



Department for
Communities and
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To all Local Authority Leaders

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Dear Colleagues,

I am writing following the Local Government Finance Settlement announcement to seek your commitment to the continued support of your local voluntary and community sector. The Government expects councils to play their part in reducing the deficit, but we have ensured that the proposed provisional Finance Settlement for 2013-14 is fair, protecting those authorities that are most dependent on Government funding. Government therefore expects the same level of fairness to apply when councils come to agree voluntary and community sector budgets.

There are many councils who are working very positively with their local voluntary and community sector following the principles in the Compact and Best Value Guidance, and these councils should be commended for recognising the invaluable role the sector plays in delivering effective and innovative local services. Opening up service provision to a wider range of service providers, including voluntary and community organisations and social enterprises, can have a wide range of benefits including boosting the local economy and lead to better and more efficient service delivery.

However, it disappoints me that there continue to be councils who appear to see the sector as an easy target when it comes to making necessary savings. The Best Value Guidance published in September 2011 makes clear that authorities should be responsive to the benefits and needs of voluntary and community sector organisations of all sizes - honouring the commitments set out in local compacts and not passing on larger reductions to the sector and small businesses as a whole, than they take on themselves. This guidance is statutory and therefore councils must have regard to it. I urge you all to bear this in mind when making these decisions.

I have also been made aware that there are councils who are unable, when asked, to provide sufficient information on their funding to the voluntary and community sector. Our *Code of Recommended Practice for Local Authorities on Data Transparency* includes grants to the voluntary and community sector as a minimum dataset that should be provided. The Local Government Association has recently consulted on some guidance to help councils identify their spending on the voluntary and community sector – including advice on the definition of a voluntary and community sector organisation. Transparency is the foundation of accountability and the taxpayer has a right to see how their money is spent locally. Councils should do all they can to ensure that they have the necessary systems in place to ensure funding information is collated in such a way that it can easily be scrutinised by residents and others.

RT HON DON FOSTER MP