



Select Committee on Charities

Corrected oral evidence: Charities

Tuesday 8 November 2016

4.55 pm

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Members present: Baroness Pitkeathley (The Chairman); Baroness Barker; Lord Bichard; Lord Chadlington; Lord Foulkes of Cumnock; Baroness Gale; Lord Harries of Pentregarth; Baroness Jenkin of Kennington; Lord Lupton; Baroness Scott of Needham Market; Baroness Stedman-Scott.

Evidence Session No. 12

Heard in Public

Questions 115 - 123

Witnesses

I: Seamus McAleavey, Chief Executive, Northern Ireland Council for Voluntary Action, and Martin Sime, Chief Executive, Scottish Council for Voluntary Organisations.

Examination of witnesses

Seamus McAleavey and Martin Sime.

Q115 **The Chairman:** Good afternoon and thank you very much indeed for coming to see us today. I think you were sitting at the back when our other colleagues were talking so you know the format, but let me say the words I am required to say to you, as well as welcoming you here this afternoon.

The session is open to the public and is being broadcast on the parliamentary website. A transcript will be taken of your evidence. You will be sent a copy of the transcript to check for accuracy and to advise us of any corrections. If, after this session, you wish to clarify or amplify any points made during your evidence, or if you want to say anything additional, you are welcome to submit supplementary written evidence to us. You may have heard me warn our previous witnesses that we are expecting a vote. We have not had it so far, so it is now fairly imminent and I am afraid we may be interrupted, but I am sure you will cope with that. Would you like to introduce yourselves, and then we will get straight on with the questions?

Seamus McAleavey: I am Seamus McAleavey, chief executive of NICVA—the Northern Ireland Council for Voluntary Action.

Martin Sime: I am Martin Sime, the chief executive of the Scottish Council for Voluntary Organisations—SCVO.

The Chairman: We will direct some questions specifically to one or other of you, but if you do not want to say any more there is no need for you both to answer. My colleagues will chip in when they have anything extra to say and will declare any relevant interests when they first ask a question. What do you see as your role and how do you seek to fulfil it? What are the main challenges you need to address with regard to charity sustainability? As you know, sustainability is one of our concerns in this Committee.

Seamus McAleavey: We see our main role as twofold. We are very much a representative organisation for charities, voluntary organisations and community groups in Northern Ireland. We have just over 1,100 member organisations and we represent their interests. At the same time, we are a charity, so we are not simply a trade body. It is not a question of “My members, right or wrong”; we have our own charitable objectives.

We engage with government in consultations on themes that cut across charities and voluntary organisations. A major one coming up at the moment is the Northern Ireland Executive’s new programme for government. We tend to leave to our members the issues that are much more specific to them. We generally do not engage on issues such as disability or education. We leave that to organisations in our membership that are much more competent than we are.

The second part is very much as a development-type organisation providing support to charities. We do quite a lot across a broad range of topics, such as good governance; governance support, helping organisations with their governing documents and the like; providing information to them about what is going on in a very broad range of topics; and helping them face some of the realities of their situation. We provide quite a lot of training in niche areas such as management and leadership, to help people in organisations to do better whatever they are focused on.

We respond with a whole range of other projects as well. We ran one called "Collaboration NI", which helped organisations face the difficulties of the recession. We helped them to work more collaboratively with each other right up to and including merger, if they felt that that was useful to them. We have a broad range of support activities.

The Chairman: I will ask you about the challenges in a minute.

Martin Sime: Very similarly to Seamus, we are a membership organisation. Our mission is to help our members achieve their mission. Sometimes, that is providing them with practical assistance. Sometimes, it is providing them with technical or strategic opportunities, for example, to engage with government. Sometimes, it is dealing with some of the generic challenges that individual charities might not have the resources to analyse—for example, the implications of Brexit. It is a mixture of practical services, environmental services and strategic support.

Our ambition is to keep the climate positive for charities operating in Scotland. To that end on the sustainability issue—we could debate that, because it is sometimes a very difficult concept for most charities to achieve—we have come to understand that public trust is the cornerstone of sustainability. If there is such a thing as a sustainable charity, it is one that enjoys lots of support from the public. I always point to hospices as examples of my ideal charity; they have a partnership with the state, but they mobilise communities, provide excellent services and are of the communities in which they operate.

The Chairman: Do you want to add anything about the challenges?

Seamus McAleavey: The challenges for many organisations in Northern Ireland at present are financial. A lot of organisations have difficulty. Income has dropped right across the board and, particularly for those engaged with Government, there is a lot of downward pressure on public expenditure. A number of organisations have had to close. Most organisations face a fairly challenging financial climate, along with a whole range of other challenges as well. Having listened to what you said to the Charity Commissions, I think you will touch on some of them.

Q116 **Lord Chadlington:** When you look at the development of the charities in your areas, have you seen any major changes and, if so, what kind of changes are they? How should we adapt to support them to the full?

Martin Sime: Charity is a very diverse and pluralistic thing. What David did not tell you is that there are about three new charities registered in Scotland every working day, so there are bound to be changes. There is change all the time. There is a constant flux of new issues and new concerns, and people organising around them.

At the other end of the scale—at the larger charity end—the biggest change in my 25 years in this role has been the growth in the provision of contracted services on behalf of mostly local government, in the delivery of social care in particular; a significant part of the sector in Scotland is involved in the delivery of social care services to individuals via funding from local government. That is now a very large industry, but it is an industry that faces many challenges. Of course, every day of the week there is a news story about the problems of social care.

In those circumstances, helping charities to adapt to those changes might also mean helping charities to think their way out of some pretty tight corners in the situation they find themselves in. You could take a group of charities and they would all have lots of different challenges. A lot of them are to do with money, of course, but having more money does not mean that they are more sustainable.

Seamus McAleavey: I agree with what Martin said. Certainly the demands on charities have become much greater, not just in what they do; there are also demands around governance and how they manage themselves. I think those will increase. You mentioned fundraising regulation. One of the things that very much goes hand in hand with that is data management and data protection issues. We are now very alert to the demands, which are going to be pretty huge. A bad or serious breach could be an existential threat to an organisation; it could damage or destroy its reputation. Quite a number of organisations are only just at the beginning of understanding the size and scale of the problem that is emerging.

Q117 **Lord Lupton:** What are the strengths and weaknesses of charity policy in your geographic areas, in your opinion? How might the policies of devolved administrators and regulators be improved? I want to tack on a third issue. I was very struck by the SCVO written evidence, where you write that in Scotland the relations between your sector and the Scottish Government are “robust and friendly ... By contrast our sector’s engagement with the UK Government is mostly episodic and adversarial”. I do not recall reading much criticism against the UK Government in the 1,700 pages of written evidence we have had from English and Welsh charities. As I think it takes two to tango in a relationship, is that implying fault on your members’ side as much as it does of the UK Government?

Martin Sime: I was trying not to ascribe too much fault on anyone’s side. I was observing, particularly over the rollout of universal credit and its impact on some of our poorest communities, that the attitudes of UK government Ministers have created a lot of consternation among many members in Scotland who have to pick up some of the pieces. It has been

a very difficult relationship, and not one where we have found a ready willingness from UK Ministers to listen to the experiences of people who are facing those problems. It is on record that many UK Ministers have made critical—sometimes highly critical—comments about charities. I am very surprised that none of your evidence has reflected on that. In my personal view, some of it has gone a little too far.

The impact on our members has been to discourage them from having anything to do with UK regulatory structures. When we asked them about the new fundraising regulator, they declined to show any enthusiasm to participate in that structure. The evidence that came to their mind was that the environment in Westminster was quite toxic towards charities, and they did not feel that they wished to be associated with that. Those are reflections from our experience and from talking to our members about those things.

If I may reflect on the broader issues of relationships, we have been fortunate to enjoy a constructive relationship with all the devolved Administrations since devolution began. There is a culture in Scotland that crosses party divide about the value that charities bring to public life in Scotland and the contribution that they could bring to the development of policy and legislation in the Scottish Parliament. That has been a significant feature of our experience of devolution. I have to say that I think charities contribute to the development of policy and legislation in Scotland in a way that is much more difficult for them to do at UK level.

Q118 Lord Foulkes of Cumnock: I should declare that I have known Martin for all those 25 years.

On the same point, but not the same question, since 5 September this year welfare powers have been devolved to the Scottish Parliament. They will now have to make decisions about whether or not to use the powers to increase benefits for poor Scots, including universal credit. They have the powers to do that. Do you think that will mean, as they will not be able to blame Westminster any more, you might find relations a little more difficult?

Martin Sime: If I may comment about that, this is almost a Scottish argument. The powers that have been devolved over aspects of welfare cover roughly 15% of the total expenditure on welfare. For people who need to rely on welfare services, that has created more confusion and overlap when they have to apply to two regimes that are not aligned. The circumstances in which my members are having to advise customers of DWP and the Scottish Government welfare services are a lot more complex since the latest element of devolution, which I do not think has been helpful at all. To go back to the issue about the subsidy of existing welfare benefits, it would have to be done at the expense of other public services in Scotland or through raising taxes. The discussions that are going on just now—some of which are supported by many charities—about the prospects of raising tax illustrate some of the challenges for that strategy.

Lord Foulkes of Cumnock: The vast majority of welfare expenditure that is not devolved is for pensions. The Scottish Government have power to vary a number of things, including universal credit.

Martin Sime: I am sorry; universal credit is not devolved.

Lord Foulkes of Cumnock: Yes, it is.

Martin Sime: Universal credit is not devolved.

Lord Foulkes of Cumnock: They can vary universal credit.

The Chairman: This is a very Scottish argument.

Lord Foulkes of Cumnock: No, it is a UK argument.

The Chairman: Lord Bichard wants to come in as well.

Lord Bichard: As a Cross-Bencher I do not understand politics, certainly not Scottish politics. I just wanted to give you a chance to make what I think is an important point. I read your evidence, which was, if I may say so, very good, not as suggesting that the climate you were referring to was because of a political difference; you made the point that there is, in your eyes, a different attitude across parties towards charities. I wanted to give you the chance to say that this is not a political knock-about point, and there is something more profound in the culture and the climate.

Martin Sime: There are two things. There is something in the political environment. It would be impossible to ignore some of the attitudes of the UK Government that have been expressed towards charities. We do not see those attitudes from Scottish Ministers, and we have not since devolution. With regard to the rest of it, if we look at the issue globally we find that relationships between civil society, the voluntary sector and Governments are cyclical. They have high points and low points; they wax and they wane; likewise, inevitably, with relationships in the UK. We happen to be at a relatively stable high point in our relationship with the Scottish Government. I cannot predict how long that is likely to last.

My last reflection is that some of this is about scale. In a country of 5 million people, it is possible to have those kinds of relationships. As I said, my members queue up to give evidence to the Scottish Parliament and they tell their stories every day. There is much greater interaction between politics and society in Scotland than is possible at Westminster. Even if there was enthusiasm to go down that road in Westminster, it is much more difficult to do with a population of over 50 million people.

The Chairman: Do you have any comments on Lord Lupton's original question?

Seamus McAleavey: We have a very good working relationship with the Northern Ireland Executive and the political parties within it. We are always trying to influence policy. We have put much greater emphasis on

trying to find evidence to back up the points that we want to make. Since devolution, we have focused very much on Northern Ireland and much less on what happens at Westminster, but obviously issues come up at times and we engage on those. Most of the concentration for our organisations tends to be within Northern Ireland.

Q119 Lord Foulkes of Cumnock: Martin, can you describe how the charity sector in Scotland has been involved during the various stages of devolution in making representations to the UK Government and others about what powers should be devolved?

Martin Sime: This agenda has been going on for 20 years, maybe longer than that, since the constitutional convention was set up. There were many different organisations imagining devolution. It is not all about lobbying politicians. It is about trying to stimulate debate in our country about what kind of Scotland we would like to see. If there is one thing that our sector demonstrated in the recent referendum, it is our ability to address those issues in a non-binary way.

Many of our members had ambitions for their work that were being thwarted by circumstances. They had ambitions for the people they worked with or were able to engage those people, and they had a strong view about what the future should look like. It was not all about the constitutional boundaries of Scotland. It was very helpful that our sector contributed to the debates about devolution and independence in that way, and will continue to do so. In some ways, the Brexit discussions that are going on just now have stimulated very similar conversations from our sector. We were fortunate in those discussions that our regulator took a very positive view about the need for charities to be encouraged to contribute to the debate about independence. Whether they could justify taking a firm position to remain or to vote for independence was a matter for individual charities and individual charity trustees. To turn that argument on its head, from our point of view it was inconceivable that we could be having a national conversation about the future of Scotland, and somehow charities were not allowed to contribute and express their views in that circumstance. It was a very positive experience all round. We were all rather disappointed that it became too much of a yes/no, politics-led occasion, but maybe that is the nature of the referendum that we had.

Lord Foulkes of Cumnock: From what areas were charities principally involved in making representations, raising the issue and pursuing it?

Martin Sime: Thousands of charities were involved in conversations and activities. The way our politics was conducted in the run-up to the referendum on independence was very much at street and community level, where charities and community groups participated in discussions and debate. Certainly, from my point of view, we led many discussions about what kind of country we wanted Scotland to be, and encouraged our members to contribute on that basis.

Q120 Baroness Scott of Needham Market: I want to turn to Northern

Ireland and ask you to describe some of the challenges, and the contribution made by the sector in dealing with community divides. What is your perspective on both the challenges and the contribution?

Seamus McAleavey: Our sector in Northern Ireland covers all shades of political opinion. It stretches across the divide. One of the things that we consciously tried to do during the conflict was to ensure that we provided a neutral space for people to meet, have dialogue, share ideas and things like that. I am sure there are lots of exceptions, but we very consciously focused on the social and economic issues that affected people in Northern Ireland. We left things constitutional to the side, as regards whether people were unionist or nationalist. That was very useful.

We behave in a fairly non-partisan way. We engaged with the Government when the lobbying Bill was being created and, speaking to Ministers here during that time, we did not see that we had a problem. We did not see that we needed to be curtailed in any way because we have always behaved in a very non-partisan way.

When devolution in Northern Ireland first came in, I suppose Northern Ireland politicians felt that they had been very much kept out of things and that direct rule government and the civil servants engaged with people like us but not so much with them. There was some tension at the beginning but that evaporated very quickly, and relations between government and voluntary organisations are very good. They see that we add something to the life and community of Northern Ireland. A lot of that has been done by being conscious of the issue of division; lots of organisations focus on the issue and try to do something about it. My own organisation's building is on a peace line. It sits between a nationalist and a unionist/loyalist area, directly in Duncairn Gardens. We chose to build there and to be a bridge. Lots of organisations are doing that and, in general, we have created a culture of non-partisanship in the activities of voluntary and community organisations. They will have their say on things that are clearly political, but generally the focus is social and economic, and they avoid the constitutional question.

Q121 **Lord Harries of Pentregarth:** How have UK-wide problems, such as the recent charity fundraising scandal, affected the sector in Scotland and Northern Ireland, if at all?

Seamus McAleavey: You heard from Frances McCandless that it clearly has an impact. We have begun a consultation in Northern Ireland on the issue with voluntary organisations, given that England and Wales have created a voluntary regulator. I have to tell you that lots of organisations said, "Do we need to do anything? Is this not an English problem? Do we have the size and scale to worry about that"? Quite a lot of organisations think that. They also think that, if we need to do something, maybe we should create a Northern Ireland response and maybe it should be local. The other option is to go in with the English and Welsh regulator. All those things are being discussed. At NICVA, we have engaged with government, with the Department for Communities and Local

Government, and the Charity Commission for Northern Ireland, and we are working our way through the issues.

It is an issue for us. As it has come up in England and been dealt with, if a problem were to arise in Northern Ireland, charities would come under a lot of pressure for not having anticipated and done something about a potential problem. We must deal with it from that point of view.

Martin Sime: In Scotland—some of this has been rehearsed—the same issues arise, but perhaps not quite in the same pervasive way. It has caused many charities to look to their laurels and, rightly, to think about how to sustain public trust and confidence. The surveys we have done suggest that it has been dented in Scotland but perhaps not as badly as elsewhere. There may be no single explanation for that. We certainly do not have the same penetration of *Daily Mail* or *Daily Express* readers in Scotland, so some of the stories may not come out, but we have “Panorama” and we hear from UK government Ministers and other commentators about charities.

We have tried to discourage the idea that it was something that affects only big charities, because all charities are ultimately affected by the reputation of charity. There is no doubt that the feeling abroad is that industrial-scale fundraising has caused a lot of the problems, and that the failure to manage reputation in the provision of fundraising by the very large charities, most of which are not headquartered in Scotland, has generated a lot of the issues. I do not think there is complacency. The response of the sector in Scotland, which is to encourage and support self-regulation, is probably the right one at this stage, although we remain open to review after a year to see how the new self-regulatory regime is working. It is a very difficult area for government to regulate—Part 4 of the Charities Act in England and Wales tells you how difficult—because it is such a fast-moving game.

Even among the Scottish fundraising community there has been a sense that this is a wake-up call. In the course of our investigation, it emerged that charities in Scotland had been making four times as many asks of the public over the last two years, yet nobody seemed to be aware that that might have consequences. There needs to be a more strategic view among the fundraising community. Charities themselves need to take responsibility for some of the issues, not just individually but collectively.

The Chairman: Is that four times as many as they had done hitherto?

Martin Sime: Yes. New technology and big data are generating the capacity to make many more asks.

The Chairman: Do you think the fundraising scandals, as we can call them, have caused charities to look again at the number of asks they are making?

Martin Sime: The number of asks was a collective thing, but at the time there did not seem to be an appreciation of the collective impact they

were having, because it was so atomised across the community of fundraisers. What is required is for the fundraisers to talk to each other, to talk to their chief executives and trustees a bit more, and for trustees to inquire more into those matters. There is now a climate in Scotland such that people are apprised that the problem needs not just individual attention but collective attention, too.

Q122 Baroness Barker: What is the proper role, if any, of the UK Government and Parliament in oversight of charities in devolved areas? How does UK-wide legislation affect charities in your jurisdictions, and what needs to be reformed?

Seamus McAleavey: I agree with what Frances McCandless said earlier from the Charity Commission point of view. Charity law is a devolved matter, but there are lots of other things that have an impact, particularly issues of tax and financial matters. Sometimes, Westminster departments flag up some of those issues and engage with us—the Department for Exiting the EU has been over and has engaged with us on the Brexit issue—but a whole range of things never hit our agenda at all, which is what Frances was saying. We often find out about them too late. If something is likely to impact on Scotland, Wales or Northern Ireland, people need to be thinking about that and flagging that. It is not the charity law issue itself.

Martin Sime: Similarly, in Scotland, it is the Government's broader legislation and policy that has the biggest impact on charities in Scotland. It is fair to say that since devolution there has been an atrophying of relationships on both sides. Certainly in the early 1990s, we were very heavily involved with the Manpower Services Commission and other UK government departments. A lot of that has disappeared since devolution. It is not because it is a devolved subject—some of it is still a reserved subject—but because the relationships have not been maintained at a level where it was possible for the sector to engage properly in consideration of those matters.

Having said that, with the recent tax powers that have been devolved to the Scottish Parliament, it is possible to envisage a different tax regime for charities in Scotland. Some thinking is going on about that just now. The situation is changing, but the role of the UK Government and how it affects charities in Scotland, if you take out the policy agenda, is diminishing.

Baroness Barker: Could the situation you have described be addressed by a one-off review of areas? The issue I am trying to get to is whether people in Westminster have forgotten the impact that they may still have in the devolved Administrations, because so much has been passed on. This was probably never followed up post-devolution, so perhaps it is a good time to do that.

Martin Sime: It has been followed up, and successive Permanent Secretaries in the Scottish Government have made it their interest to take up some of those issues with their colleagues. The chief executive of

the Cabinet Office was in Scotland recently and met civil society, and we had conversations, but it is an episodic thing rather than systematic engagement. The divergences of devolution, for example, are not widely understood—for example, how the health service in Scotland is run completely separately from the health service in England and Wales. In some ways the BBC does not help, because it does not always make clear which jurisdiction it is dealing with. Differences in how public services are organised and managed are growing every year, as devolution adds another year to the clock.

Lord Foulkes of Cumnock: The health service was different even before devolution.

Martin Sime: Yes, but now it is not possible to talk about the United Kingdom having a single health service. We do not have GP commissioning, for example. The way our public services are run is different. Our education system is different. For devolved matters, it is very simple and straightforward, but for reserved matters we have lost the frame of dealing and engaging with civil society, and with charities in particular, about how to effect change.

Baroness Gale: I recognise what you are saying about the recognition of devolution. I see it in Wales. There does not seem to be acknowledgement that devolution has actually happened, and that is difficult to deal with. How do you think you can get over that? There may be some conflict between Westminster and Scotland and Northern Ireland. It is about trying to convince them, or get them to accept, that devolution has happened and that you need to work together in the charity sector for the benefit of everyone. I am not sure how you overcome that.

Seamus McAleavey: As regards working together, the SCVO, NCVO, ourselves and the Wales Council for Voluntary Action all try to collaborate on issues that are likely to cut across charities in the UK. With devolution, especially for us where we have water in between, we are much more separate. People often do not think what the impact of a lot of legislation might be in Northern Ireland, unless it is very high-level. Certainly they do not think what its impact might be on charities. There probably needs to be a lot more attention given to that. When the Government set out a Bill they say where it will have an effect and all of that, but there needs to be more attention on how it is worked through.

Q123 **Baroness Stedman-Scott:** What one issue should the Committee be most mindful of in seeking to support healthy charity sectors across the UK?

Martin Sime: I have two, if I may—very quickly. One is that government needs to stop taking such an instrumental approach to its work with charities and seeing charity as a vehicle to achieve government objectives. There needs to be a more respectful partnership if you are to get the best from our sector. All this contracted stuff does not really get the best out of charities. Secondly, if you could persuade the DWP to

remove all the barriers to unemployed people volunteering, you would do charities a great favour because we would be able to get a whole lot of people engaged in our work in a way that was good for them and good for us.

Seamus McAleavey: Supporting an independent charitable sector is the really important one, and is the most beneficial. The thing that has happened everywhere in the last number of years has been the Government moving to procurement and contracts, particularly in their relationship with our sector. That creates a completely transactional approach: "We give you money and you carry out certain things for us". A lot of people say that it makes a number of charities that deliver services for government say less about their mission; it has a chill as regards what people say, for fear of, "Do we not fund that organisation to carry out things? Why are they saying things that are negative to us"?

Recognising that there is real value in independence of thought and action is a beneficial thing that should not be lost. Some of it might be uncomfortable at times. We are talking to our Minister for Communities at present, and asking him to bring forward a White Paper on voluntary action. We are asking him to focus on the activity. We do not want something that focuses on voluntary organisations because it gets into the funding relationship. What can government do that helps voluntary action rather than hinders it? Those are the really important things. Encouraging an independent sector is the absolutely critical thing.

Lord Bichard: Could we delve a bit deeper into the contracting issue? Where do you think we should go from here? Do we get rid of commissioning altogether? Probably not. Is the balance wrong? Is there a difference between good commissioning and poor commissioning? Should we have more grant and less commissioning? Where do you think we should move from here to get to a better place?

Martin Sime: All of those are possible avenues. I do not think there are simple solutions. I would start by looking at the prospects in particular areas of public services for people to make choices for themselves. That is the starting point to undermining the industrial-scale commissioning approach that government has.

Lord Bichard: Are you talking about users?

Martin Sime: I am talking about service users.

Lord Bichard: You are talking about co-production of services.

Martin Sime: We must not address the issue as if it was primarily about charities. Charities are caught in the middle between service users and government. If service users had the power to make choices for themselves—in Scotland, we have the legislation but it is very difficult to put into practice for social care—we could envisage a whole lot of different relationships, with relationships between charities, and the people who use the services that charities provide, and the Government

really not on the pitch. That would help. You could do the same thing for employability, aspects of childcare and some other areas as well. A self-directed approach would be my sense of the direction of travel for public services in those areas. That would take out of play some of the worst commissioning for anonymous 15-minute care visits that are going on just now. It would be more sustainable, too.

In other areas, we can get a lot from a creative partnership between government and a voluntary organisation that we cannot get from a contract. In fact, the contracts drive out a lot of the innovation that our members can apply. They drive out the prospect that additional resources might be deployed. They drive out the use of volunteers. They are the enemy of all those things, yet our public services could be hugely enhanced by some of the creativity that charities could bring to them. We need a partnership based on respect rather than a commercial relationship based on legal authority.

Seamus McAleavey: Treasury guidance was always that the funding relationship with a voluntary organisation and government or any of its agencies could be by three means: grant, grant-in-aid or a procurement process. It always suggested that the agency or government should use whatever was the appropriate one. All may be appropriate at certain times.

We have seen the fashion become procurement as the way to go for everything. Even where grants still exist, procurement-type processes are very much used to deal with them. People are thinking about how to deal with scarce resources. People are thinking, "I need to get much more protection for the decisions I make". If they decide not to renew a grant, they might get into difficulty. People have moved to procurement as the easy way of doing things. As Martin said, we lose an awful lot because of that. Charities and government co-produced quite a lot of solutions, and charities brought extra resources to the table as well. I will give you a good example.

The prison population during the conflict in Northern Ireland expanded, as everyone knows. There were no support services or things like that for families in those days. The Quakers set them up in what was the Maze or Long Kesh—the big prison in Northern Ireland. They provided family support services; they developed them and ran them over the years. NIACRO assisted with that. The Prison Service decided a few years ago that it would procure those services. The first two or three times, the Quakers and NIACRO won the contract, but eventually it went to a private company. In my view, no matter how good that private company is, it is not the appropriate body to deliver that type of service. It is about trust and confidence and all of that. The public sector should deliver some services and the private sector should deliver others, and we need to think a lot more creatively about how we do these things. We will end up many years down the road thinking, "Where did some of those organisations go and how did we lose some of the very useful things we

had?" Then we will have to reinvent them. That is where we are in procurement.

Lord Chadlington: I agree. The issue at stake seems to be that, once you give safety to people by using the procurement process, it is extremely difficult to paddle backwards. To follow up Lord Bichard's point, what do you think we could do to paddle back without taking undue risk?

Seamus McAleavey: We have been doing some work with the central procurement division of the Department of Finance in Northern Ireland. We hope we will get them to issue guidance on the use of procurement, grant and grant-in-aid. I know of few, if any, voluntary organisations that are supported any more by grant-in-aid. There would probably have been quite a lot in the past. The only organisations with grant-in-aid tend to be non-departmental public bodies. I am hopeful that the guidance we get will clarify things for decision-makers and not make them all believe, "This is the way it must be done, and if I try another route I might be open to legal challenge". A lot of people erroneously think that they might find themselves in trouble, and they look for protection. We need better guidance for those involved.

The Chairman: Thank you very much. On behalf of my colleagues, I thank you very much for your most interesting and informative answers. We are pleased that we have not been interrupted by a vote, although we are about to be. Thank you very much indeed for coming.