HOUSE OF LORDS

Public Services Committee

Corrected oral evidence: Designing a public services workforce fit for the future

Wednesday 23 March 2022

4.05 pm

Watch the meeting

Members present: Baroness Armstrong of Hill Top (The Chair); Lord Bichard; Lord Bourne of Aberystwyth; Lord Davies of Gower; Lord Filkin; Lord Hogan-Howe; Baroness Pinnock; Baroness Pitkeathley; Baroness Sater.

Evidence Session No. 7 Heard in Public Questions 60 - 64

Witnesses

I: Andrew O'Brien, Director of Public Affairs, Social Enterprise UK; Duncan Shrubsole, Director of Policy Communications and Research, Lloyds Bank Foundation for England and Wales.

USE OF THE TRANSCRIPT

1. This is a corrected transcript of evidence taken in public and webcast on www.parliamentlive.tv.

Examination of witnesses

Andrew O'Brien and Duncan Shrubsole.

Q60 **The Chair:** Good afternoon, and welcome to the second session of today's Public Services Committee. We are very pleased to have two representatives from the voluntary sector—social enterprise, I suppose, is the not-for-profit sector. We will particularly focus on how you develop a workforce that is able to deal with the sort of integration that we know is necessary for the public and the receivers of services these days. What sort of workforce are we looking for and how do we develop that? It is that sort of aspect that we particularly want to go through with you.

Could you introduce yourselves, so that the people onscreen know who is who? They will not be able to read your labels from the distance, I suspect. What do you think are the key barriers to workforce integration and how do you think the third sector can help to address these? If you have any specific examples of best practice or where lessons have been learnt by the third sector, government bodies or whoever, that would also be really useful to us. We know that the future of the workforce is not simply about adding numbers to the current profile and we are much more interested in what we are looking for to meet the needs of a changing population. Andrew, do you want to go first?

Andrew O'Brien: Certainly, and thank you very much to the Committee for inviting us to give evidence.

A few gaps spring to mind. One is that there is a clear knowledge gap in this space. I think I am right in saying that about 5.7 million people work in the public sector, but there are probably 500,000 people working in the social enterprise sector delivering public services of some kind, whether those are directly commissioned by the state or things we might consider to be public goods that we would expect the state to deliver but the social enterprise sector picks up. There are many more millions of people volunteering in other parts who would be considered to be part of the workforce, even if they are not formally employed by the state. If you think about it, in a room of 10 people, if you have 10 public sector workers there, you will have an extra social enterprise worker in the room as well; but we do not often map that information or consider that.

These are not just about small voluntary groups either. GLL, for example, which delivers leisure services on behalf of local authorities, employs nearly 10,000 people. Turning Point, a national social enterprise doing drugs and substance misuse services, employs nearly 4,000 people. So there is a huge range. Sometimes when the state considers these services, it thinks it is all just about a bunch of people coming together with coffee and biscuits and working out how to deliver things. These are big, substantial organisations delivering critical services. In health and care, two-thirds of our out-of-hours care in the NHS and one-third of our community healthcare service are delivered by social enterprises. This is substantial—but the parity of esteem is not there, and the willingness to

understand, integrate and identify that workforce is not always there. I think there are some cultural barriers to that integration.

A second area is the structure and logistics of it. There is irrecoverable VAT, which I know is an issue that Baroness Pitkeathley is probably very familiar with from the charity sector inquiries you have done over the years. If you are seconding a member of staff, for example, from a social enterprise back into a local authority, that then counts as the supply of a service—so immediately it is 20% more expensive, even though nothing really is happening there. The state is paying you to deliver a service, you are seconding someone back into an organisation because you want that partnership and integration, but HMRC is now suddenly looking for a big VAT bill at the end of that process, and that is a barrier. Therefore, we see organisations, particularly statutory organisations, thinking that they have to in-house everything. We lose the culture of innovation and the expertise of those social enterprises.

You were talking in your previous session about vacancy rates and retention. Social enterprises have very high rates of retention and happiness, because the workers and staff feel empowered about the services they are delivering. If you in-house them, often they go. I have spoken to many people working in the social enterprise sector who say, "I do not want to go into the state. We have spun out our social enterprise to get away from this." Unfortunately, when we talk about integration, we find that there are those barriers around irrecoverable VAT, and issues around workforce planning, training and investment.

Another practical example is that Health Education England does not provide any funding to social enterprises in the health sector to deliver training to them on health and care issues because they are not seen as statutory providers, even though when you go into an NHS hospital you would not notice any difference. Social enterprises are providing care in the same way that their NHS colleagues are. We need to remove some of those barriers.

The final point is one around purpose—I think Jon mentioned this in the previous session—and alignment. Not to be too critical, but sometimes our members experience a bit of condescension, a sense of empire building and protection of delivery of services—people saying, "We do not want to work with you, because we want to keep the money here, even if you are delivering a really good-quality service and having high impact". That is something we need to address. Ultimately, social enterprises are interested in social impact, social value and help in changing people's lives. If they are very good at delivering that, we should be investing in them, supporting them, working with them and building them into our workforce planning rather than going, "Okay, thanks very much for innovating and creating these great services. Now we will bring it back in. We will take it from here." Often we see the progress lost. That culture point and purpose, that knowledge gap and some of the practical, logistical tax and spending infrastructure needs to change to improve integration.

The Chair: Duncan, from the small charities' perspective?

Duncan Shrubsole: Thank you, Chair, and thank you for inviting us to give evidence. I am from Lloyds Bank Foundation for England and Wales. For those of you who do not know us, we are an independent charitable trust funded by the profits of Lloyds Banking Group. We specialise in supporting small specialist and locally rooted charities tackling disadvantage in some form. Our biggest areas of work are homelessness, domestic abuse, mental ill health and criminal justice. We support about 600 charities with funding, capacity-building support, then seeking to influence policy, funding, practice and the operating environment in which they work. Quite a lot of examples have come through, which I will try to share.

We see three barriers to workforce integration across sectors. One is a lack of leadership across the system that prioritises working together across organisations and professional disciplines—one that prioritises the common cause over the needs of the individual organisation and is prepared, thinking about that common cause, to look across barriers, look for where the good is in organisations irrespective or sector or size, and then say, "How can we work together to achieve this common mission?" Of course it is there in places but too often it is not there strongly enough.

The second is commissioning and funding practices that are too often siloed and short term, which cut across working together. If the aim is to start with the whole person and build services around them, you get charities and other organisations that seek to address that. When the funding happens in slivers and on different bases—one person is funded and commissioned by this body, one by another—and one of those commissioners decides, "I am going to take my money out and fund something else over there", it may make sense for the individual sliver, but you lose the totality of the support and the services that you have built up. Also, if that commissioning is based on lowest price, it can miss the added value that can be found by supporting certain types of organisations, particularly ones that are specialist, small and rooted in their communities, who have the knowledge and understanding to reach out and find partners in those communities.

Linked to that, short contracts and late decision-making too often mean that management time is taken up with bidding for contracts and reporting against them rather than supporting staff, building relationships and working across the system. All of these things, whether they are about joining up workforces around an individual or joining up organisations across a system, rely on trust and relationships. That takes time, and it takes having that vision of a common cause. It is hindered if you are constantly having to look over your shoulder as to where the money will come from for your own staff.

The third thing, which has probably come up in other sessions, is about staff recruitment and retention, which is a key challenge at the moment across the public sector and across charities delivering services. Some of

that follows from what I have just talked about, short contracts and late decision-making. That lack of stability means that people leave for other work and they take with them the expertise they have built up across the system, working with people and building relationships. That is particularly worrying for those services that are working with people facing complex needs and multiple disadvantage, where trust and stability is key.

The issue about commissioning and contracting is a long one. Added to that are more recent challenges around staff recruitment and retention. Through Covid and beyond, there has been the burnout and exhaustion that people have faced from running multiple new services, managing all of the circumstances of Covid and the constant change there. Then there is the rising demand for services, and a more complex demand, and having fewer other services to refer into—you do not want to leave someone without help so you keep trying to do more—and the cost of living crisis. There have certainly been issues where providers and charities have had their staff poached by other organisations, but we are also now seeing that charities are having their staff poached by Amazon, HGV lorry-driving or other services, just because people need to put food on the table and others are paying more.

In that climate, it is very hard to be spending the time to ask not just how you do your job but how your job fits with that of other organisations, multidisciplinary teams and holistic services. Everybody is drawn to trying to focus on their own organisation and their own circumstances, personally and financially. We see examples of where people are trying to better join things up. It is much harder in this climate, but yet much more needed than it has ever been.

Q61 **Lord Hogan-Howe:** I have two quick questions. One is for Andrew. You mentioned, if I understood it correctly, a charity selling people to an organisation and having to pay VAT. I was not sure what your proposal is to change that. Is it to say, "Do not charge VAT"? I think it might be but I just want to be sure.

Andrew O'Brien: Yes.

Lord Hogan-Howe: The second point, for Duncan, is a bit of a challenge but I think it is worth making. You have made a point that other people have made, which is that it would be good if you had a three-year contract rather than a one-year one, for the reasons you have explained. To be fair to commerce, generally it depends whether or not you keep selling your service or your good as to whether you keep getting customers to pay you. It is nice to have certainty, but it is not always available. Therefore, perhaps charities sometimes ought to be more flexible about how they approach that, offering a longer-term better deal rather than just on a one-year basis, if they can secure it. There are two different questions, really.

Andrew O'Brien: I do not want to bore the committee with the details of VAT, but there are two essential solutions to it. One is that we could,

exactly as you say, zero-rate the supply of staff for the delivery of public services, in which case you would eliminate the problem. Alternatively, the public sector has basically a clawback mechanism whereby the Treasury pays back the VAT that it has claimed that the public sector has spent. You could open that up to anybody delivering public services, including charities and social enterprises. This is big money, not just in public service terms. The figure for irrecoverable VAT from the charity sector as a whole—I am a bit rusty on this so Duncan might know better—is over £1 billion. I imagine a significant amount of that is related to public service delivery of various kinds. We are talking about a lot of money leaking out of the system for no other purpose than archaic and old-fashioned rules around VAT.

Very quickly on your point around contracting, I completely agree with you. We obviously need to work on the basis of quality and impact, and sometimes that can be hard to judge. We have seen increasing examples of local authorities and the NHS going to a much longer-term contracting basis with social enterprises. There are a number of social enterprises in health that now have 10-year contracts, for example, with their local providers and commissioners. That helps them to plan their workforce needs more effectively.

Also, when it comes to measuring the social impact of a service and knowing whether something is working, sometimes you cannot identify that very quickly. You need to pilot something and see whether it works, and if it does not work, stop and try again. That can take several iterations before you get it right. Certainly, the feedback we get from our members is that, when they have that long-term space to be creative, innovate, try new service models and engage with local communities, that can be very successful. I agree with Duncan that a longer-term funding model would be better, but I appreciate your point that we need transparency and accountability as well, so we do not just sign ourselves up for long-term services that are duff, do not deliver results and end up costing the public money. On balance, we are probably too skewed towards short-termism and not allowing that space for innovation, particularly when we want to transform public services, as I think we do.

Duncan Shrubsole: There is a little bit about horses for courses. There are some things where you want to have space for innovation and development and there are some things where you want long-term stability, and they are out of sync at the moment.

We have talked about contracts. On a lot of occasions, the public service could get what it wanted better by paying grants rather than contracts. Say an organisation has set up, for example, a domestic abuse service, which we do a lot of work around. It has developed the service and the specialisms, particularly around maybe certain demographic groups or communities, and the expertise. The state thinks this is good. It can have some outcomes measures—this is not just about money to go off and do it—but a grant means that they can keep developing the service in the way that they see best fits to serve that need, rather than be tied to a

specification that might have been set some years before and that might have been based on outputs, often around having this many contact hours or these many specific things.

On the question about stability, what we are seeing at the moment—

Lord Hogan-Howe: Sorry to interrupt but just quickly, to understand—I got the outcomes point, that you could link that to a grant or pursuant to a contract, but what is the difference between a grant and contract in this context?

Duncan Shrubsole: You can have different types of grants and contracts, but often contracts are more output based in specifying a specific model that people bid against and put a price against, rather than saying, "This is my expertise and my service". Then you give a grant and the monitoring meeting is about saying, "What did you achieve with the money?" rather than, "How did you meet the set spec that we set before?"

On instability, I was talking yesterday to somebody from a project that we funded, Drive, which has lots of good examples for the questions we have today. It is about working with domestic abuse perpetrators, and they are seeing at the moment contracts and funding lasting only six months. These are quite skilled workers. If you have a funding arrangement for six months, you have to issue redundancy notices every three months to let them go at the end of the six months, which is no way of building up stability. That is the challenge. If you are an individual and you have expertise, particularly in a world where if you are a skilled professional and others need you, you will ask yourself, "Am I going to stay here where I could be got rid of in three months or am I going to go somewhere else?" You are losing the expertise there.

Part of this is because local government and local commissioners have had one-year funding settlements from central government for several years. We know though of areas where police and crime commissioners, for example, have decided to take the risk. They say, "We effectively think we will get the money so we will carry on extending it". But it is a risk and you cannot do that across everything because we all know how central government suddenly pulls pots of money, so that can be a challenge.

There is a couple of projects that we funded and helped provide pilot funding to develop, which the Home Office liked and wanted to fund. It was making funding decisions six months after the period was supposed to have started. There is one bit of work that has come to us three years in a row asking for bridging funding so that they can keep their trained staff and not have to get rid of them. In each year they have eventually given us the money back, because the money has come through from the Home Office. As philanthropic funders, our role should be to add to the state and to test innovation; it should not be to basically be a cash pot to smooth for when the state cannot make decisions in time.

You are right, you do not want to be tied into perpetuity for ever—and we know some examples of things on transforming rehabilitation or the work programme when long contracts were let with no means of redress and there were lots of flaws with them and people wanted them to end sooner. It is not saying that there is a perfect science of length, but six months is short, and having that delayed decision-making or suddenly announcing, "Oh, the end of March is coming up, it is 23 March and we will give you your decision", is no way to plan a service.

Going back to the point on the knock-on effect. There is a knock-on effect of individuals and on all the things you are talking about in this Committee, in your excellent principles of public service reform. You cannot look across a system, you cannot plan and you cannot develop services if you are constantly having to look over your shoulder asking, "Is my core team going to be there?"

Lord Bichard: It is very difficult for trustees of charities, organisations like that, faced with the Charity Commission and audit, to take the kind of risks that they would like to take and that make sense in outcomes, is it not?

Duncan Shrubsole: Yes.

Q62 **Lord Bichard:** That is not my question. My question is very similar to the one Geoff Filkin asked in the first session, but I think it is fair because you may want to have a different take on some of this. One of the problems that we face as a public service, is that it is fragmented and comprises professionals who have been trained and conditioned to work in silos. What can we do to develop a workforce that is better equipped to integrate public services? We do not want just any old workforce; we do not want a workforce that reflects the way we have done things in the last 100 years. We want a different sort of workforce. Do you have any ideas on how we might go about that—and particularly, Duncan, from your point of view, what role the voluntary sector could play in achieving that?

Duncan Shrubsole: I think there is a number of aspects. I will explore something that I just mentioned, which is the Drive model of working with domestic abuse perpetrators. That was saying that we have high-harm domestic abuse perpetrators who nobody was doing anything about. How do we better join up across police, probation, children's social services, victim-facing services, mental health or homelessness, and provide some support and challenge function for the perpetrator to get them to change? It was piloted in three areas and is now in about seven or eight areas. That has brought agencies together for integration.

In the domestic abuse sphere there is something called MARACs, the multi-agency risk assessment conferences—you probably know better than me. That starts by professionals joining up to do an action plan for an individual. You start the conversation about what to do, as a children's social services worker, and it brings across sectors. Some of the people in the room will be from the voluntary sector. The key client-facing roles—

IDVA who supports a victim survivor and the Drive case manager who supports a perpetrator—are from the voluntary sector, and they can have a different relationship with those individuals, and a more trusting relationship, but they are in a setting where they can draw in support from public services.

Those kind of arrangements start to break down barriers, and people start to see how this all adds up. All those individual organisations, for example, have different conceptions of risk and safeguarding concerns, and things like that. There are different thresholds that trigger action. By starting to plan around individuals, you start to realise that my conception of risk matters less than how we work together, how we action-plan around this individual and how we create teams that draw from the multidisciplinary expertise of others. That is one example. There will be other examples of some of the things in troubled families and things like that, where people joined up.

Lord Bichard: Many of us around the table have been involved, some years ago now probably, in the multi-agency risk assessment you were talking about. I acknowledge what you say, and I recognise what you say, but I never felt it necessarily led on to attempts to build better understanding, or better multiskilled working across sectors. It is almost as if you went to a multi-risk assessment meeting and then six months later you went to another multi-risk assessment where you talked in exactly the same terms. It is breaking down those barriers rather than acknowledging that they are there, is it not, that we need to do? I am not sure that we are very good at it. Do you have the answer?

Duncan Shrubsole: I do not have the answer, and you are right. A different example is some work that Baroness Armstrong was involved in. It was a commission looking at tackling complex needs, domestic abuse and related issues. One of the things that was innovative was on lived experience, which is an issue that you have highlighted as a Committee here. Rightly, there is lots of work looking at lived experience, but often people miss out the middle. They look at lived experience, what it is like for a person, then they look at policy-makers and ask, "How do we join up these systems?" What they miss is the practitioners' level, and there was a practitioners' group in this commission.

You are right that there are those boundaries, but often practitioners feel that they are not asked. Day to day, if they are a substance misuse worker or a homelessness worker in any sector, they spend their time on the phone trying to argue to get what they need from other services. They are all like, "They will not take my referral" or, "They just signposted me somewhere with the wrong information". They are doing their bit, reporting upwards to their framework. If you give them the space to get a group of practitioners together—not just turning up to multi-agency risk assessment conferences and saying, "I am a cop, I will do my cop thing", "I am a social worker, I will do my social worker thing"—with the basis of asking how better to join up in that area, you realise that many of the frustrations are quite similar. You may realise

that they all share some common challenges, that there is one bit that is not playing ball—it might be the housing association, the housing department—and they can ask how to join up around that.

You see it in different models. There have been some models around safe discharge of homeless people from hospitals where, again, some professional boundaries have been broken down, or sometimes on criminal justice through the gate stuff. It all needs to go a lot further, but how do you tie it together? It is about thinking about things from a person point of view and from a policy point of view and then bringing in the practitioners to say, "Let us solve this together". The practitioners are the professionals in the public services but, crucially, in the voluntary sector too; that is also important. Andrew talked about how making sure there is parity of view. But I agree that it is not easy.

Andrew O'Brien: I think our members are very concerned about the word "integration", and it depends what you mean. What we mean is that a person on the street who has a problem and needs support gets the help that they need, and it is a seamless process—not that one day you have to go to the local authority, next day you have to go to your GP, and so on. It all integrates together. Our members agree with that, and they often do that wraparound support that Duncan is talking about, but I do not think that is how public sector leaders see the word "integration". They see it as needing to take all these contracts away from specialist charities and social enterprises and bringing them back in-house, integrating internally. But the person will still be pushed from pillar to post between all these different silos. I think we are starting to fetichise the concept of integration a bit, and we need to be very clear about what we mean by that and to give clear leadership to the public sector about what we mean by that.

The danger is, when it comes to issues around breaking down those silos, that we break down the silos but in the process give people a worse service in delivering that. To give you a practical example, one of our members was in a call with a bunch of leaders in their new integrated care system. They have a failing or not very good acute trust in that system. It is basically trying to take back contracts from everybody else in that space to prop up its own financial position. That is integration—and you could argue that the person who is receiving the service might have a few less organisations or acronyms to deal with. But they will get a much worse service as an outcome of that, because the organisation taking it on cannot even deliver the stuff they are doing at the moment, let alone the stuff that they are trying to bring back in.

We need to be clear—and the phrase I think our members prefer and I think the charity sector is similar—that we want to talk about collaboration rather than integration. It is about understanding where there is expertise and giving people seamless front-of-house service but bringing in the experts and organisations that have a track record of delivery to do it.

To answer your question very succinctly about how we build a more integrated effective workforce, we need more social enterprises and more small specialised charities in that system, which understand it, at the forefront of making decisions. An example of how not to do that is some of the work we have started to do around integrated care systems in health. All that we are doing is giving power and money to the same statutory providers that have not delivered transformation integration in the past and giving them even more control over the system and then asking them to come up with different results. I think Einstein would say that is the definition of madness.

Policymakers and this Committee and others have an important role to play in holding the public sector to account for that and not hiding behind the phrase of integration as a silver bullet to all the problems that have so far been defined in our public services.

Lord Bichard: It is a good cautionary note. I agree with you about collaboration. We should look carefully at integrated care systems and how they are developing, because I think a number of them are being seen as predominantly health-owned. That is what happens so often in the public sector, that someone—especially health—just takes things over. If that carries on, integrated care systems will be another example of failure, whether you call it integration, partnership, collaboration or whatever.

Baroness Pitkeathley: Many ICSs are excluding local authorities and the voluntary sector from their membership.

Lord Bichard: Completely mad.

Andrew O'Brien: We have had to fight tooth and nail to get social enterprises and charities as potentially allowed to be members of integrated care boards, but they do not have voting rights—and that feels crazy. To give an example of community healthcare, in many places the social enterprise will be the primary deliverer of community healthcare but it has no say on local strategy or on workforce planning. They can chip in an opinion about it but they cannot vote on the matter. Again, we talk about integration; surely what we mean is that we want to have all the actors around the table with parity of esteem, equal footing, and equal weight of voice, and design accordingly. Social enterprises are very concerned about the direction of travel with integration and would welcome the Committee doing more work in that area.

Q63 **Lord Bourne of Aberystwyth:** Thank you to both members for coming to see us—and Andrew, particularly, at such short notice. This builds on points that have just been made on the back of Mike's question about integration. There is a great danger; I agree that integration often means subsuming, and the larger body taking over the smaller one. Collaboration sounds better to me.

On the back of that, could you say something about digital tools and how important you see those and data-sharing? Has that proved a real issue between the third sector, the voluntary sector and other public bodies?

How do you see that moving and training on that, and pressing people who are working in the voluntary sector on the importance of that?

Duncan Shrubsole: I shall say a couple of things on digital. Digital has two aspects: what it means for the end user and what it means for the supporting system. It is important that digital innovations do not start with making the services for the end user being digital by default. Digital has advantages, and we have managed to do some things during Covid that have had some new innovations and benefits, but it is important that people who are digitally excluded can still access services in a way that are appropriate to them. We hear examples of some local authorities, post-Covid, realising that it is easier for them to keep services online—but accessing homelessness services online can be really challenging. I was reading on the way here about the endless forms that people have to fill in online to try to house a Ukrainian refugee; that is the epitome of where digital by default can go wrong.

GDPR comes up often, and that often requires a deeper understanding, so you focus on what you can do and do not hide behind it to limit data-sharing. That needs leadership from the top and from the digital protection officers in organisations to have a can-do attitude—so that, if we share that information, it is about getting a better service and response to the individual in turn. You can always find a lawyer who will say, "Do not share anything", but you should find a person who wants to make something happen while still entirely respecting the spirit and the letter of GDPR and looking after people's data. Nobody wants data shared in a way that is not appropriate, but there are ways that you can share it to make things joined up.

Any tech is also a tool that you have. Relationships and trust remain important. The public services, in all forms, are littered with databases that people built to try to make people's lives easier without starting with who was going to use it and why they would use it and building up the trust that they would use it.

As an example, we support a programme called the Co-ordinated Community Cupport programme, which is about trying to better join up financial assistance between what local authorities do through local welfare assistance schemes, and what different voluntary agencies might do. It is in four areas. In Norfolk, they have been using a system whereby people will refer in. If someone has come to them who needs some help on a financial issue, a referral goes in, and they get better linked in with maybe mental health support or family health support, so they do not have to repeat their story several times. This is a tool that serves a need that they can all see, and there has been lots of work around it to build trust and relationships.

That is the kind of arrangement that you want that digital is serving, joining up things behind the scenes. The end user does not need to engage with this; this is about agencies being able to see referrals between them and pass on information and helping people to access help. You cannot call it the Holy Grail—that is probably going too far—but

that is the kind of thing that you want with the use of digital. It is not as we so often see, quite rigid applications of GDPR or systems that prioritise the needs of an organisation over the front-line worker, who is really important-every time they are tied up entering information is time they are away from helping someone face to face—or a tool that helps people directly themselves.

Of course, lots can be achieved with digital, but it needs to be entered into with a real focus on the end benefit and humanising it, not prioritising the digital system.

Andrew O'Brien: I fully endorse that point around GDPR and general data-sharing. We need to think about digital skills in quite a broad sense as well. One of our social enterprises is Leading Lives, which delivers services to people with learning disabilities in Suffolk. Social media is often seen as an ill, but this service delivery uses social media tools effectively to communicate with service users, identify them and bring them into services, and to run them effectively. Upskilling people in that is important.

With larger scale capital investment into equipment and technology, one of the problems that a lot of our members face—and I am sure it is true for charities as well—is that commissioners do not want to pay for digital transformation. They will say, "In the public sector we are moving towards this brand new shiny database or new technology. You need to use this; you need to have interoperability between your system and this system. We are not going to pay you to do that, even though we are commissioning you to deliver the service." So you have to try to scramble around to raise resource to do that. It makes the system obsolete, effectively, because the organisations that you are contracting to work with cannot put in place a system to work with the system that you have.

Coming back to Duncan's original point on funding and timescales, we need to go towards a much more holistic way of thinking about funding and investing into those services. Certainly, social enterprises, where they can do, have been investing very heavily in digitisation of their services, particularly during Covid, but also because they can see there are opportunities to deploy the right resource more effectively. Some of our larger members, such as Turning Point and IC24, which delivers out-of-hours care in the NHS, have put a lot of effort into creating countrywide leading systems to pull together information on issues around substance misuse or out-of-hours care.

Sometimes in the public sector there is a view that charities and social enterprises cannot be digital leaders and always have to be following what the public sector is doing. But often in many cases we are the digital pioneers, and it would be much better if we were working collaboratively and had parity of esteem where we can recognise that value.

The final bit, around training and opportunities, is that there is a huge amount of work going on in the charity sector, and a number of social enterprises that are delivering digital literacy programmes in the public

sector. We could be doing more to invest in some of those and support some of that activity. I know that every organisation feels that it needs to carry the burden of digital transformation on its own but—coming to that point about expertise versus integration, working with social enterprises that have expertise in digital training and digital skills is a better way of doing it than trying to develop your own bespoke programme. Sometimes, as I am sure colleagues will know from personal experience, the solution to a digital problem in the public sector is to develop its own system, its own programme, its own training software, when actually it could buy from other experts more effectively. There are many in the charity sector and social enterprise sector who have specialised in delivering that, which we are not utilising effectively.

Duncan Shrubsole: I have two quick examples, and one is about innovation. The domestic abuse sector has done some interesting things about use of technology, enabling people to seek help through mobile phones and to do alerts, and charities have been able to reach people in ways that they were not necessarily able to before. Specialist services, particularly supporting people in things like honour-based violence, have been able to engage and make contact with people that they were not necessarily able to before, and have been able to have a much bigger footprint than they did when they just operated physically. But they also recognise that it meets only some of the need. You get people saying, "Great, digital works, so let us all do our service by remote hub", and it is just online and phone. But other people crucially need to be able to access domestic abuse services when they have dropped the kids off at school and they can pop into something innocuously behind the high street and have an in-person conversation and get help. So tech has a place, but it cannot replace the human contact.

Secondly, Rishi Sunak has announced in yet another pot of money—£500 million, I think it is—a household support fund to help to mitigate the growing gap between benefits and the cost of living. Local authorities, each time they get one of these pots of money, have to start by working out who they should help and how they should help. As I said, we are funding some work that has been working in four areas to have a look at this. DWP sits on a whole ton of data about those who face the biggest gaps between what they get through universal credit and what their outgoings are, who is vulnerable, who is in arrears, who is facing sanctions or deductions, and so on. There was an APPG yesterday at which Barking and Dagenham apparently were speaking, saying, "We are constantly asking for the data on who on our patch is vulnerable, so we can think of ways of targeting them", and they do not get it. So there is a big question also for government. Similarly, we had that issue when Afghan refugees were coming here. Charities would be scrabbling around to find who had been placed in which hotel and what their needs were. Central government has a role to play in how they share all the data they have with local government and voluntary sector partners so that they can deliver the services and support where they want to.

Lord Bourne of Aberystwyth: I think that is a very rich seam that may

be the subject of another inquiry, but I agree that it is important to get to the data that central government holds. Thank you for the comments about those who do not have digital skills or access to digital. That is certainly of vital importance as well—as is who bears the cost of ensuring that there is continuing interoperability between different systems. There are some fascinating areas to look at, and we have just barely scratched the surface, but thank you.

Q64 **Lord Davies of Gower:** Good afternoon to the panel. Coming last, often some of the points that are in my question have already been covered—but thinking about the vast potential and knowledge that could be utilised from service users and people with lived experience, what role can these people play in improving the integration of the public service workforce?

Andrew O'Brien: You have made a good and strong point, and it is one that we do not talk enough about. The short answer is that we need more social enterprise models in the delivery, because effectively what social enterprises do, and many charities do as well, is to bring the people with lived experience directly on to the boards and give them a say. I think over 80% of social enterprises talk and consult with their community or their service users about strategic decisions affecting their organisation. That is what we need to see.

The reason why social enterprises have often shown themselves to be more effective at delivering service is because they listen to those service users. To give an example, Thurrock Lifestyle Solutions in Essex has brought in the service users directly and asked them, "How do we structure this service around you?" rather than asking, "What pot of money do we have here?" or, "This is what we have done in the past; can this work for you?" Not only has that led to much higher levels of happiness and value of that service but it has also saved a considerable amount of money and cut out a lot of waste and inefficiency. We should be using the direct experience of those with lived experience and bringing them on to the boards. Again, I think that is where sometimes we need to pursue different models and not beat on the drum too much.

If you look at the structure of most statutory organisations, they simply do not have the remit to bring on the people with lived experience. The rules are too tight, and the criteria for the selection of appointments of people on those boards are too narrow. That is where more innovative social enterprise and charities can be very helpful, because they can have much more flexible governance regimes whereby they can bring on the direct experience.

The most important thing is that it cannot be tokenistic. There needs to be real power, real responsibility and a real voice, not just having a forum and consulting once a quarter, and asking them what they think about something. You need people in the centre of decision-making. With their stakeholder model of governance, social enterprises regularly bring in expertise. I am sure that Duncan will probably pick up on this point as well. Many of the people with lived experience are directly involved in the running of services that speak to their own lives. The majority of the staff

of social enterprises at a local level will be recruited from the local communities that they serve, and that gives you another added opportunity to bring in expertise and knowledge.

You have made a strong point and that is, if you are looking at the way integration has been implemented so far in areas like the NHS or social care, we have not done enough to bring the voice of the service user and those with lived experience into positions of power and authority. I think we need to look at the structure of service delivery to address that.

Duncan Shrubsole: Everything Andrew said—and a couple of things to add. Of course, lived experience should be vital to helping people understand what services are needed, and the what and the how they are delivered. So tone and approach are important to have a service design of training, and taking on roles directly. That can directly involve consulting people with lived experience and our specialist charities. The sectors we fund charities in, as Andrew was saying around social enterprise—such as domestic and sexual abuse, criminal justice, substance misuse sectors, particularly, and mental health to a large extent—are very much led by and for people who have direct lived experience. They live and breathe and then see what some of the issues are.

There is also a role for bringing people together with particular specialisms. We fund an organisation called Expert Link, which has brought together a group of people helping look at some of the practices around Jobcentre Plus in the health sphere. Pathway is using people with lived experience to shape how healthcare services are delivered for homeless people. We are supporting something through the CJA called Elevate, which is helping people with lived experience to get roles in the criminal justice system. There are lots of fantastic examples out there.

As Andrew said, it has to be genuine, not tokenistic. Not everything should be up for grabs, but it is about being clear what the parameters are and not saying, "We would love to hear your views. Do tell us whether you prefer small thing A or small thing B", when people want something very different.

It also plays to something Andrew said earlier, which is important, about this question of integration—thinking about integration not as absorption but as collaboration. People with lived experience often do not just want to be directed on a set pathway with one organisation. Sometimes we create an integrated care pathway that instead shunts you down this one view. You get one key worker and, if you do not get a good relationship with that person, you are stuck. They want services to join up, but they appreciate they get different things from different services; they want a collaborative setting.

The voluntary sector can play a key role in that. I am chair of trustees of an organisation called Switchback, which supports people through the gate leaving prison with mentors who help to provide in-depth support. But they work best when they are not also doing what probation has to

do in setting up a Universal Credit claim. Too often they have to step in and do that as well, but they work best if they are not doing that, when they are working within a network of other professionals who are doing that, and they can focus on the tough love, helping you to think about changing your mindset and then helping you move into work.

It is about lived experience. People want choice and variety and the ability to complain and get a different response, just like anyone else does. Sometimes lived experience is fetichised as it will give you the one truth in the one way, but you need people who can give you a range of perspectives. You also need a mixture. Occasionally in government recently, they have taken one person with lived experience and given them the sole power of writing a report. They need to be supported by much better models where you have a panel of views and experiences of people at different stages and who went through systems at different times. It is not saying someone who left the care system 10 years ago shaped what it is now. The system has moved on.

It is important to have that variety of lived experience, and of social enterprise and charitable views as well as, as I said earlier, front-line practitioner views, to all shape a service that is based around what will help people out of the current circumstances that they face and help them ultimately to move on in their lives. It should provide a constant challenge function: "What can we do better? What can we improve? How can we better collaborate and work together to achieve the results that we all want to see?"

The Chair: I think that is probably us finished. I know a couple of members have to go to other duties in the House. Thank you very much. It is very important to have that perspective from the third sector on the delivery of public services and, therefore, the nature of the workforce and what that workforce needs. Thank you very much to both of you. I formally end this session.