance improvements that can be made from working in accordance with Compact commitments.



Emerging findings from the research

The Compact can be used to develop, improve and maintain partnership working arrangements with voluntary and community sector organisations. Emerging findings from the research have highlighted the following potential efficiencies and performance improvements for local authorities when using the Compact to establish a healthy relationship with the local voluntary and community sector:

- **Service delivery improvements**
In many cases, service delivery improvements led to a positive impact on national indicator performance; for example, a local authority found that using the Compact to establish effective joint working with voluntary and community organisations contributed to an increase in adult participation in sports and recreation of four per cent.
- **Efficiency savings**
These savings were evident around administrative and management functions, such as contracting and monitoring. One local authority removed duplicate monitoring arrangements with one voluntary and community sector organisation and made an estimated saving of £90,000.
- **Obtain increased investment**
Creating healthy financial relationships with voluntary and community sector organisations can help obtain additional funding to support delivery. A £20,000 investment in a sports project by a local authority obtained an estimated £500,000 to support the development of a sports club.
- **Improved targeting of services**
Using the Compact to create healthy working relationships with voluntary and community sector organisations helped local authorities improve their reach and understanding of service users. This helped some authorities improve service delivery and ensure better value for money.

- **Harness innovation**
Working closely with voluntary and community sector organisations helped local authorities access specialist knowledge and consider innovative ideas on service design and delivery.
- **Informed and improved programme and policy design**
Local authorities mentioned that using the Compact to undertake consultation exercises was beneficial. In some cases, adopting a Compact approach led to a 50 per cent increase in the response rate and a resulting policy that better reflected and complimented other initiatives in the local area.

Final reporting

This briefing highlights some of the key findings from the research. A full analysis of the research and development of the tool kit are underway. The Commission for the Compact will release the final research report and tool kit in summer 2010.

The Compact and Total Place

The current and future economic climate is challenging. There will be pressure on local authorities to secure efficiencies, focus on service users, harness innovation and improve services and performance. This will require greater collaborative working between all organisations from across the public, private, and voluntary and community sectors at the local level. Understanding the benefits of the Compact and applying its commitments when working with voluntary and community sector organisations can help local authorities meet these challenges.

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