HOUSE OF LORDS

Select Committee on Public Services

Oral evidence: "Levelling up" and public services

Wednesday 10 March 2021

3 pm

Watch the meeting

Members present: Baroness Armstrong of Hill Top (The Chair); Lord Bichard; Lord Bourne of Aberystwyth; Lord Filkin; Lord Hogan-Howe; Lord Hunt of Kings Heath; Baroness Pinnock; Baroness Pitkeathley; Baroness Tyler of Enfield; Baroness Wyld; Lord Young of Cookham.

Evidence Session No. 3 Virtual Proceeding Questions 17 - 21

Witnesses

I: Matt Whittaker, Chief Executive Officer, Pro Bono Economics; Sir Stephen Bubb, Acting Director, Oxford Institute of Charity; Dan Corry, New Philanthropy Capital.

1. .

Examination of witnesses

Matt Whittaker, Sir Stephen Bubb and Dan Corry.

Q17 **The Chair**: Good afternoon, everyone, and welcome to another session on levelling up and the role of public services and civil society in the whole levelling-up agenda. It is a short, sharp inquiry, and we hope that we will learn what people think so that we can say to the Government, "This is what you need to address in levelling up".

We have two very different panels this afternoon. The first reflects the voluntary sector and what is going on there about this topic; the second reflects the local government sector and what it thinks about this agenda. We thought we could do this quite quickly and quite sharply, but the interest in this agenda and other levelling-up issues have become much more prominent since we started. All of that is really interesting to us.

The first panel for the first hour is with Matt Whittaker, who is chief executive officer of Pro Bono Economics, Dan Corry, who is chief executive of New Philanthropy Capital, and Sir Stephen Bubb, who is now acting director of the Oxford Institute of Charity, although a lot of us have known him in previous iterations, particularly when he was chief executive of ACEVO.

Welcome to all of you. I will start off the questioning, as ever. If you say a tiny bit about yourself when you come to answer the first question, that would be very helpful.

Announcements on levelling up have been coming thick and fast in recent weeks and days. Last week, the Budget largely focused on physical infrastructure, workplace training and other things in towns, but during the inquiry we have been hearing a lot about the social infrastructure and civil society, and that people are really concerned that that is being neglected. I would like you to tell us two or three things that you think the levelling-up strategy should prioritise in underperforming localities and regions.

Matt Whittaker: Thank you, Baroness Armstrong. By way of introduction, Pro Bono Economics, which I will refer to as PBE because it is a bit of a mouthful, is a charity that specialises in the social sector. It was set up about 11 years ago by Andy Haldane and Martin Brookes. We work helping charities to understand their economic impact but also thinking about what is going on in the social sector and civil society more generally, using an economic lens.

Very recently we launched a major two-year programme, the Law Family Commission on Civil Society, chaired by one of your colleagues, Lord O'Donnell, which is looking into all aspects of civil society— including its role in the levelling-up agenda and the build back better agenda—and thinking, particularly over the next decade or so, what role civil society can play and how we can help civil society to play a bigger role in the future of Britain.

In relation to today's inquiry and questions, fundamentally there is a question of clarity about what we mean by levelling up, and I am sure I am not the first person to say that. That, if you like, sits underneath everything else. There is a line in the levelling-up prospectus that came out last week alongside the Budget which says that "economic differences have real implications". As an economist, I entirely agree with that, and straightaway it is the "real" bit of that sentence that I am interested in. It is those real implications.

If the Government can put a lens on levelling up that says that what really matters here is outcomes for citizens, the well-being and prosperity of citizens, that provides helpful clarity, because at the moment, although lots of the rhetoric about levelling up is about all sorts of different aspects of the way in which different parts of the country might be brought in line with each other, the reality and the practicalities seem to be much more focused on the economics.

I am an economist. I know that economics is hugely important to that agenda, but I see it as a stepping stone on the way to producing better outcomes for citizens. Before we even get into thinking about the practicalities and what happens on the ground in local areas, we need something from government, a vision that says that what we mean by levelling up is improving outcomes for individuals. Economics is a key part of that, but it is not the only part. We need it to be about social aspects as well. That is important.

A second point follows on from that naturally, which is that it is important to prioritise engagement with local communities, not just as providers of solutions but in determining what the particular problems are in different areas too. We know that the challenges communities face in one area are very different from those they might face in another. I do not think that just having a single policy lever that is pulled in Whitehall gets us very far. It is important that we have that strong engagement with people in the local area.

As part of that, as someone who talks about civil society and has done a fair amount of research over the last 12 months on Covid, on the funding gaps within civil society and on the pressures that charities are under, this is not about saying that we need to give X million or X billion to charities or to the social sector, or to civil society even. It is not about giving cash to the sector and saying, "Okay, get on with it". Instead, it is about saying, "Let's have the sector as an equal partner in the discussion and debate about what levelling up means and how we go about achieving it, and bring people across national government, local government, business and local communities together to determine what the priorities are in their particular areas and then start to think about what the best delivery mechanism is and how we can be involved in that". Sometimes that means civil society taking a lead and sometimes that means government taking a lead.

My final point on all this is that, as with all capital, when you talk about social capital, distribution is key. It is clear that there is lots of inequality

across the country, but it is hard to be definitive, and that is a problem. We know that charity provision varies by place, but the data is imperfect. Other measures are just hard to come by. One of the ways in which the Government could really support this agenda is by helping to promote and facilitate the production of more consistent, recognised measures of social capital and civil society strength.

There are lots of great reports out there that do excellent work looking at the uneven distribution of social capital across the country and what that means for people's outcomes, but they are all using different measures. Then it becomes too easy to dismiss those reports, because we are not familiar with the metrics in the same way we are with GDP or employment rates. I think that is holding the agenda back. Although it feels like one step removed from doing real things on the ground that help to benefit people today, it is a really important part of our plugging the knowledge gaps and creating a base to build on.

The Chair: Thank you, Matt. Can I ask Dan to come in?

Dan Corry: Thank you, Chair. Thanks a lot for inviting me today.

You have another economist here. I spent a lot of my career in government, thinking in particular about place-based work and what is now called levelling up. It is a familiar debate. For the last nine years I have been in the charitable sector. My organisation works with charities, philanthropists and charitable funders trying to improve the impact of the sector. Part of that is about levelling up.

Like Matt, I have been looking at the documents that have come out recently. In the build back better document that came out at the same time as the Budget, the Government talked about why levelling up is important. They said: "Where people live should not be a barrier to their life chances. Everyone should get a fair chance to get on in life wherever they live".

I will make three points about how civil society and social infrastructure helps in that. I will talk mainly about charities, but social infrastructure goes much broader, and I know you have already had witnesses talking about that.

The first point is that social infrastructure, the voluntary sector, matters to getting areas going and, crucially, sustainably going. Charities play very different roles within a community, within an area. Some charities, social enterprises, play all these roles, and some play just one of them. I will go through them quickly.

Some do very practical things. You can see the strong link to economics in them to do with employment, skills, education, catch-up, confidence building, and so on—helping people in some agendas to be job ready, being ready to be part of society. That is one set of things they do.

Another set is that they work, in a sense, to bring some people who are a bit outside the mainstream in society—vulnerable people, whether their

vulnerability is related to domestic violence or mental health, youth services, addiction, loneliness or whatever—back into it.

The last point, which is a little more amorphous and which Matt referred to, is about social capital and making a place somewhere where people feel comfortable, where they want to live and go to. If they do well for themselves, they do not want to leave it. It feels like a nice place.

All these things are often missing in different degrees in areas that we are now deciding need to be levelled up. They link in different ways into what the public services are doing, sometimes through contracts and sometimes through just being there.

The second point to make, and Matt made a bit of it, is that in civil society, registered charities in particular, which are one of the few things we have hard data on, are unevenly distributed. Not surprisingly, there are far fewer registered charities in areas of more deprivation. I will give some examples. On average, there are about 1.8 charities per thousand people in England. It goes as high as 5.5 in the Cotswolds. Perhaps that is why you cannot move without bumping into a charity there. If you go to Blackpool, it is 0.6; in Stoke-on-Trent it is 0.8; and in Middlesbrough it is 1.1. It is not a massive surprise, but there are issues about that. If you look at other evidence to do with volunteering and other aspects of social infrastructure, you will find the same thing. It is a question of what government can do about that.

Having tried to make sense of all the different schemes the Government have going at the moment, it seems to me that, although they vary, social infrastructure and civil society—all that—is quite far down the list of things the Government are trying to do. There is a lot of mention of wanting physical infrastructure. There is a lot of talk about things being visible and so on. It is totally understandable. There are all sorts of other things. I know you have already delved into the metrics about these things and how you decide.

I have been involved in making mistakes in some policies in the past, putting an emphasis on building physical things and missing out the social capital bit—the bit that is harder to see, which takes a bit longer to work. You know it when it is not there, but it is not totally obvious how you put it back in. The net result of this and the political cycle, to be honest, is that there is a real downplaying of it in the various schemes and things that have been announced. Hopefully, the committee can look at whether that is the right thing and give government a little bit of a shove towards making it a bit harder for the criteria.

The Chair: Thank you, Dan. Sir Stephen?

Sir Stephen Bubb: Thank you. You mentioned, Baroness Armstrong, my time at ACEVO. One of the things I felt from that time was that there was not enough research into charity, and that is the reason I am currently setting up an institute of charity. I run a think tank called Charity Futures, which is looking at the scope of our voluntary sector in the

future. That role has meant that I have had three decades' experience of working with Governments. I have to say that this particular Government seem to me to be very uninterested in charity. The Prime Ministers I have known—Tony Blair, Gordon Brown, David Cameron—all had an interest in charity, David Cameron with the big society. It is very clear from whatever policy announcements are made that charities do not feature, despite the important role they play in the economy and in society.

An example of that is that, in the recent Budget, the Help to Grow scheme, which provides £520 million to small businesses for management skills, strategy and growth, excludes charities. Despite the fact that many charities are involved in regeneration, job creation and they run charity shops, they are excluded.

That demonstrates either a lack of interest or, in some cases, perhaps an antagonism to charities. If you want to have a levelling-up agenda, it cannot exclude charities and the broader third sector. It has to be central to that agenda. Anyone who has worked with them, as some of your committee members have, know that there is real power there. You cannot improve the health and well-being, education and job opportunities of citizens without actively involving communities and citizens. You do that by involving those broader civil society organisations. If you think you are going to have a Help to Grow scheme that excludes charities, you have a very long way to go in a levelling-up agenda.

The Chair: Thank you. Those are some very interesting points. Do any of my colleagues want to ask a supplementary at this stage?

Lord Young of Cookham: Following on from what Matt said right at the beginning about listening to local priorities, could it be that levelling up actually means different things in different areas, and therefore that any national target, be it for unemployment, education or whatever, might be less relevant if they vary so much from one area to another?

Matt Whittaker: It is right that priorities will differ by place. It is right that no single measure, therefore, can capture what levelling up means. It is true at the moment that in the levelling-up agenda, the levelling-up rhetoric, there is no emphasis on one particular measure over any other, which recognises that fact to some extent. The issue is that, to the extent that there is a sense of what levelling up means at the moment nationally, it is broadly about economic growth, productivity and employment. As I said, all those things are hugely important but are not necessarily the only thing, the only factor, that is important within an area.

There is evidence that shows that. I mentioned there being lots of different measures of social capital and civil society strength. Various reports that try to look at what is going on with economic growth versus elements of social capital show that there are areas across the country that have low levels of prosperity, but there is then a divergence within them in their strength of civil society and their strength of social capital.

There is a divergence within them in terms of the well-being, the happiness and the satisfaction of the citizens.

We do not have full definitive proof that those things all relate to each other directly, but there is a strong suspicion that having strong social bonds, strong social capital, strong civil society in an area even where there is low prosperity gives you an advantage compared to areas where that does not exist. Levelling up is fundamentally about supporting the outcomes that individuals face—and it is individuals. We talk about levelling up places, but in order not to fall into the trap of focusing on single metrics, where it is one area against another area, you have to think about the citizens within that place and the outcomes for the individuals. If that is the priority, then at the local level we can start to decide what metrics we are going to use to measure our progress against that.

I would suggest that the ideal metric would be something that captures the well-being, the satisfaction, of local citizens. Then we need to understand what levers we can pull and what steps we take in order to achieve that. That will be a mixture of employment, productivity, growth, but also housing, green spaces, safety from crime and so on. That is really where we need to get to with the levelling-up debate.

The Chair: Thank you. I will bring in Geoff Filkin to ask the next question instead of Phil Hunt. You are muted. Geoff is usually very quick at this.

Q18 **Lord Filkin:** How many years does it take to get this right, I ask? My apologies. Welcome to our three guests.

Let me start straight off with the question you are aware of. It is a slightly naive one. How has the voluntary sector been involved in deciding how and where levelling-up investment is spent at the national level? As a separate question, how has it been involved at the local level?

Dan Corry: Itis interesting to hear you silenced there. In truth, I do not think the voluntary sector has been very involved. There is a lot of cross-departmental work on all these initiatives. The one department that is missing is the one that is supposed to care about the voluntary sector, which is DCMS. So there is an issue at national level.

To be quite honest, I have been going on about this for some time. Until a few weeks ago there was what was known as the Office for Civil Society There is no longer an office there; it is a department of DCMS. I am not sure that having that at DCMS rather than the Cabinet Office will ever give the voluntary sector enough voice in national government decisions. You can see that some of the criteria and so forth have been set up for these different schemes. The voluntary sector, the community sector, does not get much of a look-in. There is a bit of reference to it here and there. The towns fund had a bit more.

Coming on to the local level, the towns fund has been going for a while. We have been doing some research on it, which we hope to publish in a week or two, trying to understand what has happened at the local level.

Some towns have set up boards that include voluntary sector representation. Some do not, quite interestingly. You might want to ask them why.

If you look at the kinds of projects funded out of the towns fund, you can see a mix. There is a lot of emphasis on business premises and things like that, but there seem to be some more community infrastructure kinds of things.

As Matt was saying, the other ones are much more about economic inputs and all the rest of it. How will things work out? Where would you want a voluntary sector voice? First of all, it is in the definition, ideally, of the criteria at national level. It has not really happened. Maybe it can happen a bit more. Then at local level you need help with the criteria. You then ideally want to be a bit involved in the decision-making. Probably most important, though, is the shared prosperity fund, which is not up and running yet. There is a pilot.

The charity sector somewhat mistakenly thought that it used to get a big chunk of money out of the European money and is worried that it will not get it again, but it was not earmarked for the charity sector; the charity sector would not get this portion. That money tended to be spent on things that the charity sector was very good at, employability being a good example. Therefore, it could bid in for the money, it was a fair system and it had its fair shout against other people. That is what one wants to see happening. At the moment, I would say the sector is pretty absent. It has been trying to knock on the door and say, "Can we be more involved?" It has not been getting a lot of response so far, but let us hope that changes.

Lord Filkin: Before I ask Stephen to come in, do you have a view as to why that is?

Dan Corry: Partly, as Matt says, it is because the focus is on economics, regeneration, productivity and so forth. I have been in politics, so I do understand this. To be honest, I think it is to get some visible activity prior to the next election.

I had an interesting conversation a while back with a local authority leader. They had a spare office, and the question was: do they flog it off and use the money to build something and show their electorate that there it is, or do they keep hold of the premises and let 20 local community voluntary organisations work for free from it? I can do some analysis to show that over 20 years that would be better for the community. It would probably save them money as well, but there is an election coming up and nobody would know what had happened. At least one of those voluntary sector organisations would turn out to be not very good, because that is the nature of our sector. It is very variable. That happens at a local level every day.

You are getting the same thing in trying to set these rules. People hide behind the fact that the metrics are difficult. You do not exactly know

what social infrastructure an area needs. It will be different in each area. The net result is that they just get knocked out.

Lastly—Stephen might also say something about this—at the moment, for one reason or another, either the voluntary sector is not very good at getting its voice in there or it is not being listened to. That probably has some impact as well.

Sir Stephen Bubb: Going back to your days in government, Baroness Armstrong, you will remember that there was the Office of the Third Sector and a Minister. The first Minister was Ed Miliband. It was then upgraded to a Minister of State in the Cabinet Office, the now Baroness Smith. Since those days, it has gradually been downgraded. Now, the Minister is in the House of Lords and the position is in DCMS. That says quite a lot about the way government thinks of the sector, and that is a problem.

As an illustration, the current Secretary of State in DCMS has hardly ever spoken about charities, except in the context of telling charities as independent organisations that they should not examine the legacy of slavery. He had a meeting with them two weeks ago, not to discuss the pandemic's effect on the funding of charities but to talk about that issue. I think that is highly regrettable. I do not know why that is. It ignores the crucial role that charities play in society, in the economy, and in this agenda.

It is very different at local authority level. There is much more interest and involvement particularly with the local community and voluntary sector. There are local authorities that have engaged with a public service delivery, a public reform agenda. They are very interested in those ideas. That is still there, but it is not reflected nationally.

Lord Filkin: Thank you very much, Stephen. Matt, over to you.

Matt Whittaker: Thanks. Good to see you again, Geoff. I agree entirely with everything that Dan and Sir Stephen have just said. I would add to that that the Office for Civil Society was/is a strong champion of the sector within government. Back in 2018, I thought the Civil Society Strategy was a really useful starting document for thinking about the engagement between the sector and government, and thinking about starting off the levelling-up process in many ways. It feels like that momentum has been lost. It feels like the office itself does not have the teeth; it does not have the respect within government; it does not have the power, ultimately.

We saw in the spending review last year that the budget for the office was being cut. As Dan has mentioned, it is subject to some restructuring. That all feels indicative of an attitude towards a sector at the moment that is ramping up the tension between civil society and government at the national level. That is really unfortunate, because civil society should have a huge role to play in levelling up. That tension is causing problems, because there is suspicion within the sector about this thing. It sounds

like a great thing; it sounds like the things that people who work in civil society spend their lives caring about. But there is a suspicion that those organisations, those individuals, will be left on the outside looking in, and that is not helpful.

As Stephen says, there is that local emphasis, and there the relationships are different. That is why it is important to build those local partnerships and have more productive and fruitful working relationships there.

Again, I go back to the point that, at the national level, it would make a big difference if government could be clear in saying that levelling up is not just about getting the metrics that Dan is talking about—the nice things that might look good on election manifestos. It is actually about a transformational change for those communities and individuals who are left behind at the moment. That would ring much clearer with civil society as a thing that they can get behind and put their weight behind.

Q19 **Lord Filkin:** Before I pass back to Hilary for any other questions, could I ask one question about what we have learned during the Covid crisis about the contribution of either charities or civil society? Do we have any hard evidence that we have learned something that ought to be relevant to levelling up going forward?

Dan Corry: We have been doing some work with three areas—Sutton, Barking and Coventry—and seeing how civil society, particularly the charity sector, worked with the local authority and health during Covid. It has been a much better relationship, partly because some of the tensions are between charities themselves, to be honest, which are competing for funding and so forth, and they are then trying to work with the statutory sector, which has its own issues. To some extent, everybody threw out all the objections as to why they cannot work together, because there was an urgent need and they just got on with it.

It has worked better where there were some kinds of relationships already, sometimes where there was a bit of capacity, either provided by the council or if the local infrastructure CSVs were all there, or if some independent place-based philanthropy put some money in.

That was very encouraging. One of the questions is: can we keep that going, and will we all just go back to the way it was where it can be war between civil society, the local authority and the statutory sector?

The other thing that happened a lot during Covid was an outbreak of volunteering, which was terrific, and lots of people did it. The question now is: can we hold on to it? Can we make it a valuable experience for people so they want to do it again? We know that, after the 2012 Olympics, which was the last time we had a great burst in volunteering, it faded away very fast.

Equally, a lot of mutual aid groups got set up. Again, there was a slight bias, unsurprisingly, with them being in more prosperous areas than in those that really needed them. That was a really interesting bottom-up

feeling of civil society coming together, and how we hold on to that and give it some kind of structure, because otherwise these things fade away.

Some good things came out of Covid, which I hope we can hang on to. I hope that when some of the local authorities in particular, which during Covid had a better relationship with or got to know their local civil society because they had to, are making their bids into these various funds, they will think, "Hey, these guys are well worth supporting and bringing inside the process".

Lord Filkin: Stephen, do you have any points you want to add?

Sir Stephen Bubb: One of the interesting things about the pandemic and the general catastrophic fall in funding for charities is that about a third and a half of all medical research is carried out by charities. Those charities have all had to cut research programmes and their staff. Cancer Research UK expects to cut 300 staff over the next year. That is quite extraordinary when you think about the wider health issues. Dementia and Alzheimer's charities, for example, have suffered that pandemic catastrophe because they rely on voluntary donations. That is an issue that we really need to address. We think of that research as the NHS. Actually, a lot of it is not, and we need to think about how we fund that better.

Lord Filkin: Thank you. Matt?

Matt Whittaker: I could say lots on this, but I will not. I just want to plug the Law Family Commission on Civil Society, which I launched in December. We did various bits of polling and research. The launch document has lots in it about how the sector has operated through Covid and what it has done for public opinion.

Very quickly, I would draw out from that two slightly conflicting points, which I think end up in the same place. One is that at the start of the pandemic, alongside that surge in volunteering, there was a big growth in optimism among the public that we could build back better and come out of the crisis more united and more even as a country, with a sharper sense of what matters to us. That has already reversed. We had this moment of optimism at the start of the pandemic. By the winter, it had faded, but it did exist for a moment.

With regard to people's attitudes to charities, there is a recognition that charities were absolutely vital in all sorts of ways in supporting people during the pandemic, but also recognition that they will be very important in the recovery phase. In particular, I thought it was interesting that younger people, who are less likely to have all those sentiments than those of who us who have been around for longer, were particularly optimistic about the future for charities. They saw charities as being a key part of building back better and coming out of the pandemic.

If you put those two things together, there is an opportunity here to reconfigure how as a society we engage with civil society, how important

we think it is, how centrally we put it in our lives. However, because of that fading in people's optimism, I do not think it happens naturally, organically. I think it needs structure. That is why these different agendas, such as levelling up and build back better, really matter, because the Government have to give that vision and have to say that there is a different way of doing this and they want to pursue that, and then people can get behind it.

Lord Filkin: Thank you all three. That is very helpful evidence.

The Chair: Another Member wanted to come in, but we are running a bit late. I will bring him back if we have time later. I therefore turn to Baroness Pinnock to ask the next question.

Baroness Pinnock: It has been a really interesting session so far. You have already referred in some of your inputs to whether it should be localities, regions or even individuals, who I think Matt talked about, who should benefit from the levelling-up agenda. By the way, I ought to say that I am also a local councillor in one of those places in West Yorkshire near Batley and Dewsbury. Both those towns are in quite deprived areas, so I am very interested in what you are saying today.

My question is about how we identify the places. Is there a risk that a focus on regional and place-based inequality may lead hard-to-reach groups within less deprived places being missed out in levelling up? How do we do it? I know it is a factor, because in my own council area, which is very large—it is a metropolitan council—we are constantly having this debate. We all know where the big areas of deprivation are, but then everybody says, "But in my part of Kirklees there is this housing estate or some rural poverty". All of that is up in the hills, in the Pennines, in some quite poor places. How do we do it, and what are the risks of doing it in different ways? I am really interested to hear what you have to say.

Sir Stephen Bubb: I suppose the point I would make is that one of the wonderful things about the charity sector for many organisations is its reach into particularly marginalised vulnerable communities. There is a trust factor there and a reach factor—trust and reach—which charities often have better than local authorities. That is not to downplay the role of the local authority, but it is to say that the best way of tackling those issues is by a local authority working quite closely with community organisations and charities that know those communities and actually can reach those communities. There is a hard core of problems where the only way you will tackle them is through charity.

How can I put this? Charities can sometimes operate at the margins in a way a local authority cannot and do certain programmes. Your council officer says, "You can't do that. That's far too risky". The great thing about a charity is that often they will just get stuck in. That is one reason why our sector is so good and should not be marginalised.

Look at the recent example of the low take-up of vaccines among black and Asian communities. A number of national and local charities have taken that up and they have had great impact. The British Asian Trust,

for example, has been able to go into those communities in a way that a local authority, frankly, for all sorts of reasons just would not be trusted. It is about that partnership.

Baroness Pinnock: Matt, would you like to add anything? You mentioned individuals. I was fascinated by that and how that is going to be tackled.

Matt Whittaker: There are lots of different ways into this. To take Lord Young's point again, if you were to say that levelling up is about raising the GDP per capita in areas at the bottom end of the table up to something closer to the middle, that risks falling into exactly the trap you are talking about. You miss nuance; you miss things that are happening for particular groups within particular hyper-local areas. Instead, if you take the route of saying, "No, the lens we're looking through here is broader. It's about well-being. GDP per capita is a really important component of that, and there will be a strong correlation, but it is not the only factor", it starts to give you a way into this.

There is a second factor. Is identifying specific areas the important thing, or are you saying that we should have a national programme, which is about helping communities to support themselves to grow and to have resilience, and we can find best practice that works and that can just spread across all communities? It does not really matter where you are in the league table, you can just do it, and that supports a better programme of growth.

I mentioned individuals, because there is a danger. Civil society is not one thing, clearly. There is no civil society representative. You cannot say, "Let's get civil society voices around the table and find one person who does that". It is a collection of pretty diverse and often chaotic groups and individuals. That is the strength of civil society.

In the private sector, we have a price mechanism which means that demand and supply meet each other. In the public sector, we have a central co-ordinating body which means that demand and supply matches. In civil society, we do not have that, but what we do have, as Sir Stephen says, is this connection back into the community so that we can very quickly understand what is going on, and this very opportunity-driven, very nimble approach to finding a problem. It is in the DNA of charities to make do and mend, as it were. That is a real strength.

To bring some order to that, and to understand how we can push the levelling-up agenda in particular, we need horizontal connections across civil society. It is about that partnership approach, which means not just the loudest civil society voices being heard, but all aspects of the community being heard. For that to happen, there is a role for government to provide a way to crack on with it. There is a risk that we end up with certain groups being marginalised.

Instead, having a clear path to all this, having those clear horizontal structures, means that within civil society everybody's voice is heard, and

we genuinely come together and collectively decide what the actual problems in our areas are. That is a much more productive way of doing it.

Baroness Pinnock: Thank you ever so much. Hearing all the voices is really important, because so often people who really need their voices to be heard are never heard. Dan, it would be really good to hear what you have to say.

Dan Corry: I agree with lots of what Stephen and Matt said. If you step back from it, there is the issue of targeting a fixed amount of money, which is always the case, whether it is a local authority with its own money or these government schemes. What will you do, how will you focus it within a place, and do you spread it around so that everybody gets a bit but which might not be enough to help anyone? Those are difficult questions.

It is also about the individual. Yes, we care about the well-being of individuals. I am on the board of the What Works Centre for Wellbeing, so I think about well-being a lot. But you have to be careful. One of the problems of place-based work in the past was that you maybe got a place where there used to be a coalfield, You would put in some money on education and things like that, and the first thing that happened is that those who got themselves educated left. The individual had done well, but the place was still the same. You have to think about concepts such as community well-being, and not just individual well-being, which is the easiest thing to measure.

Your question raised the issue with me of some of the big cities. Take London, for instance, which will not get a lot of this levelling-up money for all sorts of reasons, but there is tons of deprivation and tons of people well away from the labour market. You do have to think about those things.

To echo what Stephen and Matt said, civil society is very good at giving voice to people who are getting lost, whom the system is missing, whom public services are missing out somehow—they think they are serving them, but they are not serving them, and all the rest of it, and letting that voice be heard. But then the question is: are we going to let some resources flow to them? That is always tricky. In a sense, that is what democracy is for. That is what people have to make their decisions about.

Baroness Pinnock: That is fantastic. I would love to pursue that, but I will not because I know we are short of time. That has been fascinating. Thank you.

The Chair: Unfortunately, as ever, we are. I now want to move to Baroness Pitkeathley. She has been patiently waiting.

Q20 **Baroness Pitkeathley:** Thank you very much, Chair. Before I ask my question, I should declare an interest as president of the NCVO and a former chair of the advisory body to the Office of the Third Sector in the

days when there was such an office and it had an advisory body made up of people from the voluntary sector. Those were the days, perhaps some of you would say. I will come to you first, Dan, on this.

The 2019 Conservative manifesto committed to levelling up in every part of the UK and very much linked this to devolving power to towns, coastal regions, cities and rural. What role would you like to see civil society play in the forthcoming discussion about English devolution, the White Paper and so on?

Given what you have all said, and your somewhat jaundiced view of the current relationship between the Government and civil society, have you any hopes that they will indeed play such a role?

Dan Corry: It is a great question. Having been a Whitehall apparatchik for years, I have become a massive localist these days. Whitehall is far too far away from people's needs to ever get things right, and it gets involved in silos and all the rest of it. I hope that the Government White Paper will be very devolving.

I have written stuff with Professor Gerry Stoker about this on what we would want from civil society to be involved in that. There has always been a danger that civil society gets mixed out of it.

I remember when the Manchester mayoral area was being formed. A lot of smaller charities were rather worried. They had a good relationship with their local council, but they were worried that when this became a mega thing they would have no access and would lose the people they spoke to.

It is difficult. I would like to see, and have written so before, each area, including combined authorities and so forth, having to say statutorily how they will engage with their voluntary sector and what they propose, and having to publish that and get it discussed. They should be very reluctant to have a dirigiste thing from the centre that tells them how they should do that, because that is exactly the opposite of devolution. If one council said, "Actually, we don't really like our local civil society. We're not going to talk to them", government would then have to decide whether that would be allowed.

We could have different places trying different things. I find local authorities are quite good at learning from each other. If somebody is doing something that works, others copy it. It does not happen in the charity sector. Learning is very poor for lots of reasons I could bore you with for ages. That is the sort of thing. The voluntary sector wants to have a relationship with the statutory sector and with elected officials. It also wants to be independent, and it is very important that it is independent.

Both Matt and Stephen have talked about the slightly difficult relationship with the Government at the minute. Some of that is because the sector feels that there is quite a lot going on that is reducing its ability to campaign or judicially review and demonstrate, and all that kind of thing.

We want the sector to be noisy and independent, a different voice that sometimes annoying, quite frankly. It needs to get engaged.

You are seeing Andy Burnham shortly. He has been giving speeches recently about how much he is trying to work better with the voluntary sector. You have seen that with elected mayors, who do not see themselves just as the leader of the council and the defender of the council but the person who is doing the best for all their citizens who voted for them and did not vote for them. You are seeing a much better relationship, I think, with the civil society in some of those areas, so I would encourage that.

Baroness Pitkeathley: Thank you very much, Dan. Can I come to you now, Stephen?

Sir Stephen Bubb: I will deal with the latter part of your question about the relationship with government and think back to the election of the Cameron Government in coalition. In those early days, there was no huge interest in or attention to the broader third sector, despite the rhetoric. Interestingly, that attention grew. David Cameron as Prime Minister became much more interested in the potential and the power of the sector. About three years in, I was with the head of the CBI. I launched the Government's public service reform White Paper with him.

I would hope that, because of the pandemic, because of the need to build back, they will become more interested in charities and the potential that we have. However, it also requires our sector to get better at engagement. At the moment, frankly, there are two sides here, and we are not being as good as we should be as sector representatives at engaging with government, making the case and finding ways of making the case. We also have to do better.

Baroness Pitkeathley: Matt, does the devolution agenda offer opportunities for that for the sector?

Matt Whittaker: It does. I agree wholeheartedly with Dan. You will pick more of this up in the next session. Maybe you can ask the question. I wonder if civil society engagement with some of the metro mayors in some of the new areas is because the metro mayors' powers are limited. If you are looking to make the world a better place for your local citizens, for your voters, you want to use all the tools at your disposal. If the formal official powers are more limited than they are for national government, that pushes you down the route of saying, "Can I engage with civil society as well as being the touchpoint that I have with the community and being somebody who can help me to understand what's going on and to deliver solutions?" I am sure there are other things going on as well.

At the moment, we are a bit too reliant on deals with personalities on the particular circumstances in those areas. Manchester is a great example of good working with civil society. Bristol is too, and I am sure some of the other devolved administrations are as well.

As Dan said, putting some sort of structure in place that means that there is an assumption that civil society is involved in these processes and is connected in to the new administrations, these new devolved groups, is really important, because that provides the certainty. It provides the baseline for flexibility. You do not have government dictating, "This is how it happens". You say, "It has to happen", and then at local level you start to work out how it works best for you.

Baroness Pitkeathley: Are you saying that should be in the legislation that will follow the White Paper?

Matt Whittaker: Yes, absolutely. That should be explicit in the legislation, which makes it clear that, alongside that transfer of powers to the new administrations, there is a responsibility to engage with civil society in some form or other in a regular way and to use civil society as a means of understanding priorities in a local area and delivering solutions in a local area.

Baroness Pitkeathley: Thank you very much, all three of you.

The Chair: Bernard, do you want to come in now?

Q21 **Lord Hogan-Howe:** That is very kind. Hopefully, it is a quick question. It is probably best targeted towards Dan. You made me think, Dan, when you were talking about standards for charities, that they can be variable. It must be quite difficult for either local government or central government to know who to deal with, who are the better ones, and probably more importantly to reach. I know that Stephen said that charities have reach, but sometimes they do not have sufficient reach, certainly across the country. Even in a place like London, I have found difficulty in engaging with charities that spread work across more than two or three boroughs.

Could you address that fairly simple but hard question? How does government engage with charities that are the right quality and can deliver at scale?

Dan Corry: It is a great question. There are the big national charities which government has been concerned to keep in touch with during Covid. The British Red Cross, Barnardo's, and so on are all over the country. They are professional. They tend to deliver a good service. They are quite good on the evaluations of what they do.

Unfortunately, in the charity sector, just like in the business sector, there is small versus big—the small local charities do not like the big ones, and vice versa. It is also difficult locally. I have heard local authority commissioners say, "In the end, we commissioned Barnardo's because we know them", whereas there are some local charities that are quite good, but they rely on a person. If they left, the whole thing might collapse.

On the other hand, locally, people know who the good charities are, who the good community groups are, who has reach, which is why you want

to devolve the funding of them down to local authorities. Getting grant or contract funding from the local authority is one of the key issues for small charities. Equally, with regard to local philanthropy, the local ones tend to be community foundations. Quite a lot of areas have them now. That is place-based philanthropy. They are embedded in the area, so they do not go anywhere. That is where they are. They know all the players. They get to know. The word goes round.

For the small charities, you are not going to be able to do massive evaluations with control groups. The governance will be a little bit flaky almost by definition. It does get hard. We advise philanthropists where to put their money. We always say, "What's your appetite for risk? If you want to be safe, you'll give to these ones. The governance is great. They have a strategy. They have nice reserves. These other ones are innovative. They're really working in a hard area, but they're a bit flaky. If you ask them about their governance, you probably won't want to hear the answer. You have to decide".

That innovation and risk taking is also part of this if we are going to solve the levelling-up issue.

Lord Hogan-Howe: That is really helpful. Apart from your assessing them and you giving advice to an entrepreneur, is there any other standard that government or local authorities can look to apart from being registered as a charity?

Dan Corry: It is very difficult. Within topic areas, you can. If you are thinking that you want to support some charities that help with employability in the area, they should have data on who they work with and how many of them got jobs three months or six months later. If government allowed more administrative data to be used, we could do better things on that, as we do in justice, such as the Justice Data Lab that we pushed and which the MoJ now runs. There are things you can do, but there will always be risk in it. There is no getting away from that.

Lord Hogan-Howe: Chair, Thank you.

The Chair: I would love to go round to the other two to hear their response to that, because it really is a very important part of how locally you ensure accountability too.

It has been a fascinating session. Thank you to all three of you, and I am sure we will enjoy reading whatever else you have to say. If there is anything that you think we have missed today, please write to us about it. We also keep a good eye on what your organisations are saying. You were invited today because they have been involved in this issue. Thank you very much indeed, and we look forward to seeing you again.