

# Government grants to charities

Government's relationship with charities has become another part of the lively debate about how much the government should give in grants and to whom.

Pre New Labour there was an attempt to segregate government from charity. Charities were not encouraged to undertake work in areas covered by government. Government did not spend a lot of money on giving grants to charities. Charity law sought to ensure charities did not use money they had raised for political purposes, and did seek to keep their overheads down to maximise the favourable use of the donations.

Under Labour there was a policy to expand the so called third sector, and to offer it public service contracts to undertake functions that the state wanted done. There was a deliberate wish to blur the distinctions between charities, companies and state activity, and to create collaborations between the three sectors. The state could end up financing more than at first appeared, by making a direct contribution through its own participation in the joint venture, offering contract money to the private sector participant, and offering contact money and donations to the charity. So called public private partnerships also often concealed more state money and underwriting than was at first apparent. The state paid its own contribution, and then helped pay or underwrite the private sector contribution.

The more the state became involved in offering grants and contracts to charities, the more the charities had to build a well paid bureaucracy in their organisation to meet the paperwork requirements of the state. There needed to be lengthier and more detailed appraisals of projects, tasks and outcomes, and plenty of material for record keeping and audit. Charities needed expensive people to participate with the danger that overheads as a proportion of donations rose.

It now seems timely to ask what benefits has all this brought to users of these services and to taxpayers? How do the regular private donors of the charities feel about this? Are current controls on charities' political involvement and campaigning working well?

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## Electric cars

I have no problem with a government encouraging electric cars. I am keen on measures to clean up old bus and other vehicle exhausts to improve air quality and support money for bus retrofits.

It seems to me the best way to promote electric cars is for the industry to

make them our vehicles of choice by improving their product choices. These cars need to offer longer range, faster charging and lower prices for more people to want to buy them.

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## Grants to persons and bodies

Much of government is a great recycling machine. It collects huge sums from taxpayers, and redistributes money to people, companies and institutions that it judges worthy or in need of it. Much of Parliamentary debate is about who should receive these grants, and about whether they are paid enough.

The most contentious grants are those to foreigners. The Coalition, the present Conservative government and the Labour Opposition all defend the idea that 0.7% of our GDP or 1.7% of our total public spending should be granted to overseas governments and companies operating in overseas places where incomes are low. The UK is one of the few countries to meet this UN target, with rich countries like the US and Germany refusing to get anywhere near it.

In order to hit the target there are times when ODA has made grants which many people and some of the press and media have thought foolish or inappropriate. There are rules over what is allowable as an overseas aid payment under the UN rules. There has been considerable argument within government over what should legitimately be included, and what flexibility there is within the UN rules.

For the rest of this article I am accepting that the current Parliament has no wish to repeal the legislation requiring us to spend 0.7%. Some of you may write in again to complain, but the reality is this is now widely accepted across the parties. I wish to explore what is and what should be included within this total.

The UK, for example, undertakes humanitarian missions using its armed forces. When they are called out to assist with an ebola outbreak in Africa I think all their costs for the duration of that mission including overheads and salaries as well as the accepted marginal costs should be charged to the Overseas Aid budget. What better example of good aid could there be, than UK personnel giving direct relief to the sick in a low income country.

The UK also often uses its military to undertake peace keeping missions in low income countries. Keeping the peace is fundamental to the success of any aid programme and programme of economic recovery. One of the main requirements to allow better growth and higher incomes in low income countries is stronger law and order. Shouldn't this also be fully allowable as a charge against the overseas aid budget?

The UK gives refuge to many people fleeing violence, and to many economic migrants who have come from low income countries. Some of the initial

expenditure is allowable as aid. Shouldn't all the set up costs of a refugee be part of our aid budget? We need to provide an extra home, extra school place, extra surgery and hospital capacity.

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## **EU animal welfare standards are not good enough**

The UK has had problems trying to get the EU to raise its minimum animal welfare standards. We have lost a lot of agricultural output to cheap imports from the continent.

The UK rightly imposes higher standards in some cases. For example, we ban sow stalls completely where the EU allows them for four weeks of use.

The EU allows the export of live animals within and outside the EU, permitting long and unregulated journeys beyond its borders.

When we leave the EU we will be free to set our own standards, which will be higher than EU minimum requirements. This makes animal welfare an odd argument for people to use who want us to stay in the EU system.

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## **How productive are MPs?**

Several correspondents of this blog, and others in the public debate, have rushed to raise the issue of how productive are MPs in response to any of us who highlight the general issue of public sector productivity. It is a fair question. MPs who want a more productive- and better paid – public sector do need to consider their own contribution. The total cost of MPs is tiny in relation to public sector output, but those who would lead must expect more scrutiny and should be expected to lead by example.

It was this issue which led David Cameron to make the cost of politics an issue in government. It led to the decision to back a reduction in the number of MPs. The current plan is to remove 50 out of 650, offering a 7.7% increase in labour productivity. The question for this Parliament is will the other parties now agree to this, as Conservatives still want to put through this reform.

Those of us who want England to be better represented can also do this in a way which does not add to the bills for political government. The twin hatted MP who is both a UK and an English MPs would be a lower cost more productive

model than the one adopted in Scotland.

It is true that in recent years the number of peers has continued to expand. Peers are only paid if they turn up, so it is not quite as bad as it looks, but few can deny the Upper House is now overmanned. There are various proposals for dealing with this. A few are now in effect. Peers can now retire and are encouraged to do so. We need to consider more steps to limit numbers. It is mainly up to the Lords to decide what they think is best. Options include a use it or lose it rule, a fixed single term of appointment, or a high overall retirement age. It is easiest to bring in these changes by giving newly appointed peers different contracts with retirement built in at an appropriate future date in the light of each individual's circumstances. More retirements could be encouraged by letting people keep their courtesy titles without rights to sit in the Lords and vote.

The other main way political government can raise its productivity is by controlling numbers and costs in MPs offices. I choose to do all my own research, article and blog writing and speech making myself without researchers and writers working for me. Other MPs have other ways of limiting their demands on additional staff and costs. All MPs interested in raising public sector productivity should of course review what they can do within their own very small part of the public sector by way of example.