



Select Committee on Charities

Corrected oral evidence: Charities

Tuesday 22 November 2016

4 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 Jenkins of Kennington; Lord Lupton; Lord Rooker; Baroness Stedman-Scott.

Evidence Session No. 15

Heard in Public

Questions 140 - 149

Witnesses

I: Daniel Hurford, Head of Policy (Improvement and Governance), Welsh Local Government Association, and Councillor Robert Light, Kirklees Council and Vice-Chair of the Local Government Association's City Regions Board.

Examination of witnesses

Daniel Hurford and Councillor Robert Light.

Q140 The Chairman: Good afternoon, Mr Hurford and Councillor Light. Thank you for coming to see us at this Select Committee. We are very much looking forward to your responses to our questions. There are some things I need to say as we are now on the public record. The session is open to the public, I remind you, 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 it 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 have any additional points to make, you are welcome to submit supplementary written evidence if you feel there is anything you have forgotten or would like to have added.

Perhaps you would now like to introduce yourselves for the record, and then we will begin our questions.

Councillor Robert Light: I am Councillor Robert Light, representing the LGA. I am the vice-chairman of the LGA City Regions Board. I am also a member of Kirklees Council in West Yorkshire, and I chair the West Yorkshire Combined Authority's Scrutiny Committee.

Daniel Hurford: I am Daniel Hurford, head of policy at the Welsh Local Government Association.

Q141 The Chairman: Thank you very much. I am going to start off with a very general question about the role of charities in local communities and their relationship with the role of local government. Both of you do not necessarily have to answer all the questions. Please add anything if you wish but do not feel that you have to. That is the first general question.

Councillor Robert Light: The role of voluntary organisations and charities within our local communities cannot be overstated. A lot of their involvement can be said to be high profile but a lot is also very much low profile. If you were to be unfair and split the roles into large organisations, sometimes with a national or regional base, they would be engaging with local communities and the council about service provision and contracts. That is one aspect of it, and in many areas it has a huge impact on those communities and the way the council works. The other side of it is very much the soft side—those small organisations, sometimes in the sports and environmental fields, which would be doing very much community-based projects but not competing as much on a contractual basis, although, in terms of impact for communities and individuals, arguably with a wider spread and wider impact.

Daniel Hurford: To follow on from what Councillor Light has said, it is about providing intelligence to local government, in particular, and wider public services. They have access and engagement with parts of the

community that local authorities cannot always reach. It is also about challenging local authorities and public services, challenging the status quo, bringing innovation into play, and, increasingly, certainly in the Welsh context, an approach of co-production where the third sector and charities work very closely with local authorities in designing and delivering services.

Q142 Baroness Stedman-Scott: How has the changing public funding environment affected the relationship between charities and local government? Moving on from that, I would be interested to know to what extent you think that charitable provision should augment or replace statutory provision.

Daniel Hurford: Generally, over the course of devolution in Wales, funding from local government to the third sector and charities has generally increased quite significantly. In 2001 and 2002, around £68 million was provided by local government to the third sector. This is based on surveys undertaken by the Local Government Data Unit and the Wales Council for Voluntary Action. By 2013-14 that had increased to £283 million, which is quite a significant increase. However, in recent years it looks as though that funding has reduced quite significantly, for obvious reasons, through austerity. The Wales Council for Voluntary Action in its written evidence to you suggested that around 44% of funding had been cut from small to medium charities in particular. So there has been a tension over the recent period around funding and the relationship around funding.

There is a general understanding from the third sector that austerity means that funding is tight, but there is an increasing tension over how that funding is distributed to the sector, how timely it is and what advance notice they have been given in terms of reducing or ending contracts. Authorities in Wales have codes of funding with the third sector locally. There are agreed parameters stating that there should be as much notice as possible around the reduction of funding, transparency in decision-making and so on. Generally, funding has increased, but in recent years there have been tensions as a result of austerity and reduced funding.

Councillor Robert Light: The situation that English local government faces is that 40% less income from central government is going into English local authorities. As you would expect, that has impacted on local relationships with voluntary organisations and charities. It has been different in different areas, as you would expect. We have seen a situation where, in relation to some of those contracts, such as for adult social care, which many of the big charities have with local authorities, those charities have been able to engage in service reconfiguration in a very positive way, driving innovation and helping local authorities. We have seen both bodies helping each other to address a major significant issue.

The area that has possibly seen the biggest impact to date has been the more voluntary bodies and smaller organisations, because councils, as

they contract, have had to focus on how they meet their adult social care responsibilities as one of their first priorities. Secondly, we have a situation with voluntary funding where what were previously grants are just not there any more. The resource does not exist to help that. That has impacted very much on the environmental and sports charities and on voluntary organisations, because it is their funding streams that they have seen reduced. I am not going to prejudge what will be said tomorrow, but the information we are being fed is that there is not going to be any more money post-tomorrow. That situation is potentially going to get worse as we go into the remainder of this Parliament.

The Chairman: Lord Foulkes has a supplementary.

Lord Foulkes of Cumnock: You said that 40% less is going to English local authorities, and a lot of that relates to adult social care. What impact is that having?

Councillor Robert Light: No, that was not directly to adult social care. That was across local authorities as a whole. Local authorities have had to maintain a lot of their adult social care as a result of that. Indeed, the 2% increase in council tax that we got in the last Budget was a help in that way. But our demands for adult social care are growing, which means that other areas of council activity have had either to diminish or in some places stop altogether.

Lord Foulkes of Cumnock: What other areas?

Councillor Robert Light: If you look across what we sometimes class as the "place agenda", it is anything from roads to environmental services, but it is also things such as libraries, museums and the non-statutory but very vital and valued services for local communities.

Lord Foulkes of Cumnock: Have you continued all your contracts with charities and voluntary bodies for adult social care?

Councillor Robert Light: All of them across different councils will have been reviewed. Some things have not been maintained. The councils have had to prioritise what they needed to do. Some of that has brought about much-needed changes, because some of the contracts were out of date and, in terms of value for money, not best serving the needs of those members of society who need help.

The Chairman: Baroness Stedman-Scott wants to come back.

Baroness Stedman-Scott: To what extent should charitable provision augment or replace statutory provision?

Councillor Robert Light: I am sorry; I never got back to that. It is not a question of "Should it?" It is going to do it in that it is inevitable that some provision by charities and voluntary organisations will replace what had previously been done by local authorities. I do not think you should necessarily see that as a negative. In some ways you could say it is a negative, but in some areas it has been very positive.

I will give you one example from my own ward in Kirklees of a project that I have been involved in. It is the first asset transfer of a sports field to a local organisation. It was a sports field with dilapidated changing rooms serving some very successful clubs, but the council was never going to put any money into it. So we negotiated an asset transfer from the council. A new sports association for the community has been set up, and this has been able to attract a lot of support from different organisations, such as Sport England and the Lottery foundation, and we are, as we speak, building a new set of changing rooms for that facility. It will be a trailblazing example of how voluntary organisations can come together with the support of the council. The council has been very supportive with loans and things, but it means that the council is not funding the upkeep. We will have an organisation there that will mean we have a much-improved community facility. That, to me, is a really good example of the positive side of this. It is important to stress that, as well as the negative side where we have seen some services withdrawn.

Q143 Lord Harries of Pentregarth: The Committee is very concerned about the move from grants to contracts. What do you think the implications are for the relationship between charities and local government as a result of this? I have some supplementary questions. It has been put to us in some of our evidence that charities are losing out on contracts to better-resourced organisations. If you think this is true—it may not be true—how might charities be supported in securing contracts and delivering services? Finally, is there a case for developing longer-term relationships with charities? If so, how can they be developed in the light of funding constraints? I am sorry about all those questions.

Councillor Robert Light: I will try to address some of those. The importance of the relationship between charities, voluntary bodies and the local authority is that it needs to be flexible. That can be challenging for both organisations, but it is really important because the demands for services are not rigid but flexible. So strict contracts can sometimes be a problem.

There is also a situation, from the council perspective, when you enter a procurement procedure that has tight contracts. When you are dealing with a private sector organisation or a national charity such as Age Concern—which I use as an example not because anything is associated with it but because it is a national charity—what is the difference in the contracting procedure? They are a big organisation. They are used to bidding for contracts. It is very much a commercial relationship. For many of the social care aspects that works okay, but some of the really beneficial community stuff is done on a much more informal basis.

The danger of moving from grant to contract is that smaller organisations do not have the capacity to get engaged in a big contract bidding process. Therefore, the bigger organisations—your almost professional charities—can have an advantage. That is a fair concern to have.

The second area that we need to be careful about, if we are moving to more contracts, is to make sure that local authorities are flexible enough

to ensure that they have contracts that are small enough in size so that they can get a range of bidders. Quite often local authorities say, "We will put all that out to contract". Therefore, you automatically knock out a load of smaller potential providers by the process and the size of the contract.

Daniel Hurford: To follow up on what Councillor Light said, there is a growing tendency to commission and contract services. I referred to statistics earlier and I can send the report to the Committee on the latest funding breakdown of the third sector in Wales. Around 84% of the funding that goes to the third sector is now commissioning or contract—which has increased from 77% a number of years ago. So there is an increase in this. There is also an increase in the need for delivering outcomes and value for money. That tends to go to bigger and more professional organisations, whether that is third sector organisations or the private sector. There is a risk that some of the smaller community-based organisations are priced out and scaled out of the market.

There is a wider issue, certainly in the Welsh dimension where we have 22 local authorities and 22 relationships with third-sector bodies in those counties. We are no longer merging authorities in Wales. There was a proposal for a reform agenda to merge, but we are looking to regionalise certain services. The reform agenda is still ongoing. Social services, for example, which is one of the key interfaces between local authorities, the charity sector and the third sector, are likely to be regionalised on the health boards, so it will be further regionalised. So it looks as though some of the contracts for supporting adult social care and so on might be let at a larger, higher level. Again, there are further challenges for the community, local-based charity sector there.

One of the risks around the approach to commissioning is not just the impact on smaller community groups, such as charities; it is the relationship between local government and the third sector, and that it becomes a service deliverer/commissioner relationship, whereas the risk is that the third sector will lose some of the value it brought as a body, both as a potential deliverer of services and as a representative body, as an advocate, and as having local community ties. The risk is that, if you have larger regional contracts, you need to have that underpinned by local volunteers who are based and embedded in communities, and who have the credibility, the intelligence and the links. So it is a challenge in terms of not pricing those smaller teams out of the market—but also the bigger ones may not have the local networks to draw on.

Lord Rooker: Good afternoon. I have a small supplementary because I might have missed it in the opening answers. Are you able to have contracts for more than a year?

Councillor Robert Light: Yes, we are.

Lord Rooker: And do you do it?

Councillor Robert Light: It is a varied approach. Because of the changing nature of local authority services and finances, local government has shied a little bit away from longer-term contracts because there have been instances where, if you are tied into a long contract and your financial resources are much reduced, that ties your hands very much. There has been a tendency to move back towards shorter-term contracts. Where you have that dialogue and that engagement with voluntary organisations, the ability to have a longer-term contract is there. There are some good examples in different parts of the country where organisations are working together to reconfigure services and to focus on how we deliver outcomes together for different communities and different individuals. Then there is more safety and comfort for local authorities to give that longer-term commitment.

Lord Bichard: I should probably say that I am an honorary vice-president of the LGA. Do you think that the quality of commissioning is high enough? We have heard from a number of sources that it is very much volume driven, that it is not about outcomes and quality, and that the smaller voluntary groups suffer because, often, the state, in whatever form we are talking, does not include support for overheads and admin. All of this makes for a very poor commissioning experience. Have you found any of that?

Councillor Robert Light: I would not say it was a poor commissioning experience. Is the quality of commissioning good enough? No. That is always going to be the case, given where we have come from. There is a lot of room to improve that. One area that has helped that has been the devolution agenda, where you have local authorities coming together, whether under the guise of a combined authority or just coming together to do things. They have been able to look at how they commission things on a more joint basis. In West Yorkshire, my own authorities have been looking at some aspects of social care provision and at some of the expensive external placements, and at how we can jointly purchase that, rather than being, effectively, taken advantage of as five authorities. Many good things can be done by smarter commissioning and are being done.

In answer to your question about outcomes and how it is related to them, the challenge for local authorities is to ensure that we have a good commissioning process that not only delivers what we think we want but monitors the delivery of those outcomes. There is a real public sector agenda about how we ensure outcomes and not just volumes and numbers.

The challenge that we face as we move forward is how we take the voluntary sector with us on this. Local authorities have moved forward quite considerably from some of their old commissioning practices and are prepared to be more flexible. We have to ensure that we have enough space in what we do to have a wide variety of organisations and that we do not close out by putting too many high expectations on smaller bodies.

One of the issues on the other side of that is that local authorities sometimes find that dealing with some voluntary organisations and charities is inconsistent—just as they find that dealing with local authorities can be inconsistent. Some bodies would not be able to deliver the same consistent services in one area that they would in others. The devolution agenda, and being able to engage with a number of authorities across a common basis of a contract, would help some of those organisations to be more consistent, both from a local government perspective and from a voluntary organisation perspective.

Q144 Lord Chadlington: Good afternoon. A theme that has come out all the time in these discussions has been the importance of innovation. Given the financial and other pressures that are very often placed upon charities, are they able to innovate as readily as they might do? Can you see ways in which local government could support them in developing innovation in the voluntary sector?

Daniel Hurford: Inevitably, some of the financial pressures, wider governance arrangements and expectations have not necessarily curtailed innovation but have made it more challenging to stretch risk than previously. Financial pressures have generally encouraged organisations, both in the public sector and the third sector, to innovate, to think differently, and to reflect on how services have been delivered and on what services are delivered in the first place. Some of the governance arrangements and the emphasis around governance and accountability, as well as the role of the Charity Commission, are necessary, but there is a risk that, certainly for some of the smaller bodies, the proportionality of that might be too intimidating to take risks. In the Welsh context, the Auditor-General for Wales is very encouraging of well-managed risk and evidence-based decision-making, but you cannot innovate without some element of risk. There is a tension between increased governance and financial contraction, so the ability to innovate is diminished.

As to local government supporting the charitable sector to innovate, it is almost the other way round. The value in the relationship has been that the charitable sector and the third sector help local government innovate. It is the third sector that brings fresh ideas to the table and that challenges the status quo from public service deliverers. So it is a slightly different relationship. Local authorities, certainly in the Welsh context, provide support to the third sector—the Welsh Government likewise and the Welsh Council for Voluntary Action. There is a range of programmes and guidance out there. One to flag up is a programme called PQASSO, which is supported by the Big Lottery Fund and the Welsh Council for Voluntary Action. It is essentially a benchmark for good governance, performance management and so on, as well as the training of charitable organisations and third sector bodies, to ensure that they meet a consistent standard.

As I said, the relationship in terms of innovation from a local government point of view, and being quite selfish, is that they help us innovate rather

than the other way round. The risk is that local government might curtail the third sector's ability to innovate.

Councillor Robert Light: I have been involved in local government for about 30 years. There have been periods of financial pressure and periods of less financial pressure. It is in the periods of financial pressure that the innovation has been more productive and the drive for innovation has been more fruitful. I do not care what part of local government you look at.

I was involved in the fire service for a number of years. I am sure that Lord Rooker will remember from his time that West Yorkshire fire service was always banging on various fire Ministers' doors saying, "We are badly done to. We have got the worst settlement". It did not matter who was in government, it was always the same. I think I was there a few times myself. But I would argue that those financial pressures meant that we became one of the most efficient fire services in the country. So financial pressures can make local authorities and all organisations take some of the decisions that maybe they would have shied away from. That means being a little less risk averse than perhaps they have been in the past. Sometimes that is good, but government has to recognise that there is risk with this and the public sector has always been very safe. Sometimes we have to take greater risk if we are going to innovate more.

There are things that we can do that drive innovation that can make really good public sector and community impacts. My council is involved in one scheme—I do not know if you have heard of it—called Comoodle. Comoodle is something that has come from the Bloomberg Foundation in the States. It is basically a web-based system where different organisations can offer their assets for lending, effectively. This is something that voluntary organisations can tap into. It is very effective. It is only a small thing but it can make a big impact in local communities. When we are asking communities to do more, as we all are in terms of what happens in those communities—that can be anything from running libraries to looking after sports fields—this is a way of helping them get the assets that they need to be able to do those things. I would recommend to the Committee that you look at Comoodle, look at what we are doing in Kirklees with it and see it as a good tool for voluntary organisations to use.

Lord Bichard: The difference between the current period of austerity and previous periods of austerity as far as the charitable sector is concerned is that so much more of the money it gets is through commissioning and contracted services. That means that local authorities or central government are in a position to require what happens and how it happens. Is that not constraining the innovation that you talked about, which has been so important in the past?

Councillor Robert Light: The answer to that question is yes, it can be, and the danger is that local government, because it is moving to a stricter commissioning role, will try to be more prescriptive. That is a danger. The challenge for good local government is to say, "We do not let

that go too far. We do not become so risk averse that we do not give the space for innovation”.

Lord Bichard: What do you think is the current reality?

Councillor Robert Light: The default position is always to be risk averse. Many politicians in local government will say that they are fighting against the natural instinct of local government to be risk averse and challenging both officers and, dare I say it, long-standing members to let go of the shackles and give a little bit more space for that innovation—and, yes, take more risk in the knowledge that it will not always work. What matters is that, if you do not try something, you can be sure it will not work. That is what we have to accept. Bear in mind that we give more to voluntary organisations in contracts and grants than central government does, but, equally, central government needs to do that. That is one thing that certainly is not happening, because central government will not give the space for others to get it wrong. We understand the natural pressures that government Ministers and departments face, but there has to be an acceptance from them as well that, if we are going to be risk averse, there needs to be space to do that.

The Chairman: We will move on to Lady Barker’s question.

Q145 **Baroness Barker:** This picks up on some of Councillor Light’s earlier comments about reconfiguration, particularly of adult social care. How might charities help public authorities to redesign and transform their services, particularly given the challenge of limited finances and increased need?

Mr Hurford, you talked about the voluntary sector challenging local authorities to innovate. Do you have any examples of that about which we can talk?

Councillor Robert Light: Perhaps I can deal with the first two points. Local authorities would welcome the assistance from charities and organisations to look at how we reconfigure services, and to reconfigure those services to meet local needs—but not as a national formula. That is a local dialogue.

The other challenge is that local authorities are very much looking at how we move from a system that is not just about solving social care but preventing it. As we move into that prevention agenda area—at the same time that local authorities are contracting from their community involvement—we rely on good, sound intelligence across a whole host of fields. The danger is that that is what we are going to fall foul of; that is what will trip us up. So, if we work with voluntary organisations, they can often be the eyes and ears for the councils and local authorities that were not there in the past.

One area—and we need a kick from government to help this—where we need to see more being done is on closer working with health agencies and councils across the social and healthcare fields. Even after all the

announcements, all the pushing and all the good things that have happened, health still does not play fully in this field and does not get the importance of working together across a number of fields. That really has to change. The health service as a whole is too protective of the way it does things. It does not understand how the rest of the world functions in terms of contracts and accounting, and it is too rigid. What we really need to see is a reconfiguration of local authorities working together not just with the voluntary sector but with the health service as well. There needs to be much more ease about that in how we operate.

Baroness Barker: Do you think that there is a good enough sharing of intelligence between the voluntary sector, local authorities and health?

Councillor Robert Light: No.

Baroness Barker: I thought you might say that. Do you think there is anything that central government could do to improve that?

Councillor Robert Light: Yes. There should be a duty imposed by central government on all organisations to share data where it is in the interests of the people who are affected or receiving a service. The problem is that different organisations, and sometimes it is just individuals within that organisation, will hide behind saying, "Oh, it is the Data Protection Act. I cannot share that". The information that most organisations need is there. Somebody holds it but it is not openly shared. I am sure there is a mechanism that can be introduced to achieve that in terms of IT systems, so that no one gets what they should not be getting. It could be wider.

If you look at vulnerable people in our society—one of my other roles is as northern chair for the Consumer Council for Water—an issue we have is that when people are vulnerable and there is a water issue, such as a boil water notice, the water company should get from the local health service, quite literally at the flick of a button, the names of all those people who are vulnerable, but it does not.

Baroness Barker: Given that the devolution deals are now being worked out, presumably the sharing of data is an issue that is coming up. Might we ask you and your LGA colleagues, if you have any useful examples that are coming along now as a result of the work being done, to share them with us?

Councillor Robert Light: We will certainly look and see what we have on that.

The Chairman: Lady Barker asked you for a specific example.

Daniel Hurford: Yes. For example, the role of community assets in Wales. We do not have a power for community groups to initiate community asset transfers, as I believe is the case in England, although it is proposed to be introduced in Wales in the future. Throughout Wales community groups are coming forward and saying, "You are downgrading community-based facilities; funding has been reduced; you are not

opening the right hours”, and there are local negotiations around what facilities could be transferred to community ownership.

Largely, as Councillor Light has mentioned, around museums, arts centres and leisure centres, which in particular are increasingly difficult for authorities to maintain, community groups are mobilising, working together and bringing those out into the community. That is one of the key areas. Again, it is supported by the Welsh Government with community asset transfer guidance notes, and a new alternative delivery model action plan, which is encouraging authorities, and public services more broadly, including health, to work with community groups on asset transfer but also on alternative models of service delivery, whether that is libraries or leisure centres, for example.

The Chairman: Both Lord Rooker and Lord Foulkes wish to ask supplementaries.

Lord Rooker: It is a supplementary, but I want to approach it from a different angle. In some ways it builds on what you said, Robert, about the health service. First, the English health service is not the best in the world, and, secondly, it is not democratic. Local government is.

Given the changes in the legislation, which has now given local government a health role that it had not had for 50 years, and given the very low turnout in local government elections, by and large—I have checked recently, and no one argues with that—is there anything that the charity and third sector can do to help local government, which must be up against the Stalinists in the health service, because they claim, “You are in it for grubby votes because you are dealing with the electorate and we are not”, to make them more amenable to working with local government to get that joined-up service? Is there a role for the third sector to help local government to more legitimise itself, if you like, given that you have low turnout and you are all politicians, in dealing with the health service, which is quite clearly a problem across the country in not wanting to join up, in the way that you said, in delivering services and letting things go?

Councillor Robert Light: There has to be a role. The voluntary sector—yes, you are right—can give a stronger arm to local government. You used the words “Stalinists in the health service”. I recognised from your language—

Lord Rooker: It is shorthand, but you know what I meant.

Councillor Robert Light: I did, absolutely. The management approach that we have in health is a real inhibitor, because we find that we can have good discussions about how we take things forward. I used to chair the Kirklees partnership board. We made a fair amount of progress towards integration between health, police and the voluntary sector, and we were at ease in working with each other. Then the one hand that stopped all of that was the strategic regional health body, or whatever it was at the time, which said, “Oh, no, you cannot do that because that is

not in line with what we are doing in the other parts of Yorkshire". That has been a problem. We need less top-down diktat from NHS England to enable some of the primary care trusts to come together with the clinical commissioning groups and the council and say, "This is our agenda for our local agenda". That is what the STPs were supposed to do. I am not sure that they are doing that. Local authorities, communities and the voluntary sector were supposed to be key bodies that were engaged with the process.

Across the country that is very varied—that is the diplomatic way of putting it. In some parts of the country, that engagement has been very poor. A single plan with full support from different bodies is not coming forward because there has not been that roots-down engagement, and it is probably because of the way that the NHS structure is set up.

The Chairman: It may be outside the remit of this Committee to change that.

Councillor Robert Light: I am sure it is.

Lord Bichard: As a postscript, I am not sure it is outside our remit because sustainability and transformation plans ought to involve the charitable and the voluntary sector.

Councillor Robert Light: Absolutely.

Lord Bichard: Can you give me an example of where they have?

Councillor Robert Light: I think Birmingham has. It has involved local authorities—but, there again, I think the chairman of that body is the former Health Secretary. That does make a difference. The picture nationally is very varied. If you look at my own area, we are very unhappy in West Yorkshire about the engagement that we have had with our health bodies on this.

Lord Bichard: My question was on the voluntary sector, not just local authorities.

Councillor Robert Light: With to the voluntary sector, the danger is that, if the local authorities feel that they have not had a good engagement, the voluntary sector, in many ways, is completely out of it.

Lord Rooker: My question was: what can the third sector do to help local government with that problem?

Councillor Robert Light: For a start, the third sector could be saying directly to government, "We need a voice in these processes". Government had the right intention in terms of saying, "Go out and engage", but that expects a reasonable response from health bodies. Government, in many ways, needs to be more prescriptive in terms of who it engages with. If it had been local authorities or the third sector—these are the bodies that it should be engaging with—we might have got a better engagement process.

Lord Foulkes of Cumnock: I think you are right that we are going a little wide of our remit, but I wanted to go back to the topic of our study. I find it difficult to reconcile what you have said, Councillor Light, with the volume of evidence we have from the charities, which are finding that the current expenditure cuts—the austerity—that we have at the moment, which is greater than we have ever seen before, is causing great problems for them in their services, that local authorities are cutting back, that innovation is not possible and that a whole range of things they would like to do are not possible. Is Kirklees different from the rest of the country?

Councillor Robert Light: No, it is not. I have never said that that was not causing problems. I said that innovation is still going ahead and there needs to be space by local authorities and voluntary sector bodies to ensure that it carries on, because if we do not innovate, and innovate quickly, we will not get through this situation. It is a simple situation. The point is that we cannot go back to where we were.

Lord Foulkes of Cumnock: I was a councillor. My experience was that good councils do this anyway, and it is easier to do it when you have more money. It is somewhat more difficult to innovate when you are squeezed.

Councillor Robert Light: Yes and no. Yes, it is difficult, but the financial pressures mean that the pace of innovation is faster.

Lord Foulkes of Cumnock: I think that that is a myth.

Councillor Robert Light: I accept that it varies from council to council.

Lord Foulkes of Cumnock: You have painted a rather glowing picture of a wonderful relationship between you, your charities and the voluntary bodies. Is that the case? If we went to Kirklees and asked them, do you think we would get that same reaction?

Councillor Robert Light: No, because I have never known a situation where voluntary bodies are not challenging their local authority and are not unhappy. Even when we had loads of money they were still unhappy—but that is a good relationship. There is an understanding from voluntary sector bodies that councils do not have the same money and are struggling. Yes, they will challenge, and rightly so. Yes, they will expect. The asks are always going to be more than can be delivered. It is not a healthy situation, but the commitment to work through that and work together is still strong in most areas—and “most” is the important word there. However, it is tough for local authorities, it is tough for those charities, and there simply is not enough money to do what both want to do.

The Chairman: We must now move on to Lady Jenkin’s question.

Q146 **Baroness Jenkin of Kennington:** Not all of those who are commissioning are aware of the Social Value Act. In your experience, has it changed the commissioning approach of local authorities, and do you

feel that there are any recommendations or reforms necessary to improve its effectiveness?

Councillor Robert Light: We very much welcome the Social Value Act. It has made an improvement. I will give you one example, which is from Chelmsford City Council. In its commissioning procedure, tenderers are asked to express the percentage of staff they would employ from the local area and the percentage of economic value arising from that contract that they envisage might reasonably be expected to be returned to the local economy. This is giving a really good opportunity to local authorities to do what every one of them wants to do but has struggled with, which is to ensure that as many as possible of their locally earned pounds are helping and benefiting the local economy across the social, environmental and economic agenda.

Daniel Hurford: The Social Value Act does not apply to local authorities or to devolved public services. It applies to public services in Wales that are non-devolved. In Wales, there is a slightly different legislative framework around commissioning, particularly with the charitable and third sector. It is more of a permissive and supportive environment. The 2015 Well-being of Future Generations (Wales) Act set out a framework around sustainable development that talks about involvement, integration and collaboration, and enables and encourages authorities to commission in a different way. As I mentioned previously, there are a number of guidance notes around community benefits, on commissioning, procurement and asset transfer. Interestingly, last year the Welsh Government, through Section 16 of the Social Services and Well-being (Wales) Act, brought in a duty on authorities to promote social enterprises, co-operatives and user-led services in the third sector in terms of social services. So there is now a duty on local authorities. It is still a fairly new duty—so we will have to see how it delivers—to promote social enterprise and co-operatives in terms of social service delivery.

The Chairman: Thank you very much. Baroness Gale.

Q147 **Baroness Gale:** This is on devolution. We have had devolution in Wales since 1999, so it might be slightly different. How might regional devolution or Welsh devolution change the relationship, or could it change the relationship, between local government and the voluntary sector, if at all? What opportunities have been presented or might be presented for more effective working?

Councillor Robert Light: The potential there is huge, but it is different in every area, as all devolution deals are very different. I have great optimism that, if the voluntary sector can engage with the process, they are going to be able to get benefit but also help shape the future of devolution. I am a devolution optimist in that I believe that, if phase one is done right, the potential to open the door for further devolution, which will have a bigger impact on all our communities, is there. I believe that the voluntary sector has a huge opportunity to play into that agenda, particularly when you look at some of the deals that are looking at moving more into the social care and health field.

The Manchester deal is interesting because it is the only one that has shown a naked ambition towards looking at health. The voluntary sector must have a huge role in that as it develops. Inevitably, if these combined authorities are going to make the impact that everyone wants to see them make, they have to move into the health field as well. It has to be an open door for voluntary sector organisations to help shape that. I would urge, and hope the Committee would urge, the voluntary sector to engage with the devolution agenda because the opportunities are there not just for large voluntary sector organisations but for smaller ones as well. That ability to have a more consistent approach, to engage with an organisation based around an economic area rather than just lines on a map, which is what many local authorities are, will help voluntary sector organisations.

Daniel Hurford: In the Welsh context, I have already mentioned some of the slight differences around the legislative framework, but it is important to stress that the third sector and the role of the third sector is enshrined in legislation under the Government of Wales Act. The Welsh Government have to set out a third-sector scheme around how they intend to promote and support the third sector. There is a scheme that sets out this overarching framework, which includes a code of funding around good practice and how the Welsh Government and local authorities will fund the third sector.

There is also the Third Sector Partnership Council, where the Welsh Government meet with representative organisations of the third sector, but the key difference around devolution—it is probably similar in the English context—is accessibility to decision-makers. In the Welsh context, we have 60 Assembly Members and a small cabinet, who are very accessible to civil society and to the third sector more broadly. I mentioned the Third Sector Partnership Council, which meets on a biannual basis. There are bilateral meetings with Ministers. They set up ministerial advisory groups, which often include representatives of the third sector. So the big difference around devolution is accessibility to opinion formers and decision-makers.

Baroness Gale: In the English context, where you were just experiencing this devolution, and you are much nearer to the people, if you like—and that will be for the charitable sector as well—you can work together better in that way because people know each other better and understand the local area much better. Should that not lead to better communications and better working practices, as you would say we have in the Welsh context?

Councillor Robert Light: It does, and it is better intelligence as well. The one thing that gets lost in big national contracts is that intelligence of the area and local need. The ability to address what is the issue for West Yorkshire and what is the issue for Greater Manchester, rather than using a national formula, is much greater with the devolution agenda, and that is very much what the combined authorities are trying to achieve. It is a challenge for government because that means that things will be

inconsistent across the country, but if the outcomes—and, let us face it, that is what we are all focused on, or should be—are delivering for local people and local communities, that is what is needed.

The Chairman: We will now go on to Lord Bichard's question.

Q148 **Lord Bichard:** Do you think that local and national compacts serve a purpose, or are they just window-dressing?

Councillor Robert Light: I think they do. If we were to be frank, they are probably not the highest on the agenda at the moment and the time is probably now for a refresh. In fairness, the pace of change has been quite rapid, so they have not been at the top of the agenda. With regard to the future, it is right to say, "Let us look at how effective they need to be and how they need to change for the future". They are a mechanism that needs to be there, which needs to be refreshed and reinvigorated for the future. The Social Value Act has in some ways meant that they were not core business for many bodies, and 88% of single-tier local authorities have already bought into the Social Value Act. We need to push the LGA and others to reinvigorate the compacts a little more.

Lord Bichard: One thing the voluntary sector often says is that during a period of rapid change it does not get consulted and that this can make life extremely difficult. Is that not a reason why the compacts are more important during a period of rapid change than at any other time?

Councillor Robert Light: That is a fair point—but then again, everyone says that they do not get consulted enough in periods of rapid change. You are right that they are an organ that could be used greater in the local field but also in the national field as well.

Daniel Hurford: With regard to compacts, the risk around them is that they just become symbolic pieces of paper that say, "We will work in partnership; we will consult early enough", and so on, and they do not reflect the cultural values of the organisation. The Welsh Government, at the beginning of the last Assembly term, were consulting on making local authority compacts with the third sector statutory. A study was undertaken and the feedback was that 21 of the 22 authorities already had compacts. Relations were variable and it did not necessarily reflect whether the compact was strong or not. It is largely down to the organisations, the interpersonal relationships and the history between the local third sector and the local authority. The question was whether making them statutory would give them a bit more force or whether it would risk just becoming a compliance checklist and bring organisations down to the lowest common denominator. So eventually the Welsh Government decided not to introduce statutory compacts but just to encourage and support them.

One of the recommendations from that work was, rather than have compacts that just describe processes of partnership, that they should reflect what the Welsh Government had introduced through their voluntary sector scheme, around how, through the discharge of

authorities' functions, they could promote the third sector. Based on principles of partnership, early dialogue and so on, how would you, through discharging your functions, promote and support the third sector? So work is going on in Wales, not as quickly as we would like, turning local authority compacts from saying, "We will work in partnership", to demonstrating how things will change culturally.

The Chairman: Thank you very much.

Lord Harries of Pentregarth: I would like to ask a supplementary on an earlier question about commissioning. You said, Councillor Light, that the commissioning process had been unsatisfactory, and one of the reasons you gave was that a lot of the smaller charities lost out. But did you mean more than that? Were there other ways in which it was unsatisfactory? You seemed to suggest—I do not think you really meant it—that it would always be like that. Could you just tease that out a bit?

Councillor Robert Light: If you were to look at the area of local government activity going back to 10 years ago, which was our weakest, how we commissioned and procured services was certainly one of our weaker areas as a sector. Local government recognises that across all fields and has been working through some of the easy stuff on procurement and some of the hard stuff on procurement to improve that. That is a journey we are still on because the stakes have got higher in terms of the financial issues we have to face.

As to whether we are better than we were 10 years ago, I would say hugely, and across every field. Do we get all the procurement and commissioning aspects of our social care commissioning right? No, we do not, but we are getting better at it. Are we looking at doing things differently? Look at the tri-boroughs in London. That is one good example of three boroughs coming together and trying to do that in a combined authority approach in many ways to try to get that procurement and purchasing of what we need better and more effective. We have come a huge way from where we were, but are we where we want to be? No, we are not. We need to keep pressing. It is up to local leaders to keep ensuring that we do keep pressing that one.

The Chairman: We now come to Lord Lupton's question.

Q149 **Lord Lupton:** This is the silver bullet you can give us. What one recommendation should the Committee make regarding the charity sector and its relationship with local government?

Daniel Hurford: Only one? It is around the risk that we talked about—the growing approach to commissioning, regionalisation and the pooling of contracts. That is for the charitable sector, the third sector, to retain its USP, for want of a better description, to retain its roots in the community and not to become too detached from that. At the end of the day, they will just become another public service delivery body and will not have the original value that they brought. They become corporate bodies rather than community bodies. That is the key essence: while

balancing the need to go bigger, they need to remain local wherever possible.

Councillor Robert Light: To add to that—that is a very important recommendation—to embrace the monitoring and evaluation of activities, because it is important, both for the design of service provision but also the delivery of service provision, and that has not always been there as a priority. It is also to ensure that they maintain that intelligence within our communities and share the data, because that is really important.

The Chairman: On behalf of the Committee, I thank you very much indeed for coming to see us this afternoon and for your most interesting and illuminating answers.