



Public Administration Select Committee (PASC)

Oral evidence: [Citizens and Public Services](#) HC 800

Monday 3 March 2014

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Members present: [Mr Bernard Jenkin](#)(Chair); [Sheila Gilmore](#), [Kelvin Hopkins](#), [Greg Mulholland](#), [Lindsay Roy](#)

Questions 233-322

Witnesses: **Joe Irvin**, Chief Executive, NAVCA, **Joe Fowler**, Director, Commissioning, Sheffield City Council, **Sharon Squires**, Director, Sheffield First and **Sue White**, Chief Executive, Sheffield Voluntary Action, gave evidence.

Q233 Chair: Welcome to this public session of the Public Administration Select Committee, unusually taking evidence in the city of Sheffield, and we are very grateful to Sheffield University for hosting this occasion. It is like an episode of *Any Questions?* Welcome to our four witnesses. This is one of our sessions on citizens and public services, and, first, could I ask each of you to identify yourselves for the record, please?

Sharon Squires: I am Sharon Squires. I am Director of Sheffield First Partnership.

Joe Fowler: I am Joe Fowler. I am Director of Commissioning at Sheffield City Council.

Sue White: I am Sue White. I am Chief Executive at Sheffield Voluntary Action.

Joe Irvin: I am Joe Irvin. I am Chief Executive of the National Association for Voluntary and Community Action, based here in Sheffield.

Chair: This morning, the Committee visited Lowedges and the Terminus Centre, where we learned about a very successful project where co-ordination workers are helping to co-ordinate social services, social care, general practice services, housing services, and

helping to make sure that all those public services are actually serving the people they are intended to serve in the community. I would like to place on record my thanks to that project for hosting us on that occasion. We are here to learn about how projects like that are being supported in Sheffield, and to work out how Government policy is supporting initiatives like this, and how Government policy needs to change in order to support initiatives like this more effectively. Can I start by asking Kelvin Hopkins to start the questioning?

Q234 Kelvin Hopkins: Thank you, Chair. Sheffield was chosen as the Public Services Transformation Network city in July 2013. What has this meant in practice?

Sharon Squires: Sorry, what was the last part of that question?

Kelvin Hopkins: What has this meant in practice?

Sharon Squires: I will start on this, because I am the main officer in Sheffield dealing with the PSTN, which is Public Service Transformation Network. There was an open invite from government to places to ask whether they would be interested in linking with the PSTN, and Sheffield, through Sheffield City Council but also Sheffield Executive Board, took the decision to say, “Yes, we would be interested in the PSTN.” We had a very clear view that there were three areas we particularly wanted to develop. We wanted to build on the work that had been undertaken in the Community Budget Pilot areas—we had also bid to be one but had not been successful—but we had stayed quite closely linked with the Community Budget Pilot areas. As you will know, they had quite significant resource put into them.

One of the roles of the PSTN for us has been about disseminating the work and the learning, and some of the tools from the Community Budget Pilot areas. PSTN also gives

us a direct route to understanding Whitehall thinking and links with Ministers when we require it, so as we discuss the devolution debate with the PSTN, it is one of our routes; it is not our only route, but it is one of our routes where we can discuss any issues that relate to central Government practice that we would like to consider and address.

It also gives us resources through the PSTN officer group. We have a relationship manager who is seconded from the Treasury into the PSTN, and that particularly helps us understand some of the Treasury's thinking. We have had some resources around a pilot open-calls-for-solution initiative we took across the city, looking at different approaches to developing city challenges.

Q235 Chair: So, in summary, what difference has it made?

Sharon Squires: We have got a session coming up called Design Workshop, where we are bringing together some of the key programmes of change across the city and aggregating up the learning. Those are just some practical examples of how we have worked with PSTN.

Q236 Chair: In a nutshell, what difference does it make?

Sharon Squires: In a nutshell, they bring an additional resource in terms of thinking time, links with central government, and some resources to help us develop our practice.

Q237 Kelvin Hopkins: If I can ask some related questions: this morning, we visited Lowedges, and we saw and were very impressed with the local initiative that started, essentially, as a voluntary group supported by local churches, for example, and it has been

expanded since then. It requires funding, obviously, so what extra funding has been provided to you under the PSTN?

Sharon Squires: No extra funding.

Kelvin Hopkins: No extra funding?

Sharon Squires: They fund occasional things. They helped us fund the one-off event around the Mayor's Challenge. That was just funding for a venue, but we have not had any financial resources from the PSTN.

Q238 Kelvin Hopkins: One thing that became obvious is that, with the kind of work that is being done, even though it might require some resource, initially, put in, it would save resources in other ways; possibly for the Health Service as much as for local authority services. Has it been just cost, or have there been some benefits?

Sharon Squires: I will pass over to my colleagues, who might want to add to my answer on this. When you offered to come to Sheffield, which we really appreciate you doing, they contacted my office. I said earlier that we wanted to showcase what we call LBJ—Lowedges, Batemoor and Jordan—because in our wider public service reform programme, particularly in health and social care, we are using the learning from projects such as that to inform the way we are shaping public services for the future.

Although the Public Service Transformation Network is an added resource for us, the future of public services has to be shaped locally in partnership with central Government. Actually, most of the thinking and resources and change driving public service reform in this city—and city region, because there are some city region developments like City Deals as well—are coming in and being driven by some of our witnesses and people in

this city, and we use things like LBJ to learn from. I can come back later if you want to talk about some of the aspects of LBJ that I think are important for future public service delivery. I do not know if anybody else wants to say anything.

Joe Fowler: Hopefully, at LBJ, you saw some volunteer organisations—small-scale, rooted in the community, working with multidisciplinary teams from public services, GPs and other areas—all focussed on improving the outcomes for individuals within that community space, whom they were committed to providing for. I will try to provide a bit of context to the answer. What you saw there was a small handful of money. It is a couple of hundred thousand pounds—tops—that has gone in over the last couple of years into LBJ, and that has come in from the health side. The community support workers are funded from, and by, the clinical commissioning group funding that has just been extended for another year, in line with the clinical commissioning group's annual budget process.

However, you are right in saying that the benefits of the work that is being done there fall across the public sector. They fall to the acute health services: for example, in terms of reducing falls and hospital admissions. They fall to social care, and we are confident in saying that the work we have done in LBJ has delayed the age of entry into social care in that area. We cannot say whether that is one, two or three years, but we are confident that there has been a noticeable statistical impact. We also know that people who find informal support through community groups, organisations and, indeed, each other are less likely to rely on more heavy-duty, formal health and care support down the line. There are clear benefits from working in that preventative way.

The challenge—and it is a well-rehearsed argument—is releasing those benefits to pay for the prevention. It often stops the small-scale pilots like LBJ, or it is one of the reasons they

are stopped, from being industrialised to become a whole system approach across the city. The other thing, which I am sure that Sue and others would want to comment on, is that it is a rare coming-together of people with the right commitments, skills, and community assets and access to them that creates an environment like LBJ. We do have other areas like that in the city, where you have got a good blend of the voluntary sector, committed local multidisciplinary teams, and GPs who have got a real passion for health improvement, for example. When they come together, they can make a real impact, but I would not say that was a universal piece.

Kelvin Hopkins: Yes, Sue?

Sue White: I would reinforce that. I think that, in my view, our membership of the Public Service Transformation Network has been an impetus for this type of change on the ground. In the past, there have been central Government initiatives around the Sustainable Communities Act and the community right to challenge that, perhaps, have not gained the traction they might have gained in the city. There are still opportunities to explore those, but the reinforcement of the value of doing something that is cross-sectoral, bottom-up, involving small community groups working with statutory partners, and demonstrating that that has the potential to make a difference has been very encouraging—for me, anyway—in being an impetus for doing this much more widely across the city.

As Joe says, the biggest challenge is invest to save. There is not ready investment there to put preventative work in to save further down the line. As Sharon says, the benefits may accrue in a different part of local, national or central government or the NHS to those in which the effort has to be put in. Until we have some sort of pooled budget or financial

arrangement or governance arrangement, I think it is very difficult to see what incentive there is on an ongoing basis for those things to happen.

Q239 Kelvin Hopkins: You have touched on how residents have benefited, and we heard this morning some very impressive individual stories about individuals whose well-being has really been transformed by quite simple initiatives, but in terms of community-wide change in atmosphere—a sense of optimism, a sense of community—have there been collective benefits as well as individual benefits, do you think?

Sue White: That is a very difficult question to answer, because capturing that is extremely tricky. It is an inexact science. One of the things we have been trying to do in Sheffield is, with statutory partners, to find ways in which we can improve community resilience. In a city where there has tended to be a strong state and where citizens have been used to getting services from the public sector, we are trying to support individuals and communities to develop a sense of community robustness and resilience in the future, and it is very difficult to put a precise handle on how that demonstrates itself. It is also quite difficult to calculate the benefits that might accrue, say, 30 years down the line through the support that is going into communities now. When we had the floods in Sheffield in 2007, there were some manifest examples of community resilience. I guess, maybe, we need our academic colleagues to help us with a formula that will perhaps help us to prove that this is public money well spent.

Q240 Kelvin Hopkins: I have a couple of quick questions, to finish my questions. I think Sharon has already touched on the future, but could you elaborate a little more on your ambitions for the future in Sheffield?

Sharon Squires: As the other witnesses have said, we are in this process. The way we are approaching public service reform in Sheffield and the Sheffield city region—I know you will probably have questions about the whole devolution debate—is that through things like the Sheffield City Deal, we have looked at what funding is currently held and designed for spend in the centre. We could better design the way we spend that money at the local level, and this Sheffield City Deal and the way we are looking at redesigning the way we spend the skills funding is a significant piece of learning, and there are others. We have had delegated transport funding, and we have also got a pilot in our public service reform called Ambition Sheffield City Region—it is not a very good name, is it?—which is about looking at how we support young, unemployed people and whether we can design better interventions for the young unemployed. That is a significant issue in this city region. We have too many young long-term unemployed people. We see that as a failure of the Youth Contract and the Work Programme for that group, and so we now have a pilot.

We are learning from all that work, as well as LBJ. There is a big piece of work, which Joe could speak much better about, around health and social care and the Better Care Fund, and we are aggregating that learning. The key thing that is coming out—that came out, I think, this morning—is that public services have to be citizen-led. They have to be designed in partnership with citizens and communities, and citizens and communities have to play a big role in delivering social and economic outcomes for places. Actually, if you think about it, that is a completely different approach to a very managerial, setting-targets-

in-the-centre approach. Over my public service career, I was regularly called a local delivery agent, which I used to take great exception to.

I will be very quick. We talked a bit this morning about better risk stratification: working together and having a similar risk assessment process across public services, so we better target both those people who need public services as well as the prevention and early intervention agenda. We have to simplify and integrate. There are just too many stories around—and we heard one or two this morning—of people having 15, 20 or 25 public sector workers with one vulnerable individual or family. That does not make sense to them, and it does not make sense at a time of austerity. It just is not the most effective model. We talked a bit about the key worker model, and that seems to be a common feature in most of our change programmes: Successful Families, Ambition Sheffield, and health and social care. We are doing bottom-up learning.

Q241 Kelvin Hopkins: What about sharing best practice with other cities and towns? This is my last question. Obviously, other cities can learn from what you have done, and you can learn from what others have done. Do you have any communication with other cities?

Sharon Squires: We have, through the PSTN—and I think this is an example of that—offered to showcase our learning much more. I think—and I can say this as a non-Sheffelder—Sheffield is sometimes not as good as it needs to be about showcasing its learning. We are now offering to showcase our learning, and we are beginning to get quite a lot of visits. One of the things we have to learn, in Sheffield and across the country, is that we do not all have to reinvent the wheel. We can learn from one another. There will be key components, and there will be learning around things like health and social care

integration. In all of the PSTN areas, that is their key priority, so there has been huge learning, both from what we are doing in Sheffield and what other areas are doing. There are lots of vehicles: there is online, conferences, and seminars. If we can do it, we will do it.

Q242 Lindsay Roy: In essence, it seems to me that cultural change has been at the heart of this programme. What barriers have you faced to that cultural change, and what have you actually done to foster that change?

Sharon Squires: Do you want me to start, and then I will pass over?

Joe Fowler: Sorry, can I just check: are we talking predominantly about the case studies this morning, or more widely than that?

Lindsay Roy: Both. More widely, as well, because we are interested in the cultural change and the transformational project.

Sharon Squires: I will start, and then I will pass over to the other witnesses. There are issues about the way public services have been designed for a long time, which I talked about earlier, from the centre down, and consumers and citizens are at the receiving end. It can sometimes be experienced as very fragmented, disjointed public service. We are trying to turn that on its head and do it citizen and community-up. There are professional and organisational barriers to that. It is quite a difficult world to enter for things like key workers. Some professionals will say, “No, I have to do my own assessment. I cannot rely on somebody else’s.” That is common. There are information-sharing barriers to that. Other people might talk about contracting and commissioning, and how we do that more effectively.

Q243 Lindsay Roy: I am interested, in particular, in how you have broken down that silo barrier.

Joe Fowler: I am thinking through three or four examples in giving my answer here, including the one that you have seen this morning, but also some other multidisciplinary working, particularly around health and social care. Cultural change is fundamentally about changing the expectations of people, visibly, and the leadership that they are under. The point I made in my first response to you earlier was about people recognising that, by working together, they can achieve something better, and that is certainly the case with some of the individuals that you have seen working this morning. In terms of the barriers, the professional trade barriers are a genuine issue. We do have social workers, for example, that do not think community support workers should be going in and doing an initial assessment or a carers' assessment, and that is what they were trained to do. We do have social workers who think completely the reverse, and think they can get on with the high-value work because they have got someone going in, doing an early assessment. That can work both ways, and we see the same in the medical profession, as well: "You cannot possibly have been assessed in any kind of thoroughness, because you have not seen a consultant yet."

Q244 Chair: Can I just ask: how much is this just people being set in their ways? How many of these are genuine barriers to co-operation? Most people with common sense just want to get things done.

Joe Fowler: That is true. I think the question, specifically, was about cultural change. It is the cultures that people settle into, and I do not think that is inconsistent with the point you

are making. In health and social care, we have people who culturally and behaviourally have been rewarded for protecting the budgets of their organisations for many years—so, for example, arguing about who pays for what and what funding regime is responsible for what. We have targets for organisations about saving money that are actually explicitly costing money for other organisations, and that includes housing benefit between the council and the DWP; and it includes continuing health care between the council and the NHS, for example. There are perverse incentives in play that mean people are rewarded for behaviours that are not centred on achieving better outcomes for the individual. Incentives have been changed by tackling some of those: by getting people working together around person-centred planning in LBJ and the north of the city, around some of the social prescription that has been going on with GPs there, and indeed around some of the Successful Families work and the mass work that you may have heard about in Sheffield as well. That has changed the culture and people's behaviour.

Q245 Lindsay Roy: You fostered the change through contact and by example.

Joe Fowler: Yes. I would like to think—maybe I am idealistic—that most people in public service are in it for the right reasons, and you can align people's incentives around common sense.

Q246 Lindsay Roy: To what extent is it dependent on professional development, training and people working together?

Joe Fowler: It comes back to your “leading by example” point. Professional training, for me, is saying, “This is what works. This is how we would expect people to work.” I am

looking to my left, because I am just wondering whether I am dominating the response to this question.

Q247 Chair: I can take care of that. The question I wanted to follow up with is that you talk about leadership by example, but who is the leader? Who are the leaders? Whose example are we following?

Sharon Squires: I will quickly talk about leadership.

Chair: Perhaps I can ask Mr Fowler, because he is in charge of commissioning.

Joe Fowler: I guess it depends on what level you are asking the question on.

Q248 Chair: What struck us about LBJ, if I can use the shorthand, is that the leadership was the churches and Greg Unwin, who runs the Terminus Project. The leadership is very local. How do you replicate that from a town hall or a city hall?

Joe Fowler: I think you can create the environment in which it can be replicated. I do not think you can force it on people. What we have done with the multidisciplinary working in LBJ is encourage other people to learn from it, look at it, see what works, and adopt some of the practice, and we have seen that now transferred into other areas of the city. There are 16 community support workers in Sheffield now, and we started with two.

Q249 Chair: I am going to bring in our other witnesses. Joe Irvin?

Joe Irvin: Thank you very much. Not specifically related to Sheffield, but more generally, if you go where you have gone today, you will find the things that you are looking at make common sense. Listening to users, letting people design their own services, and cutting

through silos is absolutely common sense, but against that you have got all of the managerialism, which forces this all apart. In relation to this particular question, one of the answers is that central government is saying, “We will devolve powers,” which means handing it over to somebody else, and so perhaps the local authority has to hand over power to other people. That is how you get those local leaders, and voluntary organisations have a part in that, and individuals and faith leaders certainly do.

Q250 Chair: Why do you think it is easier for you to say that than Mr Fowler?

Joe Irvin: That is very hard for me to answer. I do not know.

Q251 Chair: Mr Fowler?

Joe Fowler: I am more than happy to. I do not disagree, frankly. If you were to offer me the—for want of a better word—perfect contract or commission with a local organisation, it would be a consortium of people like you have met this morning coming to us and saying, “We collectively can reduce your social care costs and your health care costs. You just need to trust us to do that, and enter into an agreement with us to do that.” That would be the perfect contract for us.

Chair: Mr Irvin, had you finished?

Joe Irvin: I will leave it at that.

Sue White: I just wanted to add that I think the public sector, in all of this, needs to have almost a servant leadership role. They need to devolve the decision-making. They need to have the commitment to co-design and co-production. Things like our involvement in the Public Service Transformation Network are starting to turn the corner on that. They need

to provide the financing, commissioning and contracting frameworks that will facilitate all of this. There are some really good examples of how this can happen in practice hopefully coming up in this city, with some commissions led by the Big Lottery for some big projects around what are called Fulfilling Lives.

Sheffield is involved in a shortlist for delivering both of them. One is around the best start for under-twos, where the lead organisation is a consortium of voluntary and community sector organisations that is responsible for preparing a proposal to the Lottery for a £50 million bid—with public sector partners—in a very different way that will hopefully transform the lives of the under-twos in this city and provide some of the underpinning that we need to do to ensure that those social and health problems do not manifest themselves so much in the future. By the same score, another voluntary community sector organisation, the South Yorkshire Housing Association, is leading a similar bid for Ageing Well, which is to support older people in our community. They are being designed in very different ways with the voluntary and community sector in the lead. It is interesting, from my perspective, that the Lottery is breaking the mould by doing this.

Chair: That is interesting.

Q252 Lindsay Roy: Could you sum up, very briefly, what you are doing to be a catalyst for that desirable change?

Sue White: We are bringing the voice of citizens to bear on the commissioning process to really involve local community groups, who understand either their communities of geography, industry or interest as well as possible, to work effectively with public-sector providers. The sector can be a service deliverer under contract. It can be an influencer of

commissioning decisions, and/or it can be a provider of services for charitable purposes. It can do all of those things, but its strength is that it knows and understands the needs of local people in communities.

Chair: Sorry, I am going to press on now. We have spent half an hour on the first question. You have all made some very useful general points. We have got lots more particular questions, so we are going to keep our questions short, and I am going to ask you to keep your answers as short and to the point as possible, please.

Q253 Sheila Gilmore: Apart from the one we saw this morning, can any of you give, very briefly, an example of real citizen involvement in design or delivery of a service?

Sue White: I can try. Recently, largely due to public spending constraints, Sheffield City Council has conducted a consultation on the future of the library services, and citizens and community groups have been involved in responding to that consultation. As a result, the council has decided that although some libraries will remain maintained by the Council, others—following representations from community groups—will be potentially run and managed as associate libraries by those community groups. That has not been without its frictions and tensions per se, around the fact that there is not enough money in the pot to support the libraries, but the silver lining is that the community groups with whom my organisation is working feel that they are being listened to when it comes to decisions about what the library and community services around there might look like in future.

Q254 Sheila Gilmore: In answer to an earlier question, I think it was you, Sue, who talked about voluntary sector and community in the same sentence. Do you think there is a difference between those two things, and how do you manage that process?

Sue White: I think there is a difference between individual citizens, community groups, and the voluntary and community sector. Each has a role to play.

Q255 Sheila Gilmore: Sometimes, for example, when councils consult with voluntary groups, they consult with a lot of professionals like themselves. Sometimes it is the same individuals who go around the loop; they work for the public sector, they work for the voluntary sector, and they all talk in the same language. Have any of you been able to break out of that?

Sharon Squires: In terms of your earlier question about citizen-led, the idea of involving citizens in both evaluating the current public service they receive and designing new models of public services is valuable. Although I think the voluntary, community and faith sectors are really important players in helping us design them, we have got to go a bit beyond that to citizens—individually and collectively—to say, “What type of public services do you want in the future?” in a broader conversation. For the Successful Families project in Sheffield, they worked with those vulnerable families—and that includes our troubled families—to ask, “What type of public service delivery would work best for you?” They were not doing it through different organisations and hearing what organisations thought was the best solution, but going directly to them and working with them, and from that developing the new model of delivery that has been very effective and is now being looked at further across the whole city. For me, there is something about citizens designing solutions directly.

Joe Irvin: You asked for some examples. These are not from Sheffield, but from around the country. In Camden, for example, they have a 50+ panel, who are advising on their 50+ project. In a number of places in health, clinical commissioning groups are working with voluntary organisations and health watches to try to engage people in different ways. Some of them are called community connectors; some of them are called health champions. In some cases, they have formed different groups for different specific interest groups in health. One I would emphasise is in Cornwall. Changing Lives or Age UK, Volunteering Cornwall—which is our member there—and a couple of others really worked to try to help people who are getting on in years to be more independent, and put off the day when they would have to go into hospital or into residential care. That has been quite successful.

Q256 Sheila Gilmore: There is nothing new in a lot of this, is there? How are we going to really embed this? In my ward, years ago, we did an exercise in going out and asking people to say what they thought was good or bad about the area. It was all scored and prioritised. That was probably 15 years ago.

Chair: Question?

Sheila Gilmore: How do we embed this approach properly into what we do?

Joe Irvin: We can all go back and think of other times when there have been waves at this, and then everybody forgets it because of all these silos and the managerial approach that drives it apart again. Then cuts happen, and that is one of the things that gets cut around the edges. The way to embed it, actually, is to do it in a way that hands over more power, because then it is more difficult to just withdraw it.

Joe Fowler: Firstly, I think this is a really well made point around whether you are engaging with the community when you engage with community groups. I just want to provide that as context for my answer, which is that every week in Sheffield we sign off 100 support plans for people that effectively set out the services they need to meet their assessed needs through social care. That is a conversation with the individual about what they have currently got, what is available to them, and what they can use to build on that to achieve a greater level of independence and well-being. There is something really rich across Sheffield's public sector transformation work, from the troubled families work right through to some of the Better Care Fund planning, to the work you have seen this morning in LBJ. It is based on individual conversations with people about their needs and what they think would make a difference to them, and then the community and the public services responding to that collective set of needs. I think you can almost turn it on its head and make it about the richness of individual conversations being brought up.

Q257 Chair: That all sounds very nice and cuddly, does it not? I am looking at you as the commissioner. You are asking people to identify local leaders and local leadership who are going to challenge the way that you already do things, and then you are going to accept what they are saying as they criticise your service. Convince me.

Joe Fowler: To be honest, I think we already have. It is interesting that you say "criticise your service": in Sheffield over the next two years, the amount of social care services the council directly delivers will continue to diminish at a fairly significant rate. Some of that is simple financial pressures, but a lot of it is managed decline as we respond to people's individual choices.

As a commissioner, we are already looking at how we stimulate and facilitate the market to deliver the solutions that people really want, and how we capture the intelligence on what individuals need and roll that up into something that enables us to go out to people—extra care providers, for example—and say, “Loads of people really want to live in independent living. There is a big demand for it here; we can show you the numbers and the demographics. We can show you where the land is you might want to build on, and we can show you how much we pay to support people’s care needs.” It is a different role as a commissioner. It is not about saying, “Here is this monolithic suite of services we are going to deliver for the city.” It is about responding to those individual needs. It is nice, but I think it is doable.

Q258 Sheila Gilmore: I had a final question here, just about diversity in Sheffield.

Like most places, it probably is very diverse. What steps are you taking to ensure that, across different communities, people are getting this opportunity, and are there any particular barriers to doing that?

Sharon Squires: Every year, we do an annual *State of Sheffield* report, which is prepared across the Sheffield Executive Board. That is public sector, private, voluntary, community, faith and academic leaders coming together. It is prepared by the University of Sheffield on our behalf, and that tries to give us a yearly sense of how the city is changing. One of the big messages based on last year’s census is the growing diversity in the city, and particular areas of the city—because, as you will know, there are some areas that have different types of population from other areas. First of all, around diversity, we have—and we need to continue to get—good-quality, timely information and then, as you imply, assess the implications of that changing population. We are an increasingly young city and an increasingly older city, so what does that mean in terms of design of public services for

the future? We have that big picture, and we can drill down into particular neighbourhoods and particular communities. It is then up to the different areas of public service delivery to say, “What are the implications of that for us as public service deliverers in this particular city?”

Chair: Sue White, very briefly.

Sue White: The voluntary and community sector has a role in helping to stimulate leadership and community activism within new and emerging groups in our city. We are known as a city of sanctuary; we have quite a lot of new arrivals from different parts of Europe and the world, and there is a strong record in the city of supporting those new and emerging groups and facilitating their building of capacity and capability, which is the sort of work that Voluntary Action Sheffield and other organisations like it in the rest of the country do, to ensure that their voices are heard.

There are the obvious barriers around language and culture, but I would like to think that in Sheffield, we are quite experienced at addressing that challenge. It is by no means perfect, but I think we are making progress on that front. We have recently set up something called a thriving voluntary and community and faith sector group, and that is using the sector more broadly to identify issues through the communities and the individuals they serve that are really important to the citizens of Sheffield and the various community groups within Sheffield, bringing them to the fore and discussing them with statutory and some private sector partners to work out what we can do collectively to resolve them.

Q259 Greg Mulholland: Before I ask my question, it is very important to say that I think this Committee is doing its bit to reach out more directly to citizens by having

this sub-committee session here in one of our great core cities of the land. The fact we have such a fantastic attendance from people shows that that is working. Of course, as a Yorkshire MP, I am delighted that we are having this Select Committee hearing today in Yorkshire and in this wonderful Yorkshire March sunshine.

The backdrop to all of our work looking at public services is the current thrust of Government policy, which of course was set by the 2011 Open Public Services White Paper. I am going to give you the chance—particularly those of you from Sheffield—to agree with or challenge the Cabinet Office written evidence to us, because they have said to us in their written evidence as part of this inquiry that “departments have made huge strides in releasing the grip of state control and putting power into people’s hands”. They go on to say there is still was “a role for government to play in public services”. They state that, rather than dictate the public service agenda, the Government seeks to be an enabler in establishing a framework within which public service ownership is devolved to the lowest level possible. Very simply, is that happening in Sheffield? Are they right?

Sharon Squires: I will start. There have been some steps towards that in the wider devolution. I talked earlier about the City Deal, the devolution of transport funding, the Ambition, and things like the Better Care Fund, the Transformation Challenge Award, and the PSTN. Those are all steps in the right direction. I do not think we feel that there are huge strides, as in your quote. The general feeling—and I have checked this out with members of the Sheffield Executive Board, because I guessed this might be one of your questions—is that we think devolution could be quicker, bolder and smarter. There is still a sense that each department is doing its own thing. That can be quite confusing at a local level.

There is still a sense, I think, of huge concern about devolution of responsibilities and funding. There are some issues around shared accountability and shared risks when funding is devolved, about working out that this is a shared responsibility and these are shared risks, but we recognise the direction of travel is there, and we welcome the direction of travel and recognise that, at the city region and city level, there is a challenge for us to be ready for devolution and make propositions for devolution. We would argue, perhaps, it is not as fast as that quote would outline.

Joe Fowler: I would not disagree. It is a stuttering start to devolution, and it is mixed, depending on the experience and whom you engage with. The work we did on City Deals was really refreshing for us. They were the right conversations, they were challenging and so on, and we very much welcomed that. If you contrast that with something that smells a bit more like the old days, like the Better Care Fund work, where, on the face of it, it is devolution of money and control, but when you get underneath it, it is really about fairly short-term targets and some quite constraining conditions. The policy direction is sound; it is in keeping, as Sharon said, with the Sheffield Exec's commitment around financial devolution. It is a stuttering start.

Sue White: From a third-sector perspective, it appears there are lots of central government initiatives to support the sector, and to play a more prominent role in the design and co-production and co-delivery of public services—incentive funds for spin-outs, mutuals, social enterprises and things like that. I have to say, however, I think this is a bit of a minority sport that some of the larger, more national charities are able to take advantage of. For small community groups, it is a huge leap to pull down some of this funding. An example of that would be the Social Investment Bank that the Government has established, where there is a significant amount of money available to invest in third-

sector organisations and social enterprises who potentially want to deliver public services, but those organisations are not sufficiently developed and do not all have the skills to be contract and investment-ready. In my view, we need to invest more in the capacity and capability-building, and I agree very much with what Sharon said about sharing risk. That is a really important element of this if we are going to get traction.

Chair: Anything to add, Mr Irvin?

Joe Irvin: No, nothing to add.

Q260 Greg Mulholland: Mr Fowler, your own experience is particularly pertinent: your background was in working for central Government, including the Department for Communities and Local Government. You could say you are gamekeeper turned poacher. Having worked on both sides of that divide, have you seen a change since 2011, since the Open Public Services White Paper? Has it changed the relationship between Sheffield City Council and Government? Has it changed the way, therefore, that you commission services?

Joe Fowler: Has it changed the relationship? I must say I am impressed that you know where I worked before.

Greg Mulholland: Good Committee staff.

Joe Fowler: Has it changed the relationship? I worked many years ago on the Local Area Agreements, so going right back into 2006 and 2007 with Andrew Campbell and others at DCLG, and in the Regional Co-Ordination Unit when that existed, and I was even part of the Cabinet Office for a while. The relationship then between Whitehall and government was still quite target-oriented—109 indicators, set your targets locally, enter into

negotiation with us—and my comment on the Better Care Fund was because I think that is a bit of a throwback to that, which would suggest that culturally there have been some things that have not changed as perhaps envisaged by that 2011 paper.

Has our relationship with Whitehall changed? The discussions we are having through the PSTN with Treasury and the work we have done on the City Deal has shown that, yes, it probably has. My chief executive, John Mothersole, would say that the discussions we are now having more freely and creatively with Government are better than they might have been previously. However, as I said in my answer to your first question, I do not think there is a wholesale change across Whitehall that reflects those conversations. I think it says a lot for the work that the core cities have done, for example, with Government as much as anything else.

Q261 Greg Mulholland: I have a final follow-up question on that: do you think that the biggest blockage to the thrust of the White Paper—the Cabinet Office’s clear direction—is in Whitehall itself? Do you think that is probably the thing that needs to change if the Cabinet Office is to achieve what it wants through that White Paper?

Joe Fowler: I would say yes, but a guarded yes, because I also think that there are things that we as a sector need to change too. What the Better Care Fund has shown us is that some people are willing to use the opportunities for devolution to push and push for more, and others have perhaps used it as a reason to retract back into old behaviours around negotiating set targets and being told what to do. There is a self-empowerment agenda for the local government sector and a challenge, as well as for the whole of Whitehall.

Sharon Squires: It relates to the earlier question about culture. There are established behaviours and approaches in central Government, and not just in local government but in

health, the police, and across the public sector. This is a challenge for all of us if we want to design public services for the future that are really focussed on our citizens and our local communities. That is a challenge for us at the local level; it is a challenge for central Government, and if we want to work across silos, that is a challenge at a local level. As with any cultural change, it takes time.

Chair: I am going to stop you there. Thank you very much.

Q262 Lindsay Roy: Two years ago, the Big Society project was all the rage. To what extent has that influenced your work in Sheffield?

Sharon Squires: I am not going to get into the controversy about what the Big Society was or was not. Sheffield, as a city, has a really strong civil society, and always has done and always will do. It exists. We have a strong voluntary, community and faith sector. We have strong communities and strong social cohesion, and we are looking to learn from our local communities around the resilience agenda. My personal opinion—and I will pass on to colleagues—is that part of the culture change programme is that we have to move away from seeing citizens and communities as passive recipients of public services and to them being active shapers of solutions to social and economic challenges. We have a strong civil society as an asset in this city.

Q263 Lindsay Roy: I can understand your reluctance to engage in controversy, but do I take it from that that the Big Society has not had a lot of influence.

Sharon Squires: My personal opinion is that it politicised something—

Q264 Lindsay Roy: That was already there?

Sharon Squires: I heard a seminar about “What does Big Society mean for Sheffield?” and virtually everyone at the seminar—I think you were there, Sue—said it was politicising something that is very precious to us. We recently had a seminar facilitated by Citizens UK, with very similar dialogue.

Sue White: Yes.

Q265 Lindsay Roy: I do not want to prolong feedback from that question. If there is unanimity, I am happy to move on to the next question.

Joe Irvin: Could I just add one thing? One of the things to avoid is that we either have a Big Society or a big Government; one goes and the other one steps in. A lot of the most successful things, as you have probably seen today, have been the public sector working together with communities and community groups and enabling them to produce well designed outcomes for local people.

Q266 Lindsay Roy: Thanks. Really, what we have heard is that central Government, to some extent, is not practicing what it preaches. I think your comment was a “stuttering start” to devolution. What more can be done to devolve power from Whitehall to communities, and what message would you give to this Committee to take back to Government?

Joe Fowler: I will take this as a question for me. I think the kind of dialogue we got into on the City Deal and the kind of dialogue we have the potential to get into as we look across the areas of public sector transformation that we are working on with the PSTA are

the kinds of conversations that can take us there. We could look at the potential, for example, for a comprehensive spending review for Sheffield and maybe a couple of other cities, and then look at the barriers that prevent us following the logic of that through and delivering some of the other changes.

Q267 Chair: What was exciting about the conversations around City Deal?

Joe Fowler: The mood at the time amongst the people working on City Deal in Whitehall—I am not saying the mood in Whitehall, but amongst those in Whitehall working on the City Deal—was brave. It was, “What can we really shift? What can really change?”

Q268 Chair: Can you give an example?

Joe Fowler: It is not that I am short of one; I am just thinking of the right one to use without stepping out of turn. It was very clear to us that a couple of the Whitehall Departments were not at all keen on some of the freedoms that we were proposing for Sheffield through the City Deal. They were very forcibly and robustly put in place by the City Deal team, who had clearly a lot of power, weight and influence at the time in Whitehall. We achieved things that there is no way that bilaterals between us and Departments would have done. That is an example.

Q269 Chair: Effectively, DCLG was brokering with other Departments?

Sharon Squires: It was not Department for Communities and Local Government; it was the Cabinet Office.

Joe Fowler: Yes.

Q270 Chair: The Cabinet Office was brokering with other Departments?

Joe Fowler: Yes, forcefully brokering.

Q271 Chair: Forcibly delivering autonomy over budgets, against the wishes of Departmental heads?

Joe Fowler: Yes, and there almost has to be that role played nationally—to answer the question on what needs to change—for us to achieve progress locally. If we were, for example, to look holistically at housing need in Sheffield and the interplay between the funding that sits, for example, with the Homes and Communities Agency at the moment and the enormous amount we spend on housing benefit in Sheffield, and consider those two things together, that requires a cross-Whitehall conversation.

Q272 Chair: How did Cabinet Office actually do that? Who was sitting in the meetings?

Joe Fowler: We were not in the meetings where that was done.

Sharon Squires: No.

Q273 Chair: But was that ministers or officials?

Sharon Squires: It was both, I think, and that sense that cities—particularly the core cities—are big, skilled places that can take forward cities and city regions. It was the combination of officers in Whitehall and Ministers.

Q274 Chair: This was being driven by the Deputy Prime Minister, presumably?

Sharon Squires: It was the Minister for Cities.

Chair: The Minister for Cities?

Sharon Squires: Yes, I think that was the big champion in terms of the City Deals.

Q275 Chair: We are talking about Greg Clark.

Sharon Squires: Yes, I think it was Greg Clark who I think was championing it. The Public Service Transformation Network also feels it has that role, to drive forward conversations with different departments at different times. I agree with Joe that is really helpful at a local level, because we do not have the capacity to negotiate with different departments all the time.

Q276 Chair: It is about aggregating budgets, and then giving you autonomous control over that budget?

Joe Fowler: I would take a step back from that and say it is about looking at the outcomes you want to achieve for the city or elements of its population, and then saying, “What are the financial policy barriers that exist to stop you doing that?” If I can give you 30 seconds of an example, we have 500 or 600 people in Sheffield who receive personal care budgets because they have got mental illness—eligible mental health needs—and those same people will almost inevitably be receiving various benefits around disability, worklessness, housing benefit, other support, and so on. When you add those sums of money up, you can quite easily get up to £15,000 or £20,000 a head, which actually is

enough to give somebody supported employment. If you include the Work Programme money on top of that, then you get some quite interesting opportunities.

We cannot currently exploit those opportunities, to go right back to some of the earlier questions, because the benefits do not accrue to the investor. To use that population as an example, if we could sit down realistically with DWP, DCLG, the Treasury and so on and say, “Actually, this suite of budgets that you currently treat in Departmental ways: we could bring it together locally and achieve greater outcomes.” That would be a fruitful conversation, and there are several of those fruitful conversations that are still to be had. I think they are entered into in the PSTN.

Q277 Chair: How does that cross-fertilise with our earlier conversation about local leadership, and cross co-ordination of different local services serving the same individuals and the same households?

Joe Fowler: If I can respond, my view is that it comes back to that individual conversation around what somebody needs to get to where they want to be. People do not want to be sitting workless, depressed and so on in a flat somewhere in Sheffield. They want to be in a different place, and there is a conversation to be had with that individual about how the state and others can support them to get from A to B, but at the moment that conversation then involves someone going around and begging or borrowing services from 10 or 15 different places, and negotiating different budgets. We could be empowered to say, “Actually, we have got a recovery budget here of £15,000 for this year.” We could look at that “year of care” approach for that individual and the amount of money that the state is subsidising their current level of dependence with. There is an opportunity to do

something quite different there. At the moment, we are doing that in a fragmented and small-scale way.

Q278 Lindsay Roy: I think we would all agree that that aspiration and ambition to devolve is quite critical. However, it has been very slow. We appreciate the vision. To what extent is it just a case of further time for planning and tenacity to follow through?

Sharon Squires: I would step back. A vision for how public service could be different is quite hard. The trouble is that we tend to be very incremental and grab opportunities. You asked a question earlier about leadership. One piece of work we are doing is trying to say, “What could public services of the future look like? How could they be quite radically different?”—not just because of austerity, but because of population change, increasing diversity, and the way people lead their lives. Some of the ways we deliver our services are really out of date, so we need to look at that. I think there is a big challenge across the public and VCF sectors to say, “How could we be different?” Were you going to look at a more specific example around that?

Q279 Chair: Mr Irvin, I would like to bring you in.

Joe Irvin: Just quickly, the general point on this is that, if you think about commissioning and how services are commissioned, the number of changes that have happened has probably not had the effect of devolving. Putting out more contracts to A4E and Capita, however good they are, is not necessarily going to increase your local involvement. Because of economic circumstances and an ageing population, we are going to need resilient communities much more to make sure that we can solve some of the social problems that we are facing. One of the lessons you will find from Lowedges and

elsewhere is that it does not usually happen spontaneously. You need a framework there for people to come in. It is not a direct democracy. People do not want to come in and design and deliver all the services themselves—they have got other things to deal with in their lives—but I think you can provide a framework where people can be empowered, and you can go to a more local level. Commissioning can be designed so that local and community organisations and groups can have a bigger part to play.

Q280 Greg Mulholland: Can I just ask Mr Fowler a question with your Sheffield City Council hat on? We have said “stuttering start” in terms of devolution from central government to local government. Is there a real acceptance of cultural change at the city council level to actually devolve below city council level? Often, whether it is the areas we were in this morning, Dore, Hillsborough, Brightside or Fulwood, if decisions are made in Sheffield City Hall or Leeds Civic Hall, they are still distant from people and there is still a frustration that they are being imposed on them. Actually, is it not the case that we need a real cultural change to have devolution below the level of large councils, and is that something that Sheffield are taking on board, or not?

Joe Fowler: To say that we were there culturally within the council would be a significant overstretch, or, to be honest, within any of the other large commissioners in the city. What you tend to get is a commitment to a way of working that involves devolving down. People recognise the extra added value of locally run, locally led initiatives and schemes, but people get very nervous when they are being held to account for outcomes and outputs that they cannot contract for, or that they effectively feel they are devolving control of finances for, and so on. I have got work to do with my commissioning managers in that

area, and I know my counterparts elsewhere in the council who have responsibility for other areas do to.

There is a challenge here that is very interesting around commissioning and contracting—a conversation Sue and I started as we walked in. We are increasingly encouraged to commission on the basis of outcomes, which all sounds great. There are probably 100 conferences a year entitled “Outcome-based Commissioning”. What that actually involves is entering into agreement with someone who is committing to deliver real, genuine outcomes, and that is actually not the small community group you met this morning, because they are running a set of activities. They are not single-handedly improving the health and well-being of the population. That is a cluster of different things coming together. They have never agreed and shook hands with us on the basis of, “Yes, we will increase everyone’s life expectancy by five years.” Of course they would not. They are too small, and their levers are too small. There is a really interesting tension at the moment between this drive for outcomes-based commissioning, which gets into your Capitas and your other things, and what I have just said.

Chair: We will come to that in a minute.

Q281 Sheila Gilmore: It seems, listening to you, that there are at least two different agendas going on here. One is about making the money spread better—and I thought the example about using housing money in different ways was a very good one—and the other is about involving people more. They are not necessarily the same. A colleague of mine, when I was on the council, who represented a very deprived area, at one point in exasperation said, “Why are poor people always expected to run things

for themselves, when people in other areas are not?” This was after the collapse of a credit union, because it was too much—it was too hard for people to run. Are there two different agendas, and do we sometimes expect too much of people?

Joe Fowler: I am happy to start.

Chair: Just briefly: yes or no?

Joe Fowler: I think we do expect too much of people. It relates to the point made earlier. Things do not just happen on their own. They require facilitation and nurturing and setting up the conditions.

Chair: That is a yes. Sue White?

Sue White: Yes, I agree with that. There needs to be capacity and capability.

Joe Irvin: I think we do not expect too much from people. Actually, what mainly happens is that people are not trusted at all. It is handed down to them and kept from them. With a bit of support, people can collectively make their choices.

Chair: So, that is a no?

Joe Irvin: That is a no.

Sharon Squires: I am a no as well. I do not think they are two different agendas, but I think both of them involve us thinking differently.

Q282 Sheila Gilmore: In the part of the city I live in, I do not run my own bank. I go to a bank. The point my colleague was making was why did they expect people in the area she represented to run their own bank, in effect?

Joe Irvin: People do run their own facilities in all types of areas, in Morningside as well as the East Side or whatever, and libraries and other organisations. There are 160,000 registered charities in this country that are all run by people through their own voluntary time. People do run things. Lambeth at the moment are doing lots of work with people about payday loans and all of that side of things. Wonga and so on are running all those payday loans, but getting out of it is a collective endeavour, which they are trying to provide a framework to achieve.

Chair: A nice, divisive question. Sue White?

Sue White: I just wanted to add that there is a difference between the means of production and listening to citizens' and community organisations' voices as part of the commissioning process. Sometimes, what happens is that commissioners are risk-averse. They are worried about falling foul of procurement rules, and because of that, they are not perhaps able to understand the voices of the customers at the bank, using your analogy, or the voices of people in LBJ to inform what the commissioning specifications should be in the first place for fear that that will fall foul of the whole process and that the commissioner will be criticised.

The other thing is that in terms of the pendulum, we used to have a lot of grant reliance. Voluntary and community sector organisations were largely grant funded. My own organisation, up until about five years ago, was 60% or 70% grant-funded by the council; it is now only 9% from the next financial year. The pendulum has swung, in my view, a bit too far the other way, with a bit of a slavish pursuit of contracting and procurement. We need to be using different tools around grant-making and other methods of procuring services if we are to achieve the benefits.

Chair: We are about to come to this very topic.

Sue White: Oh, sorry.

Q283 Chair: Have we finished? Can we move on? The next area is about how we involve charities and community groups in public services, of which LBJ this morning provided such a fantastic example. The Cabinet Office Open Services White Paper talks about creating “a truly level playing field” between the public, private, and voluntary sectors. How many of us think we are really achieving that?

Sharon Squires: There are real issues with some of the big contracts and payment by results.

Q284 Chair: What issues?

Sharon Squires: You have to have significant financial reserves to even start considering some of those contracts.

Q285 Chair: There are barriers to bidding?

Sharon Squires: Yes, and they are going to exclude a significant number of organisations as a consequence. Also, for some of the big contracts, the private sector does have more reserves than even the big voluntary sector organisations, so if we are genuine in that intent, we have to think at a national and a local level about how we offer the opportunities at all the different levels.

Q286 Chair: Joe Irvin, what is your perspective on this?

Joe Irvin: I think that the size of contracts has been going up. The agglomeration of contracts has been going up. They are bigger contracts now than they were a couple of years ago. I agree about grants; I talked to the National Audit Office, and they said there has been a stampede towards payment-by-results contracts by local authorities in cases where it is absolutely out of proportion to the amounts of money that they are dealing with. You have to go through the rigmarole of that, so smaller grants and contracts. Pre-procurement dialogue is an issue, too; if you talk to some of the big companies, they will say that they are running at this for a year or two years beforehand, trying to build up relationships with organisations and commissioners that they are going to be dealing with, and smaller charities and community groups—and small companies as well—are rather excluded from that process very often.

Q287 Chair: Sue White, do you agree with that?

Sue White: Yes.

Q288 Chair: That was a brief answer. Mr Fowler, Danny Kruger, who runs a small prisoner rehabilitation charity, said that it was a false perception to suggest that bigger providers were less risk to commissioners than small charities. Do you agree with that?

Joe Fowler: That bigger providers were less of a risk?

Q289 Chair: Yes. That is what you commissioners really believe, isn't it? These big providers are much easier to deal with, because they are much safer.

Joe Fowler: The job you have as a commissioner for all or some of the population is trying to achieve outcomes for the investment you put in, and you can choose to do that in a number of different ways. You can place yourselves at the centre of a web of 10, 20, 30, or 40 different small providers and, through your combined intelligence, understanding and analysis of need, be able to ask exactly what you want each of those 20, 30 or 40 providers to deliver—an overall set of outcomes—or you can ask someone to do that for you. That is kind of what is happening with the bigger contracts. Local authorities, rather than saying, “Well, I am going to sit in the middle of that. I am going to keep my big contracting teams. I am going to keep my infrastructure and manage 30 or 40 small providers,” are actually choosing what is perhaps seen by some as an easy way out, and saying, “Actually, I am just going to engage with one provider, which keeps things simple for me, and off we go.” I do not think it is as simple as that.

Q290 Chair: Well, it did not seem very simple this morning, when LBJ told us that they are going to have to join a consortium in order to qualify for contract money from Sheffield City Council. They do not want to be in a consortium. Are you not throwing the baby out with the bathwater if you are subcontracting those skills that you have barely acquired? Having just nurtured LBJ into existence, you are going to throw them back into the pot of big providers.

Joe Fowler: You are talking about LBJ with various meanings there. Obviously, there is a small voluntary sector provider—several, actually—that are involved in that work locally, and there is a multidisciplinary team, and there is a council-employed facilitation team that have actually done a lot of community development work in that area and working with other multidisciplinary teams.

Q291 Chair: I think it was the Terminus Café that were principally saying that they were going to have to join a consortium.

Joe Fowler: There is a direction of travel amongst commissioners, the council included, to where there will effectively be agglomerations and clusters.

Q292 Chair: Why?

Joe Fowler: Because it allows you to enter into a higher level of outcome-based deal.

Q293 Chair: What does an outcome-based deal mean?

Joe Fowler: For example, on the Work Programme, the Government went with a big provider and said, “We want to achieve x amount of people back into work.” They then subcontracted, effectively, the supply chain management with lots of other organisations.

Q294 Chair: Is the Work Programme a success, in your view?

Joe Fowler: Am I allowed to have a view on that? It is certainly not a success for the people who are most in need of help and support.

Q295 Chair: Isn't this a rather clumsy way of getting outcomes for individuals by letting very large contracts?

Joe Fowler: There is a horses for courses element here.

Q296 Chair: Why is it so attractive to you?

Joe Fowler: It probably comes back to the point around the infrastructure and resources required to take the approach of managing 30 or 40 different providers to deliver small bits of the puzzle.

Q297 Chair: So, it is too much work doing lots of little contracts and much easier to just let one big contract? That does not sound very attractive.

Joe Fowler: I am not saying that is the only reason. I would need to think it through more, but what I would say is that, generally speaking, back-office functions like commissioning, procurement and contracting—in Sheffield, anyway; I cannot speak for other areas—are half the size they were three years ago.

Q298 Chair: You are paid to let complicated contracts that serve citizens. Why should you subcontract that?

Joe Fowler: Because it gives you simple contracts that serve citizens.

Chair: Simple for you, but not so beneficial for the citizen.

Joe Fowler: That depends, to be fair. If you were one of our major voluntary sector anchor organisations sitting here—I am thinking of Debbie or Ian or whoever—they would be arguing for the reverse. They would be saying, “As a big voluntary sector anchor organisation, with strong relationships with the public, private and voluntary sector organisations on my patch, we are probably better at knitting this together than you would be.” I would not say that for all areas of the city, but where there are large voluntary sector anchor organisations, they would be making the counter-argument.

Q299 Chair: Why do you think Danny Kruger has told this committee that he believes that bigger providers are less risk to commissioners than small charities, and that that is a false perception?

Joe Fowler: I do not think you can make that global statement. Obviously, feel free to disagree, but I do not think you can make that statement universally.

Q300 Chair: You heard it this morning from the Terminus Institute.

Sharon Squires: We have some current and recent evidence—and I read your exploration of it in your previous hearing—about very big providers failing. The Work Programme, in my opinion, is one of them. We have had G4S and issues around criminal justice. There are real issues about the complexity of delivering public services in a way that maintains the infrastructure and well-being of our communities. I would think that we are developing our understanding within the public sector at the local level of how to commission effectively, and things like the Social Value Act need to be developed further. It is not just about cost; we take the issue of the value to the communities and to the citizens in those communities seriously.

Q301 Chair: How can you listen to the individual citizen if you have to listen to them through a major contractor, instead of directly through smaller contracts?

Sharon Squires: I wanted to say something earlier about evaluation.

Chair: I would like you to answer my question.

Sharon Squires: We have to find much better ways of listening to our local citizens.

Q302 Chair: Why do you think big contracts are a good way of listening to local citizens?

Sharon Squires: Big contractors offer—

Chair: Convenience?

Sharon Squires: They offer very attractive prices.

Q303 Chair: So it is money, basically?

Sharon Squires: At a time when there is a massive reduction in state spending across the country, you can see the attraction of the big contractors.

Q204 Chair: Mr Fowler, what evidence is there that big contracts do actually offer better value for money, given that a big contractor could never have produced what we saw this morning?

Joe Fowler: There are a couple of points that are really worth making here. When you are talking about big contractors, you are thinking about Capita and the big outsourcing operators—Thales and so on. When we are thinking about big contracts locally, I am thinking about the contracts that we might have with a major anchor organisation around providing services in an area of 30,000 or 40,000 people, which is a different thing. Some of my responses are based on that, because I am thinking Manor and Castle Development Trust, not Capita.

If you can look from a commissioning perspective at some of the bulk-buy services that we do deliver—home care is a really good example of that, as is residential care—it is clear that there are economies of scale there that mean that prices can be lower. And that

does not necessarily have to mean that quality or personalised approaches have to be reduced, either. We know that hiring a personal assistant to come in typically costs around £14 or £15 an hour when you add in all the payroll costs and all of the costs of doing it yourself, whereas we know we can deliver that through framework bulk-buy contracts at around £12.90. There are hard cost issues. Obviously, that still depends on the quality of the person that is employed to provide the personal care, but in terms of those economies of scale, that is a consideration.

Q305 Chair: Do you remember that we were talking about how important identifying and nurturing local leadership is in creating these innovative projects? How is it easier, by aggregating contracts, to generate that local leadership?

Joe Fowler: Because if you are aggregating contracts around local leadership, you have got more chance of getting it. The point I am trying to make here is that in the city of Sheffield, with 550,000 people, if there are major contracts with a major anchor organisation covering a geographical area, with strong working relationships across the public, private and voluntary sectors, we are more likely to get the right combination of services at that level than we are trying to do it ourselves from town hall.

Q306 Chair: Mr Irvin, what is your reaction to this conversation?

Joe Irvin: There has been slightly shifting ground in the argument, I think. There has been an agglomeration of contracts. They are to big outsourcing organisations—it is not that there has been a massive increase of contracts towards development trusts at all. It is the big companies, and if you think they are without risk, then people ought to go and read your report on the subject. You had people not turning up to act as security for the

Olympics, or whatever went on in A4E. One of the things you lose from that—I am talking about the Work Programme—is transparency, and there are all sorts of things that have gone on in the Work Programme that have been a consequence of such big contracts going the way they were.

Q307 Chair: But Mr Fowler says he is talking about aggregating at a much lower level, at a much more local level.

Joe Irvin: There is obviously, depending on what you are getting involved in, an optimum, minimum size for whatever you are doing. I do not see how you need that to run a café in the Terminus Centre, by the way. What we should be doing, which you said right at the beginning, is getting to the lowest feasible level. It was one of the principles of the Open Services White Paper, and indeed John Major and whatever it was called at that time, that you go to the lowest appropriate level to get the decisions. You need a certain amount of resource at each point. The more that you can do at a local level, the more benefit there will be in terms of engagement and people feeling part of it, and people giving up their free time and being willing to join in things as volunteers and so on.

Q308 Chair: Before I bring in Sue White, can I just ask Joe Fowler: do you hear that, do you understand it, and what do you make of it?

Joe Fowler: I do not disagree with it. Part of the problem is that we started the debate talking about two different things under one banner.

Q309 Chair: All right. Sue White?

Sue White: Two years ago, local authority officers and representatives from the voluntary and community sector established a Commissioning Task and Finish Group, and that group developed some recommendations for a framework for supporting commissioning development in the city, which were accepted in principle by the council, and certainly endorsed by the voluntary and community sector. If it would be helpful, I would be happy to send a copy to you.

Chair: That would be very helpful.

Sue White: Voluntary and community sector organisations in some parts of the city are coming together into consortia, recognising that individually they do not have—

Chair: But that is another hurdle for them, as we heard this morning.

Sue White: It is a hurdle, because they have to meet a certain threshold to become a member of the consortium.

Q310 Chair: The Terminus Café does not want to go and join a consortium.

Sue White: I can fully understand that. I think the Social Value Act is a tool that we should invest in more readily in this city, and more broadly. There are some good examples in other parts of the country of ways in which we are looking at more than a single bottom line in terms of the outcomes that we want to achieve through commissioning. It worries me that huge swathes of public money are going to be disbursed through the Local Enterprise Partnerships in future, where no-one understands the economic needs of city regions. My understanding is that, when it comes to elements of those investments—to do with social inclusion, for example—the requirements of the

Social Value Act will not apply to them as commissioners, because they are not public sector commissioners.

Q311 Chair: Local authorities have a very strong influence on these bodies.

Sue White: Well, let us hope so.

Q312 Chair: But I understand what you are saying. Mr Irvin, very briefly?

Joe Irvin: Sorry, just one brief point there. On the Social Value Act, which we very much support and is a very good thing—I would like to see it implemented much more widely—there is a threshold, which is the European threshold for procurement, that is applied. It is about €200,000 at the moment. It is going to go up for certain sectors to €750,000, including the sorts of services we are talking about. I would seriously like the Government to consider removing that threshold and applying the Social Value Act to much smaller contracts, as many of the councils, such as Birmingham City Council, are doing themselves.

Q313 Chair: Understood. Mr Fowler, two very brief questions. Have you thought about actually not trying to do contracts with tiny organisations like Terminus Café, but just giving a grant?

Joe Fowler: Yes.

Q314 Chair: Why do you not do that?

Joe Fowler: We do, which is point one. There are still a few small grants left in the city.

Q315 Chair: Why do you not put more into grants, though, which give you the flexibility without the bureaucracy in handing out small amounts of money?

Joe Fowler: We are looking at doing that as part of the Better Care Fund work. When we talked about looking at local anchor organisations, we have been looking at effectively devolving small grants and making more of the balance of money into grants, so that people can buy the double-glazing for the community centre that provides the lunch club and all that stuff without worrying about getting into contracts. That has been an active conversation, where we have used an integrationary advisory group made up of members of the voluntary sector, amongst others—including service users—to knock that about. There is a bit of a warning here, though. If you look at the towns and cities that have lost significant levels of resources over the last two or three years, it tends to be the grants that go, because when you stand back and look at it, you say, “Well, what are we getting for that grant?” and somebody says, “Well, it is kind of part of this support that does x, y, and z.” Before you know it, it is gone. There is an issue with those that are facing significant financial squeezes.

Q316 Chair: Why do councils cut grants, rather than contracts?

Joe Fowler: Because they have contracts. We have long-term home care, residential care, and waste management contracts.

Q317 Chair: You could argue, however, that you are getting better value out of a grant than a contract.

Joe Fowler: It is difficult to argue you are better value out of a grant unless you have evaluated its use, which means asking for monitoring returns, which means getting into some of the debates and discussions that we have just been getting into.

Q318 Chair: So, the Terminus Café is brought into the world with charitable grants as much as local authority grants, but then it is tied up into a contract; it is bureaucratised, strangled, and killed off.

Joe Fowler: I would like to look at the specific example, because it has not been brought to my attention by my own staff.

Chair: I am caricaturing, but that tends to be what happens to these things. When they are a success, they are managed. They are performance-evaluated, and it all becomes a miserable existence instead of the spontaneous innovation that brought it about in the first place.

Joe Fowler: Absolutely, and what we are looking at doing—particularly around health and social care and providing activities that increase people’s independence and well-being locally—is looking at anchor providers that can manage that granting process in a very targeted way. Part of the bad press we have had with grants in the city in the past has been from having spent money on things that we have not been able to see the return on.

Q319 Chair: Is there an accountability question here?

Joe Fowler: Yes.

Q320 Chair: Isn't grant-giving real devolution of power to citizens that are running their own services?

Joe Fowler: As a commissioner with a budget that is going to reduce by another 20% on top of the 20% it already has done, for social care and real life services across the city, I would personally want to make sure that grants are spent on activities that reduce the risk amongst the local population. At the moment, and historically, sometimes, grants have been given out as £400 on x, y or z when we could have got something that would have reduced that risk more.

Chair: I am going to give the last minute to Mr Hopkins.

Q321 Kelvin Hopkins: My question would take an hour to answer. I am a dinosaur. I believe in democratic local government, and much of what is now being done should, in my view, be done by local government, but is it not the case that we have had a succession of Governments over the last 30 or 40 years who do not trust and do not like local government, and have been trying every way possible to devolve to what they call "the community" and citizens to get away from democratic local power? You have got local voluntary groups filling in gaps where local authorities cannot do the job, and all sorts of charities.

Chair: Question?

Kelvin Hopkins: Is it not the sad case that all of this debate is really about Government trying to drive power and, indeed, money away from local government?

Joe Fowler: I am not sure I can comment on the intention behind Government policy.

Q322 Kelvin Hopkins: One example is community development projects. The Blair Government introduced them. One was in my constituency; £50 million over 10 years, and what happened was—although some good came out of it—

Chair: Question?

Kelvin Hopkins: A lot of local activists who helped pull that off started fighting over the money, and local government should have had that money, not the community development project.

Chair: Last comment.

Joe Fowler: I can respond in 30 seconds. I want to use an example that Sue raised earlier around some of the stuff that we are doing on Ageing Better through the Lottery. The local government role within that process has not been to handle the money and, indeed, therefore, the democratic accountability—you could argue from that perspective—is in some way diminished. However, what we have done is facilitate a group locally, appointed with the Lottery a lead voluntary sector organisation provider who is going to work on that, representing a consortium of others, and we will hopefully bring that money into the city, because at the end of the day what our councillors want is investment in the city to achieve some of the outcomes they want. That is not the same as them having democratic accountability over that spending, you are right.

Chair: Mr Irvin, the last word.

Joe Irvin: One sentence: I do not see how community budgets can be good, but grants are bad.

Chair: Thank you for that last comment. I am most grateful to our four witnesses, and indeed, once again, to the University of Sheffield and particularly Professor Matthew Flinders for inviting us to his very own Select Committee suite here at the University of Sheffield. Thank you very much.