Central government has made the transparency of data a key priority on the basis that data allows citizens to hold government to account, drives improvements in public services by informing choice, and stimulates innovation and growth. The publishing of grants to the voluntary and community and social enterprise sectors forms one of the transparency principles set out by the Department for Communities and Local Government (DCLG) as published in a Recommended Code of Practice on Transparency for Local Government (the Code)\(^1\). The Local Government Association (LGA) is supporting local authorities to understand how to publish information related to transparency, and has previously published practitioners’ guidance on publishing spending data, contracts and tenders and senior salaries\(^1\). The LGA has consulted with stakeholders to seek views on extending existing guidance to include the publishing of voluntary, community and social enterprise sector (VCS) spending and grants. In particular, the consultation focussed on how to:

- define a common definition of the sector that will capture relevant organisations in receipt of funding
- best capture different types of spending, recognising that while grant funding is simplest, VCS funding is moving in many cases towards contractual and other arrangements
- develop a practical solution to publishing the data that is cost-effective and does not create a new and unnecessary burden on councils.

The responses to the consultation demonstrated that councils in general welcomed guidance on the publication of spending to the VCS. However, councils are currently approaching the publication of VCS spending data and VCS engagement in general in a range of different ways depending on local needs. Several issues were raised about the process of publishing VCS spending alongside monthly reports of spending over £500. In summary these were that:

- financial systems do not necessarily tag VCS organisations, so it would require additional resources to identify them for publication alongside spending over £500
- VCS organisations cannot be uniquely identified, and there is uncertainty around the definition of social enterprise
- tagging VCS spending data and publishing it on a monthly basis would add an additional burden to the publishing of grants. Some councils had already developed their own approaches to publishing spending data and engaging with the VCS in a way that suits their local needs.
Respondents to the consultation from the VCS were unanimously in support of the publication of spending data. Some gave compelling examples of the difficulties of obtaining meaningful spending data and welcomed the consultation and its intention to culminate in guidance for councils.

However, VCS organisations emphasised that publication was not a substitute for effective engagement with the VCS and that publishing data alone would not bring transparency. Spending data should be linked with decision-making processes and the rationale behind the spending. Publication of data was about facilitating greater engagement between councils and the VCS.

The LGA has concluded that spending guidance may provide a useful means to share examples of good practice and provide information that helps councils to foster transparency and openness around the grant allocation process. However, the level and kind of spending itself and how local authorities record the information will vary according to local needs. It is important that this guidance is not regarded as creating any mandatory new burdens.

To support overall analysis and comparability of data it would be beneficial for councils to tag VCS spending, although given some of the issues this remains an aspirational goal. The LGA will review the spending guide based on the feedback from the consultation to facilitate this.

The local government sector would welcome the creation of a central register of VCS organisations in order to help make this possible. It would also be helpful if central government reviewed its definition of social enterprise and extended the definition of the VCS with examples of organisations to establish what is included and excluded.

The outcome from the consultation indicates that much is gained by individual councils entering into closer collaboration with the local VCS sector to establish how best to serve local needs. The LGA will promote good practice on transparency as a means through which councils could better inform and engage proactively with the local VCS.

2 LGA practitioners’ guides to publishing data: http://www.local.gov.uk/practitioners-guides-to-publishing-data