



Public Services Committee

Corrected oral evidence: One-off public evidence session in follow-up to the Government's letter on the procurement Green Paper

Wednesday 9 June 2021

3 pm

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Members present: Baroness Armstrong of Hill Top (The Chair); Lord Bichard; Lord Bourne of Aberystwyth; Lord Davies of Gower; Lord Filkin; Lord Hunt of Kings Heath; Baroness Pinnock; Baroness Pitkeathley; Baroness Tyler of Enfield; Baroness Wyld; Lord Young of Cookham.

Evidence Session No. 1

Virtual Proceeding

Questions 1 - 5

Witnesses

I: Julian Blake, Public Benefit Lawyer, Stone King; Mat Ilic, Chief Development Officer, Catch22; Ed Wallis, Head of Policy and Public Affairs, Locality.

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Examination of witnesses

Julian Blake, Mat Ilic and Ed Wallis.

Q1 The Chair: Good afternoon, everyone, and welcome to this special one-off session to follow up the letter that we had from the Government on our previous, short inquiry into the procurement Green Paper. We want to follow that up with a session today on commissioning—a theme that we picked up during our first inquiry into the response of public services to the pandemic and one that the committee will keep returning to as this progresses. We know that as time goes on this is a really important issue for public services as well as other aspects of government procurement.

In our first evidence session we have three people who are all engaged in some way with how we enable commissioning in the public sector alongside other organisations that contribute to the public sector, particularly the voluntary sector, and exactly what commissioning means and how we can develop it.

I am delighted that we have Julian Blake, a lawyer with Stone King, who specialises in public benefit; Mat Ilic, chief development officer of Catch22; and Ed Wallis, head of policy and public affairs for Locality, which is an umbrella body for community organisations around the country.

Welcome to all of you. If you want to say a little about yourselves when you first answer a question and say who you are so that people link what you are saying with your image on the screen, that will help all of us.

As ever, I will ask the first question. It is about something that has come up quite a lot in our other inquiries and the whole discussion about procurement and commissioning. What are the main barriers to the National Health Service and local government in achieving effective, place-based and social value-focused commissioning? How do you believe such barriers can be addressed?

Julian Blake: Thank you very much, Baroness Armstrong, for the opportunity to offer my perspective.

I am a public benefit specialist lawyer, and have been for 30 years. That means that I have a specialisation in charity law and the application of commercial disciplines to public benefit organisations. I have followed the development of social enterprise over the past 30 years, which has a major involvement in the public services environment.

In recent years I have focused on that environment from the public sector side as well, looking at how commissioning can be improved with a sympathetic view on what the public sector views on those are.

To answer the question, there are three broad areas. First, it is not about red tape; it is about a narrow interpretation of existing procurement rules and poor implementation of existing procurement rules. You could summarise that as process over purpose.

Secondly, one thing I would say about the existing European-based rules is that they are not easy. They are dominated by the concept of market. They are created by reference to competition law and preservation of the single market, so that focus on market imbues the whole area and does not allow collaborative ideas their proper place.

Thirdly, from my own particular perspective there is a massive underestimation of the maturity and diversity of the public benefit sector and the contribution that can make as a whole to public benefit, given that that is what social value and public value really mean. It is a much more interesting and complete version of what can be provided than the current narrow view of added value. Social value has become an added-value concept rather than an inherent concept, which should be how public services are driven.

Mat Illic: Thank you very much for having us this afternoon. For context, Catch22 is a major national charity that has been around in different incarnations for about 250 years. We exist to build resilience and aspiration in people and communities. The mainstay of our work is public service delivery, and our focus is on reforming public services to make them more human and locally connected. We are really pleased to be offering evidence here and benefit from having Julian's legal advice as part of our legal counsel.

I will try to supplement what Julian said by talking a bit about our experience. I spend most of my day job as chief development officer understanding commissioning intentions across public bodies, whether it is central government or local authorities, and try to build propositions that will lead to transformative impacts in communities.

The broad theme that comes out, in addition to the nomenclature around the legislation and procurement, training and other things we will cover this afternoon, is that you seldom find the combination of urgency on specific issues alongside the leadership needed to grapple with those issues in a transformative way and the resource needed to make a different impact. I think you will have received briefing on some of our work in children's services, especially through the vulnerable children's inquiry.

The FACT22 service is especially instructive here. The pilot funded by the Department for Education in 2015 evidenced significant demand reduction that benefited the local authority in question. What we found subsequently in trying to take it to other areas is that there were constraints in their ability to adopt these ways of working as well as constraints on resource to bring them about, especially when the Department for Education's seed or innovation funding went away.

There are some preconditions to effective commissioning that are often not evidenced all at once when required.

Ed Wallis: I am director of policy and engagement at Locality, the national membership network for local community organisations. We

have over 1,000 members spread all across England. They tend to be found in our most deprived neighbourhoods and they take that real neighbourhood focus to their work, providing a range of different services that reflect local need and playing a really important regeneration role.

Many of them deliver public service contracts, in particular from local authorities. We built up a network of Keep it Local councils that are committed to moving away from the big outsourcing contracts and bureaucratic commissioning process and want to build long-term partnerships with local community organisations. Most of my evidence today will come from the perspective of working with local authorities and community organisations.

The main barrier that we have seen has been the trend towards scale in services that has grown over the past decade, with services being bundled up into big contracts that then go to large providers at the lowest price possible. It means that services often become the preserve of outsourcing companies and large national charities, and the smaller local providers that we think provide something really distinctive and important to a lot of the social value goals have been crowded out.

There are two big drivers behind that. The first is financial. We know that councils have borne the brunt of austerity over the past decade. Shrinking budgets mean that they have been trying to find these savings through economies of scale with big contracts.

The second driver is the competitive framework and competition approach, which is the very clear signal sent to contracting authorities. That means that these big contracts have become in many ways the default process. All that has fed into the risk-averse and often quite unimaginative culture that we see in commissioning and procurement.

Commissioning and procurement have become very disconnected processes. The procurement bit is often dominating. The point Julian referred to about process over purpose is something that we have seen.

At local authority level there is a real capacity challenge. Staff are under huge pressure, so there is not a lot of time to trial new approaches, do things differently and find those more innovative ways of working. Again, the default procurement route is the big contract.

We have also found in working with councils that people tend to get moved around so much because of the pressures on capacity that it is very hard to build a long-term relationship and do something that will build social value over the long term. You will get somewhere with something that feels quite innovative and interesting, and then someone will move somewhere else, or what have you, and you will be slightly back to the drawing board.

There are some real barriers. As for how they can be addressed, we are seeing a growing tide of good practice. There is a sense of momentum building at local authority level behind a different approach. Senior

leadership is really important in encouraging that. We often find that a particular commissioner or group of officers are really committed to finding a different way of doing things and working round some of the barriers, but it often feels that people are trying to work creatively around some of the bigger system drivers. It can take a lot of time and commitment.

I think that we need a bigger system shift if we want to see a different approach. In our terms, we talk about making services local by default. That is about making collaboration rather than competition the starting principle for services; it is about proper long-term resourcing of local authorities to try to shift some of those short-term cost pressures; and it is about the social value things Julian described.

There are big opportunities there, but, as we are currently perceiving it, it is often backed with an attempt to look at additional social value rather than a very flexible local approach that tries to embed intrinsic social value in our approach to commissioning.

The Chair: One of the things that we are struggling with is that there are some good examples. There has been a hint from you this afternoon that it is possible to do things within the current legislation and frameworks, but many people will often give the excuse that we need new legislation, and legislation becomes the main target and rationale, if you like, for why things cannot happen.

We are looking to see how we can move things on. Should we be asking the Government as part of their procurement Bill to do something separate on commissioning, or should we be asking them to include in the procurement legislation what you are talking about—an approach to commissioning with social value at the heart of it rather than as an add-on? What are your views on that?

Julian Blake: My first answer to that is that public procurement should not be equated to commissioning. The best commissioners say that procurement is one part of commissioning; they are not the same things. Commissioning can be the procurement of a service contract, which is what public procurement is about. It can be subsidised, it can be investment, it can be community engagement and participation, it can be a transfer. There is a whole range of things that commissioning can be. It is a professional discipline, and one tool that the professional commissioner can use is procuring contracts.

In a way, that illustrates the point that I made earlier. The procurement Green Paper does not differentiate between the commercial purchasing of something—for example, an IT system—and the creative professional process of making sure best public services are delivered using all available resources in the most efficient way. Those are two very different things.

The problem, therefore, is that the Green Paper starts with a presumption about purpose; it does not differentiate those two purposes. The

European rules did start very consciously to differentiate those things. Public procurement starts as competition law; it is about the state not intervening in single market contracts.

The latest round of procurement reforms, which was largely led by the social business initiative, very directly focused on the idea that, given that the competition purposes were now understood, procurement could be used as a social policy instrument. That is written into the existing rules, contrary to popular belief. You can even see in those rules things that say, "Don't think you cannot do this because you can".

Therefore, it is about making it clear to everyone that commissioning is a different process from purchasing. A procurement system has come to be applied in both those very different areas. In that sense, yes, we need a different focus on commissioning. Commissioning is not just about market theory; it is about all sorts of other things, and a very major thing it is also about is collaboration theory. We need to develop that.

There is a very important part of improving and reforming commissioning, which is about saying that there is a lot of collaboration and relational engagement that can be applied to this. There is a purpose-aligned public benefit sector that is very mature and diverse. We have organisations such as Catch22, a multi-million-pound commercial company and charitable social enterprise that can deliver in any way that a commercial company can but much better because it is purpose driven; and we have the local community organisations and traditional charities that Ed is focusing on. They have their role in the fabric of communities and in the commissioning of public services.

Engaged and socially responsible local businesses do that, too. There is a range of stakeholders with a perspective on commissioning and the best public services that can be provided. There are resources beyond the public sector that can be accessed, facilitated and supported.

In answer to the basic question, procurement is one part of this process. Commissioning is a much bigger subject. It is a much more complex subject and involves professionalism and a range of stakeholders, and it would help a very great deal if we were able to focus on commissioning per se rather than through the prism of procurement competition law.

Mat Ilic: I certainly agree with the broad premise of what you are saying, which is: does legislation necessarily fix the gap here? Julian can confirm this, but I am pretty sure that since 2015, or even earlier, we have had concepts such as innovation partnerships in English law. Therefore, the idea of collaborating if you are a partner like us, or a smaller charity, with public authorities to deliver public value in a different kind of model is already legally feasible, so there is no constraint of that type. As Julian said, people tell one another myths about what is and is not possible.

On the point about commissioning and procurement being different, one thing that is quite striking is that certainly in central government the Civil

Service values procurement and commercial specialism and we do not see any commissioning specialists. I think that is quite an interesting issue, because you tend to have the policy intention being very much commissioning and public value, so we want more civil society participation and more smaller charities. The process ends up being a procurement process and the binding and overarching culture is one of procurement, because it is being led by commercial teams that are very insular, quite specialist, and prioritise risk mitigation and management, especially the threat of legal challenge and risk.

I suppose that on the flip-side legislation can be a good signalling instrument. We have seen over the past year non-legislative measures such as some of the procurement action notes. The particular one that had an impact on our work was Cabinet Office PPN 02/20, which was 'supplier relief'. In essence, it gave local commissioners and others in public bodies a lot more rope to say, "What do you need?", as opposed to, "You're not delivering on these aspects of the contract", because in the context of the first national lockdown that stopped being a feasible relationship. Therefore, it switched from an agent-principal relationship to a much more collaborative relationship—a "What do you need?" type of reciprocal relationship. If the legislation can be a stepping stone rather than a launch pad, that is probably a good way of looking at it.

Ed Wallis: To build on that point, we saw the same thing in our experience of the pandemic and some of the flexibilities that were introduced, which seemed to help to start to create a different dynamic and different relationship. It pushed for the procurement Green Paper and the procurement Bill to seize the mantle of that kind of opportunity and embed those flexibilities in a new procurement system.

Unfortunately, it does not feel that that is the direction of travel that the Green Paper has taken. The worry is that the signals and incentive structures that legislation creates double down on some of the risk-aversion bureaucratic culture.

The current procurement Bill does matter as an opportunity to create the kind of different, more collaborative approach that we have been talking about. If we do not get there, guidance and training will have to do quite a lot of heavy lifting to encourage commissioners. It is not just commissioners that we need to think about. Often, commissioners get it and want to do things differently. It is about the whole system; it is the relationships with procurement, finance and legal; it is about sending a really strong signal that place-based commissioning social value is fundamentally important to the Government's approach; that these flexibilities are there to be used; that this is how you should do it; and that there is a need for some myth-busting because that culture is pretty ingrained.

Q2 **Lord Bichard:** I thank all three witnesses for joining us today. I am afraid that commissioning is sometimes regarded as a subject for geeks like me. It is critically important that the quality of services is delivered, increasingly so, so it is good to have this conversation.

You articulated very powerfully the problems that we have with commissioning at the moment. You talked about process over purpose; lack of collaboration, urgency and leadership; and a tendency towards bundling up work.

The issue that we want to focus on is how you practically get reform. Like it or not, we have a procurement Bill now promised. Julian, from what you said, it sounds as if you would rather have a commissioning Bill than a procurement Bill.

I am interested in your views on that, but, to the three of you, my first question, which builds on some of the things Ed just said, is: what practically do you want to see in that Bill? What do you want us to say to government about what should be in the Bill as a way to reform and change a system that is dysfunctional?

Julian Blake: As a lawyer, I am inclined to think that we do not need as much legislation as we generally pursue.

Lord Bichard: I was one, too, a long time ago, Julian, so do not worry.

Julian Blake: I think that of more importance than legislation is a positive message about the way in which approaches can be different. I felt the same about social value reform when that was being discussed, but the real point is to put some strong, positive messages out there in the form of statutory guidance or something that says, "You can do these things. All the things you are told you cannot do you can do"— positive guidance on the purpose of flexible law.

Perhaps I could quickly tell you a story about how I came to that conclusion in relation to procurement. I am not a procurement specialist, I am a public benefit specialist, but I worked for charities and social enterprises that were for ever being told that the very good work that they were doing and proposing to public sector organisations and local authorities they could not do. A project was being developed and suddenly it stopped, and they were told they could not do it. It was ludicrous. It stopped and did not start again for two and a half years because we had to go through a totally artificial procurement process.

One of the problems was that the process did not recognise that the initiative and innovation was coming from the providers. It had to go back into a procurement process as if it was coming from a public sector specification. I thought, "This cannot be right. The law cannot say this; it cannot block off all this good work in this way".

I went to Brussels to find out what the procurement laws actually said and I was right. They are purposive, permissive and flexible. I wrote a book about this, *The Art of the Possible in Public Procurement*, which, for a very modest publication, got a wide circulation and recognition in local and central government publications.

Then, distinctly, the conversation in which I was engaged shifted to, "Okay. We understand we can do it, but how?" That is the conversation that we are still having.

Mat referenced the innovation partnership. That was a new procedure in 2015. I interpreted it as helping with this process because it specifically recognised that a three-year service contract is not always what a commissioner is trying to secure. It might be a long-term relationship that goes back to design, works over a long period of time and allows a progressive, purpose-aligned supplier to be involved in the design and delivery and to work in partnership.

That was what I saw the innovation partnership providing for. Nobody picked up on it. We were told for a while that it applied only to IT contracts. I could not see that that was true, so I kept saying these things and it was picked up. Now we have lots of innovation partnerships that illustrate exactly these areas of partnership very effectively.

Unfortunately, the Green Paper does not recognise this, so there have not been very many and we will not continue with them.

The Green Paper does say that flexibility is a very important thing. That is true, but it then moves from the focus on commissioning by removing the light-touch regime, which is the only place where you can tell the difference between commercial purchasing and public services. It removes the innovation partnership, which is the only place where you can put in place relationships that are not just service contract relationships but can be partnerships and collaborative relationships, too.

I would definitely say that in legislative terms, to come back to your question, public procurement of services that the public sector needs, such as equipment and IT services, is one thing. The new procurement Green Paper, as far as I am concerned, is fine for that. It is not—*[Inaudible.]*—but it seems to be focused on that in a perfectly adequate way.

It is not adequately focused on the whole area of commissioning, the professional discipline of commissioning, the way public authorities need to integrate their organisations internally, to collaborate with one another and collaborate with all the other stakeholders, especially the mature and diverse public benefit sector, which illustrates what public value is. That is the whole purpose of public services, and those things should be combined. Yes, I think it would be helpful for that to have some form of legislative recognition.

Lord Bichard: You would prefer to have two separate Bills, one on procurement of the basic functional services and another on commissioning. Is that what you are saying?

Julian Blake: I think I would. I would certainly want it to be really clear that in so far as procurement engages with commissioning it is only one part of commissioning.

Lord Bichard: Two of the most difficult things to legislate for—perhaps Mat and Ed can pick up this point—are innovation and collaboration, which is what we are all saying we need more of. Mat, what would you

have in the Bill? Would you have one or two Bills, and how would you deal with the issues that you have been articulating?

Mat Ilic: It is a very tough question. Having worked in government, legislation is one of the few levers that is most commonly used, but it is only as good as its enforceability. There are plenty of statutory duties and laws that you could argue local authorities fall short of, if you really want to stress test that. I guess the challenge is: what environment do we get from having something at the other end?

I would go back to saying that the biggest value that we can derive from this process is by putting on the face of the legislation what we think the objective and intent of this is. It is a little bit like the discussions on data protection. Data protection is often cited as a reason why you cannot share information between different agencies in a robust and effective way, even to do things such as Total Place, in which you were involved, Lord Bichard, and place-based commissioning, looking at people as a whole as opposed to across the public service silos in which they operate.

It embellishes the principles, which I think you had in the written submission from Julian and E3M, on the face of the legislation to discern commissioning and procurement, and to underline the public value and benefit objective, because that then sets the environment in which local actors can understand the primary motive and what they should be striving to achieve, as opposed to what they are constrained by.

Lord Bichard: Mat, that will be quite difficult to achieve if the Bill is a procurement Bill based upon what is in the Green Paper, which is not really about commissioning. It will be quite difficult to get the statement of intent that you want in that kind of Bill. I do not want to push you down this road, but that rather reinforces the point that Julian made, which is that perhaps we need two separate pieces of legislation. You are nodding. I always take that as assent.

Mat Ilic: Yes.

Lord Bichard: Ed, do you want to come in?

Ed Wallis: I completely agree with Julian that we need a completely different starting point and system that is not about commercial purchasing and the current approach of the Procurement Bill, and is properly designed for the commissioning of public services.

The starting point for that needs to be collaboration, not competition. That is the point that we always pick up on in conversations with local authorities about how to enable this type of approach. I think that some pressure is created by the very framing of the Crown Commercial Service's procurement guidelines. If you look at the first page, it says very clearly that the overriding procurement priority is achieving value for money through competition. That is a very clear incentive structure being created.

If that said instead that the overarching priority is to create social value via collaboration, it would create a very different starting point for where we need to get to. I think it is about changing those incentive structures and making those flexibilities, not something that is additional and ways round it but the core of the approach.

The other point that I would flag up is the approach to social value. My big concern from the procurement Green Paper was the proposal for a national procurement policy statement that would shape the Government's priorities for achieving social value, but to enable the approach that we are talking about and harness the intrinsic social value that local community organisations can bring. It needs to be flexible and about local priorities, and it needs to have an approach where a local authority can embed that social value right at the heart of the quality of a contract rather than it being an additional thing that is trying to meet wider government priorities.

The fundamental starting point of collaboration, not competition, and a much more localised flexible approach to social value would be the two key things on which to focus.

Lord Bichard: I found all that really interesting and helpful, but I will pass back to the Chair.

Q3 Lord Bourne of Aberystwyth: I thank the witnesses. This is fascinating.

I confess that I am also a lawyer, but I want to examine a little bit further the discussion that we have been having on the importance of the law. I can quite see that you need to create a framework, but it seems to me that some NHS bodies and councils are better at, for example, collaborative commissioning than others. Looking at the evidence from Catch22, east Cheshire, Derbyshire and Liverpool seem to get it.

If it is possible for them to do it, why are we not able to share that best practice and get others to do it? I would appreciate your thoughts on that. As I have mentioned Catch22, perhaps Mat can answer that.

Mat Illic: Culture is paramount. To go beyond the legislation that gives that clarity of purpose, you want a level of local autonomy and mastery. Mastery comes through working with others who have done it and have built best practice over time. Networks such as E3M, of which we and Stone King are members, are instrumental because they bring together commissioners with that experience and other commissioners who want to do the same thing and follow that path, along with others who are helping to shape thinking. That includes public benefit lawyers.

There are various other mechanisms. I am not that familiar with the National Social Value Task Force, but as a quick sidenote we have seen the TOMs framework, which is the national social value measurement framework, deployed quite effectively in some cases, bridging collaborations between, for example, infrastructure companies that are being procured to bring some stuff about but are truly about social

value—local growth, local employment, apprenticeships and so on. Sometimes the tools in the toolkits along with the networks and peer-to-peer learning end up being quite significant contributors to this.

Lord Bourne of Aberystwyth: Perhaps Julian would come in next.

Julian Blake: Why do some commissioning authorities succeed and others do not succeed as well? At the moment, those that succeed do so despite the system—in particular, the procurement system, but I observe that it is also a lot to do with internal public authority processes.

We have spoken a lot about the procurement process. One of the factors I have observed through my work with clients is that the commissioning team, procurement team and legal team are separate; they do not talk to each other and they work in sequence. Therefore, the commissioner does a lot of work. You get to the point where there is a good idea and then it goes off to procurement and something else happens, and then it goes off to the lawyers, who check it in a conservative way, so it gets more conservative as it goes down that line.

On the positive side, I can think of really clear examples where leadership is transformational. Oldham council, led by Carolyn Wilkins, the chief executive, is an example of that. She is also head of the health authority.

Mat mentioned the social value portal, or the TOMs framework for social value. It is good, detailed work, but it is very easily just turned into another system-based process. You can easily just put it into the existing procurement system and go through the checklist, but Oldham has not done that. Oldham has a real social value policy. Everything it does goes through the social value priorities and you can see how that works with integration between the local authority and health authority.

Another example is Plymouth, from which you will hear later. I have seen there a really distinct leadership role in the integration of health and social care, coming apparently from the public health team. There, the individual I have in mind, Gary Wallace, uses a phrase quite similar to “process over purpose”. He said, “I observed routine over thoughtfulness, so I went about trying to make sure we had thoughtfulness rather than just following a routine”. You can see that that has transformed the way in which health and social care are integrated in Plymouth.

Leicestershire is an example of an innovation partnership that is very striking. I can go into more detail about it if you like. It is a totally different approach to children’s services. You have a children’s services innovation partnership—a 10-year integrated partnership relationship between the council and Barnardo’s to redesign, redevelop and reorganise the whole system in collaboration with all the other organisations that have an interest. I was part of that process and could observe what happened. There was a very dedicated commissioner who could see this was the way forward and battled at every stage to get this through the normal barriers within the internal public authority mechanisms.

Lord Bourne of Aberystwyth: It is so often a matter of leadership. I am sure that we have made a note of Carolyn Wilkins in Oldham, and Leicestershire. As you say, we are speaking to Plymouth later, but it would be good to pick up those two others as well. Ed, is there anything from you?

Ed Wallis: I totally agree that the practice is pretty variable. We have identified three key factors in why certain areas may be further ahead than others.

The first is what we have just been talking about: top-level leadership. That is absolutely crucial. You have to be committed at a very senior level to do this. When we talk about our Keep it Local campaign, that is in councils' DNA; it is part of their identity. When you have that top-level leadership, it can then flow downward through systems and create space, flexibility and permission for officers to do things differently, sending that kind of clear, key signal.

Leadership in and of itself is not enough to make sure that change happens, but it is a vital starting point. We ask Keep it Local councils to sign up to and endorse six high-level Keep it Local principles to try to provide that strategic leadership.

The second thing is about joining up the system. The commissioning cycle can be really fragmented. We have talked a lot about commissioning and procurement being seen as two different disciplines and not joined up. I think that needs to be co-ordinated and embedded to turn that strategic commitment into practice.

The third thing is about the strength of the local sector. This is not just about asking councils to do things differently and let go; it is also about community organisations stepping up and showing that they are ready to play a bigger role in local services. We find that it is often areas where there are strong networks of established community organisations that have driven the Keep it Local approach from the bottom up. They have built relationships over time with their councils; they have demonstrated their capability; they have shown the added value they can offer—and all of that has encouraged councils to go further and faster. A good example is West Yorkshire, where all five councils are now part of our Keep it Local network. That is an area where there is a really strong network of established community organisations that can drive forward the agenda.

Lord Bourne of Aberystwyth: Thank you very much indeed. You have given us an awful lot to think about and some very important local examples. I know we are pushed for time—there is a lot of material there—so I will hand back to the Chair.

Q4 **Lord Davies of Gower:** You are probably aware that we are currently undertaking an inquiry into child vulnerability. We have had evidence that quite a lot of children who are in families with issues to do with mental health, domestic violence, drug addiction, or perhaps a family member who is involved in crime or may well be in prison, are at risk of poor

outcomes. Often, this is due to a lack of early intervention support. How can commissioners use the voluntary sector to identify and support families in need who do not reach the threshold for statutory services? Julian always seems to go first, so let us begin with Mat.

Mat Ilic: This is an area on which we spend a lot of our time and energy. In particular, the past year has been extremely stressful for families and children.

There are a couple of broad themes. Local government has been hamstrung by the short-term nature of the past couple of spending reviews. That has been a huge bane for any kind of mid-term planning around issues of prevention. We have been involved a lot in the setting up of violence reduction units, for example, as a public health approach to preventing youth violence, yet they tend to get their settlement from the Home Office in February for the upcoming fiscal year in April, so with that timing there is not a lot you can do as a long-term public health approach to violence prevention.

I draw on only one example where I have seen some really innovative practice. I had some basic involvement in the start-up of the West London Zone for children and young people. I would urge the committee to look at the project. It has a couple of aspects that I think are transferable. One is to be extremely data-driven and evidence-led, using data to identify children who would benefit the most from support in the right place at the right time. They do this by integrating with some of the local authority business analysis teams to create that architecture.

The other point is that they have built a sustainable funding model that uses local authority funding in the delivery of outcomes, but combines philanthropic funding and central government social investment backing to drive a more long-term patient view around some of the issues in which you are interested.

The broader context is difficult, but there are examples where things have been done well through good data and innovative funding models.

Julian Blake: I would naturally generalise the question as I am not in direct service provision in the same way as Mat is, but I can offer some thoughts.

First, things are done that are not consistent with the best approach to the types of services that you are talking about. We have touched on a number of them. It is a complex subject, so simple answers are not the way to deal with it. At the extreme, you procure a service for the lowest price. That does not help you with any of the questions that you are raising, but it does seem to fulfil the public officer's duty: "I have followed the process. I have got the lowest price. I have done my job".

They have not done their job unless they have engaged in the complexity, consulted fully and tried to work out how these intractable problems can be broken down in different ways. That is what fulfilling the duty is. It has an inherent element of risk and uncertainty to it.

Incidentally, the first year evaluation report on the Leicestershire project that I mentioned, which is about children's services and organisations, stated that there was a very positive attitude to risk and uncertainty there. It recognised that that is a necessary part of this area.

Specifically in relation to the public benefit sector, referring again to "diverse and mature", there is huge expertise available through purpose-driven public benefit organisations. They should be consulted in a very detailed way; they should be engaged.

To come back to the "legislative" point, if you are to engage any external organisation to assist in the design and delivery of public services, they need to exhibit the social value imperatives as prerequisites. They need to be focused on purpose, committed and have expertise. That is a whole set of other questions, apart from the basic procurement question.

Another point here is about collaboration and the idea that the public authority is not the only party that has the perspective and, therefore, the knowledge or necessary expertise. The public authority more typically is one of the agencies; it has an obvious primary responsibility, but it is one of the agencies. If it starts seeing itself as one of the agencies and thinks of itself as needing to engage with the other public authorities that have a perspective on the same thing—the public benefit sector and the private sector, in so far as that sector is properly driven by purpose, too—you will get closer to a properly integrated approach that tries to break down these sorts of public service issues.

Lord Davies of Gower: I am sure that Ed will have more to say on this.

Ed Wallis: When we try to think about the distinctive role that community organisations can play in a local public service system, we use the term "cogs of connection" to describe it. That is trying to capture the way a community organisation will connect somebody to a range of different services and activities within one place and then play an important role in connecting up the often siloed nature of the public sector.

We try to identify some of the qualities that enable them to play that role. It is about their local knowledge and the fact they have built trust with local people—in particular, those who tend not to engage with mainstream services, whom public services tend to find hard to reach. They are motivated by that attachment to place and so have a real commitment to finding solutions to the more complex cases, and they are able to work flexibly and nimbly. It seems to me that these are just the qualities needed for this type of early intervention support.

We have a network of organisations and an approach that often will possess the right kind of relationships, but we know that sometimes public service systems struggle to co-ordinate and harness the more informal relationships-building/community development-type approach. This is a matter that we have explored in more detail in relation to adult social care, but there is some read-across.

Social care is one of those areas where community organisations will do a lot of stuff, which I think we can recognise as hugely contributing to an overall social care offer around relationship-building, bringing people together, connecting and tackling isolation. These types of things may be at the edges of social care, but they have a really important impact on making sure people are living longer in their communities and do not end up in the more expensive and formally regulated end of care.

We work with Bristol council to run a home care pilot in four neighbourhoods to try to think about how that community approach could feed into the local social care offer. We hope to be able to share some evidence and learning from that.

One thing that has really struck me from the experience of the past 15 months, which I think is relevant, is the importance of long-term social infrastructure. The reason we were able to see such a committed, quick and agile community response to the pandemic was that community organisations were able to harness their assets, transform services and build on the relationships very quickly. It was not commissioned or controlled by anybody else; it was just up and running.

We need to learn from that the value of that long-term social infrastructure, understand it better, fund it better and connect to our local public services and be creative about how we do that. A lot of the things that we have been discussing around procurement, culture and inflexibility prevent us from making the most of that important resource in our neighbourhoods.

Q5 Lord Davies of Gower: Perhaps I may follow up quickly the question of the effectiveness of commissioners in evaluating whether their decisions maximise the impact of public money in improving outcomes for vulnerable children. Do you think that such evaluation can be improved? If so, how do you think it could be done? Ed, do you want to carry on with that?

Ed Wallis: I do not have any specific experience on the question of outcomes around vulnerable children. I would defer to others on that.

Mat Illic: A bit like commissioning overall, it is a real mixed bag. Some commissioners plan and budget accordingly for sufficient evaluations. There is experience of the DfE innovation pilot on which you have had evidence. The pilot was funded centrally and the evaluation was supported centrally, and it led to very robust experimental evaluation looking at some of the outcomes that you have seen, including reducing demand and case loads in the statutory system.

It is a mixed bag, but overall the question is: what is our overarching evidence base in this space, and how are commissioners using some of that pre-existing evidence in informing their commissioning design and requirements? That is the prior step to whatever evaluations they subsequently deploy.

Julian Blake: Obviously, evaluation is another aspect of all this. It is very complex and should be complex, but it gets simplified. Price is a proxy for evaluation, and that does not really work; that is not complex. It is not that we have outcomes that are all about numbers rather than impact and effect. That was not satisfactory.

You will not get evaluation that answers questions in a black-and-white way. It goes back to professionalism and embracing complexity; it means that the consultative aspect should come back in. It should be analytical, and it should recognise that evaluation is about something progressive. All the things that we are talking about ought not to be one three-year service contract that is evaluated at the end. There should be a progressive, ongoing, long-term establishment of infrastructure improvement, filling that in with the service provision with appropriate collaboration across all the players. Evaluation needs to be built into that rather than a single moment in time against a single set of rather inapplicable measures.

Lord Davies of Gower: All of that has been very helpful.

The Chair: You began to talk about the NHS and social care. The White Paper is signalling a move from competitive commissioning to more collaborative work. Have you been involved in any of the discussions around that, and what are you looking for in the Bill that has not yet been published?

Julian Blake: I have not been as focused on the NHS White Paper as I was on the procurement Green Paper, but the main point I would draw out from it is that the White Paper is talking about collaboration and the procurement Green Paper is not. Therefore, for anything other than health we are not talking about collaboration. That raises a massive question. Why do we not have collaboration in the other areas of public services too, because exactly the same reasons are applicable?

The Covid experience, I suggest, has highlighted all the pre-existing things that we have been talking about in a very vivid way. We now all understand the value of those providing public services.

Maybe I will leave you with a comment relating to how that was clearly portrayed to me. As Mat said, I have worked with a group of professional commissioners through the E3M group. In the Covid period there was a transformative atmosphere where the group was excited. We are now able to do things in three weeks that normally take three months. We recognise the value of the public benefit sector in a way that we did not before.

Ed Wallis: There does seem to be some kind of exciting potential with that approach. We have been starting to see a lot better collaboration growing between NHS and local authorities, so this does feel like an opportunity to build on that.

To repeat Julian's point, it seems strange that this is an explicit goal within commissioning health and care services, but there is no similar goal being supported by the procurement Bill. It could create some local complexity, with certain services that may feel quite similar being commissioned in a collaborative, place-based way and then commissioned under a different procurement regime depending on where they fit. This may provide some incentives for local authorities to work more collaboratively with the NHS if that is seen as the better commissioning and procurement environment for that, but it does not feel that that should be the intention of how we design this.

The Chair: That is very helpful. The other factor is that the NHS tends to work on longer contract periods than local government has been able to in recent years. We might need to deal with that, too.

I am afraid that we have run out of time for you. Thank you very much to all three of you. We appreciate the contribution that you have made. As ever, I would like to say to you that we may well have missed things that you think we should have considered. If we have and there is anything else that you think about, please let us know in writing. We would appreciate that, too. Thank you very much indeed for your contribution to our thoughts this afternoon.