Select Committee on Public Services

Oral evidence: Public services: lessons from coronavirus

Wednesday 24 June 2020

2.55 pm

Watch the meeting

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

Evidence Session No. 7 Virtual Proceeding Questions 51 - 55

Witnesses

I: Paul Streets, Chief Executive, Lloyds Bank Foundation; Josh Hardie, Deputy Director-General, Confederation of British Industry; Kathy Evans, Chief Executive, Children England.

Examination of witnesses

Paul Streets, Josh Hardie and Kathy Evans.

Q51 **The Chair:** Welcome, everyone. We are continuing our public evidence sessions in this inquiry on the impact of Covid-19 on public services. I welcome our interesting group of witnesses; again, we have two panels today. I thank them for giving up their time and energy and reflecting with us on their experiences. There is a lot going on in this area at the moment, so we are grateful to them for coming on board.

We will go straight into questioning, so when you come in for your first answer, I would appreciate it if you would tell us who you are and whatever you want us to know about the organisation you are from. As ever, in a public Select Committee, the Chair asks the first question for the whole of the series. In this session, we are looking at how well public services have collaborated with charities and with the private sector, and how that has featured in the way public services have responded to Covid-19.

Can you provide examples of public services collaborating in new and different ways with charities and the private sector during lockdown? How do you think those experiences can inform the future of public service delivery?

Paul Streets: I am the chief executive of the Lloyds Bank Foundation for England and Wales. We are funded by, but independent of, the bank. Our legitimacy to comment on this is that we fund about 700 small local organisations. Most of them are specialised. They are rooted in communities and work on a range of major issues such as mental health, domestic abuse, refugee issues and homelessness.

In truth, we have seen a range of good and bad experiences. At best, we have seen local authorities, in particular, flex what they do, adopt a partnership approach towards charities, and draw on the rapid response capability of charities and enable them to do what they do best, particularly reaching communities that, classically, statutory authorities find it hard to reach. At its worst, we have seen lack of contact and no communication. We have seen strict adherence to existing contracts over the ability of people to flex.

As lessons for the future, what the crisis has proven, in much the same way, on a huge scale, as Grenfell did, is the enormous value of small local organisations and their ability to reach people that statutory authorities cannot. The best local authorities have recognised that absolutely and have drawn on it. They have seen the ability to respond rapidly to need and switch what they do, perhaps away from an existing service, to emergency relief, which is what people have needed—food and accommodation, basic things. The best charities have been able to do that, because the local authorities that contract them have given them permission to do it. It has reinforced the partnership approach.

You asked for examples. In Bradford, the Cellar Trust, a mental health charity based in Shipley, played a leading role in the gold, bronze and silver commands, working alongside local authorities and other statutory bodies to take a balanced approach towards the delivery of support to vulnerable people in the community, using an app to get local volunteers committed, linking up with things such as pharmacy services. It is a really innovative approach where the local authority brought charities in right at the start and said, "What can you do?" Moreover, it said, "We are able to give you funding 12 months in advance to enable you to do it".

There are plenty of good examples of the best but there are also, sadly, lots of examples of the worst, and I hope we will be able to explore them during the session.

The Chair: Thank you, Paul.

Kathy Evans: I am the chief executive of Children England, which is a membership body for children's charities. Children England was brought together over 75 years ago, during the war, for the express purpose of collaboration between charities, and between charities and government, during the conditions that were affecting us then. Our members collaborated to enable the evacuation programme and to prepare for creating the new public service settlement that would follow from the peace.

We have been collaborating both among charities and with the public sector for 80 years. There has been quite a lot of recent collaboration, and I will share some examples with you, but I underline that I do not think collaboration is new; I do not think we have seen new forms of collaboration. On the contrary, the relaxation under Covid of the kind of strictures that Paul has already talked about, such as strict contracting and very fragmented and siloed service contracting, has unleashed the collaboration that was always possible and used to be done thoroughly.

To reinforce Paul's point, much of the practical and fleet-of-foot collaboration has not been about adapting specialist services to continue their service provision. It has been about meeting human beings' basic universal needs for food, contact, community, a sense of belonging and safety at home. A lot of it has been about making sure that people can have food, whether because they cannot access it as they are shielded or they cannot afford it because we have left them in poverty, or so that they can get medicine that keeps them alive. All those practical things are public service; they are service to the public. In some ways, that has brought humanity back to the question of what it means to deliver public benefit and public service.

We have shared with the Committee in our submissions some brilliant quotes from young people about how they value public service and where they would criticise it. One in particular summed up for us what they have learned through the emergency. It simply said: "Communication and community is what needs to be invested in". We have seen that all over the place, whether through digital means to keep communicating or creating spaces where people do not feel alone. Communication and a sense of community go a long way when there are such stringent challenges for the bigger network of public service provision.

I want to highlight two examples of brilliant adaptation and collaboration between charities in our membership that work with children and families. The first is Resources for Autism where, as the name suggests, they are specialists in supporting families where there is a child or children with autism. I am sure Members can imagine the stress of having an autistic child during lockdown without the kind of schooling, day care support and home visits that both the children and their parents would be used to.

Rapidly, as soon as lockdown happened, they were trusted by one of their commissioning boroughs, which said: "Money is off the table. You don't need to worry about the money". In that trusting context, they put all their expertise into the creation of autism-specific home isolation packs, which the council funded and then organised for hand delivery to the door of every family that needed one. Not only was that something that those families reported made them feel helped and cared for and not alone, but they knew someone was looking out for them. That idea was then seen by other boroughs. They commissioned and funded the same thing, so there is collaboration across councils as well as with charities.

The second example is the Rainbow Trust Children's Charity, where they specialise in providing support for families when a child has a life-threatening or life-limiting illness, particularly children with cancer and going through cancer treatment. They do incredible work all over the country. It is not that their focus has changed; it is that they have adapted to continue meeting it.

They have been stepping in when outpatient and routine appointments with the NHS have been suspended, to ensure that nobody feels alone and that their anxieties about their health can be talked about. They provide support for siblings. They deliver medication, milk and nappies to families who cannot go out because they are shielded. They collect and deliver breast milk from new mothers to their babies in the neonatal wards where they cannot visit. For parents who have lost a child, they continue the connection and make sure that they are not alone when in fact the public service, the NHS, might leave them there.

The testimonials from their colleagues in the health system are glowing. One says that the neonatal intensive care unit could not manage without them, and a palliative care lead nurse said, "Their flexibility and willingness to help and support families is something I have never experienced anywhere else". The commissioning system does not reflect their essential function for all of those surrounding public services; they have been largely left to depend on voluntary income. As the Lords Committee on Charities knows, fundraised income is in dire jeopardy for any charity, so that places the whole service at risk.

The Chair: Thank you, Kathy.

Josh Hardie: I am the deputy director-general at the CBI. The CBI's purpose, essentially, is to make sure that government and the 200,000 businesses across the country we represent work as collaboratively as possible to improve prosperity. I will try to pick some slightly different types of examples from the very good ones Paul and Kathy focused on.

Although there have been problems in some areas with the collaboration between government, business and charities, there have been enough stand-out examples that should give us confidence that we can learn from them and that they can see us through to a better collaboration on the other side. A lot of our members have been fast to recognise the need out there in communities and fast to redesign their operations.

We at the CBI have set up virtual meeting places almost as a sort of dating app for social needs, government procurement needs and business capability, particularly where businesses have excess capacity. We have been absolutely overwhelmed by the demand for them. That is a fantastic signal. It is a reminder of what can be done when organisations have genuinely worked together with a shared vision.

As examples, first and possibly the most obvious, but I think worth noting, are the Nightingale hospitals. At the beginning of the crisis, we were watching China on our screens building hospitals in double time. I admit that I said we could never do that, yet we did; we did it in weeks. That was government, the private sector and charities coming together. The private sector provided security, project management, administration, construction and cleaning—all sorts of elements—and that created 4,000 hospital beds, which thankfully were not all needed in the way we feared they might be, and I hope will not be. To have achieved that is massive.

Similarly, a member of ours, Advanced, a technology business, extended the NHS 111 line at a time of absolute need. My wife had coronavirus and the line was clearly overwhelmed as people were trying to get through. Advanced also built the 119 line where GPs were able to teleconference with patients to make sure that people could still get their healthcare despite the virus. That was real collaboration and innovation done within weeks.

We all know about the ventilator challenge, and about the number of businesses, not just the leading industrialists in that group, but other manufacturers were knocking on our door saying, "What can we do to help?" Not all of those opportunities, as was played out in the media, were responded to or could be used, but, where they were, it really worked.

More broadly, on PPE, I could not buy compost from my local garden centre when it opened safely because the manufacturers of the compost bags had transferred their operations to making protective equipment.

The Chair: Fantastic.

Josh Hardie: Those things were happening everywhere. I know we will come on to learnings much more in the Committee. Those things show that when you base relationships on true collaboration, when they are based on a joint attempt to define and hit the outcomes, rather than lowest-cost, predetermined projects, you unlock the diversity of the supply chain, large and small, with national strategies with local implementation, real value for money and value for stakeholders of various sorts. Most importantly, it is when you get the best solutions and outcomes. That is something that we have been discussing, as many have, with the Cabinet Office and others for many years. There has been progress, but, if ever proof were needed that that is a better way of building those partnerships, I think there is a lot we can learn from the last few months.

The Chair: Thank you, Josh. I meant to say to Committee members that because we are doing a new system, if you want to ask a supplementary, put your hand up and I will call you in. I am sorry I forgot to say that before.

Lord Hunt of Kings Heath: Those were very interesting introductions and presentations. When we go back to business as usual, I suppose the risk is that public bodies will also go back to what you have described as the straitjacket of silo commissioning. What do you think needs to happen to encourage public bodies to think imaginatively? Do some of the rules under which they are audited or held accountable need to be changed to help that?

Kathy Evans: We have so many ideas on that subject. I and many of our members do not expect things to go back to business as usual. We certainly do not expect a lot of the dimensions, the practice, to go rapidly back to usual.

Many of the things that have been learned during this period warrant consideration as a new normal. One of those, we hope, will be the flexibilities that were created by the Cabinet Office in its March policy note on procurement for all public commissioners. That was the first time we had seen recognition that the relationship between an outsourced or a contracted supplier and the public commissioner needed to be mutual. It needed to be understood on the basis of the organisation's capacity, challenges and financial safety, and the ways it needed to adapt in order to meet public need rather than pre-set contract terms, so that it enabled both variance from KPIs and variance of primary purpose of contract. It enabled forward payment instead of paying by arrears and placing all the risk on the delivery organisation, and it emphasised the need for things such as prompt payment and dialogue rather than transactional contracting.

For me and those of us in the infrastructure bodies who confer on such things, those are ground rules that should be expanded beyond Covid, rather than returned to and retrenched. I have more ideas about how systemic reform in commissioning should take place.

Josh Hardie: There are probably three things. First, I think things will and should change, but we should never underestimate the gravitational pull of habits. For all the conversations that we have all had, whether about the world of work, agility within business, remote working or the relationship between business, charities and government, the pull to go back to business as usual is going to be strong. We will only avoid that if we resist it and hold on to the things we have done better. It is important to be having this conversation and to use it as an opportunity.

Secondly, a lot of the direction of travel was there already, to be fair to all parties involved. *The Outsourcing Playbook* started a movement towards a more collaborative approach, less of a cost approach and more of a social value approach. In a sense, we need to build on that.

I absolutely agree with a lot of the things Kathy and Paul said. Some of the behaviours throughout the crisis, such as the PPNs that have been issued that actually supported contractors, and some of the moves to cost-plus payment rather than KPI payment, to reflect some of the stress that businesses are under, are signs of understanding that there is an interdependency in the relationships in contracts, and that needs to be valued and respected. We will come to a lot more detail later, but I hope that we can identify and value the changes we made and really push them through to the other side, because it would be a huge wasted opportunity if we did not.

Paul Streets: There has to be real concern that we go back to the bad old days, to be honest. They were not very glamorous. The truth is that, before, we had the EU to be the reason why we could not contract with the voluntary sector; *OJEU* was always claimed as the bogeyman. The danger now is that the fiscal response is such that local authorities will be cash strapped. We are already seeing Section 114s potentially, with local authorities being unable to spend resources. That is the concern.

Authorities need to see what has actually happened on the ground. We did research a couple of years ago to look at what the value of small, local specialist organisations is, and it showed three things. Frankly, it does not matter whether they are businesses or charities; they are symptomatic.

First, they are fast. They respond quickly because they are able to make decisions. They do not have multiple layers of decisions between those at the top and those at the bottom. Secondly, they are completely flexible, so they adapt to need. They do not provide what is in the contract; they see what is there on the ground and respond to that need. Thirdly, they create local wealth, with jobs and wealth in local economies, because they employ local people and deploy local volunteers. Those things have always been there. They have just never been recognised.

We have to shift away finally from the bad old days of Carillion and the bad old days of transforming rehabilitation, which were commissioning disasters, led by central government, arguably, in both cases, to a more nuanced approach towards commissioning that learns from grant makers like us. Fundamentally, we look at organisations, ask if they are led in the right way, if they are focused in the right way and if they know more about the people on the ground than we do. The answer is almost unequivocally yes. Then we support them to do what they do best. We do not contract them to do something entirely different. That is the past.

The future needs to be more as we have seen it now. Grenfell showed it absolutely. We have seen a thousand Grenfells around the country in the way that the voluntary sector has responded. Small, local, specialist organisations and, frankly, businesses have played a critical role. Let people do what they know best and trust them more.

What we must not do is tie people's hands up in bureaucracy that is driven by procurement departments. I do not think local authority councillors want that either. I spoke recently to David Williams from the County Councils Network, who talked with you at your previous session. We know local authorities want to be more creative, but they get bogged down in a set of bureaucracy led by the procurement departments and supported by things like *OJEU* and the kinds of barriers that sometimes central government puts towards contracting. Kathy is absolutely right:

the Cabinet Office guidelines really liberated them, and they have now been extended, I saw yesterday, until October. That is absolutely welcome.

Let us liberate those organisations to do what they do best, but let us not assume that that is anarchy. Not all small organisations are good. We do not fund bad organisations, and local authorities should not fund bad organisations, but we know enough about what is good in leadership, governance and focus, and particularly connection to local people, to know what is worth supporting.

Let us get rid of the shackles. My fear is that the fiscal settlement we get from central government will force local authorities to retrench. We have seen some real fears. We saw that in the Coronavirus Act. We do a lot of work with people with learning disabilities. People with learning disabilities, or those, for example, who have special educational needs, are really concerned about the fact that they may no longer be assessed on need.

There have been a lot of things that have been good about this, but there are a lot of fears for the future that we might get into as the proceedings go on.

Baroness Pinnock: Paul, you expanded on a question I had in mind, which was about the stranglehold that central procurement, central commissioning, has on local authorities being able to be flexible. I ought to say that I am a local councillor as well, so that is my interest.

The majority of local councils want to work collaboratively, for all the reasons you gave, with local charities on the ground because they can deliver services more flexibly and quicker than large bureaucracies at local council level. The key issue for me is the stranglehold of commissioning and procurement required by central government, and the real risk of inadequate levels of funding for this amazing transformation to continue. I would like some thoughts on that.

The Chair: Could you make it quick, because we have spent rather a long time on this question?

Kathy Evans: I would not necessarily agree that local authorities are being dictated to in their procurement culture by national government. We find enormous variation in local procurement culture, varying from the highly collaborative and still committed to giving grants for the voluntary sector, to outsourcing everything that moves as competitive contracts, down to £10,000 contracts. That is about the idiosyncrasies of local procurement culture. National government could give strong leadership in changing that and could do far better with Whitehall procurement culture. But, yes, we are deeply concerned about the cuts over the last 10 years, which have affected everything to do with how we can resource good public services.

The Chair: Josh or Paul, do you want to come back on anything?

Josh Hardie: I have nothing to add.

The Chair: Thank you, everybody, for that. We are trying a new form of questioning so that we can push you on questions. That is why I allowed that one to go on for quite a long time. Baroness Wyld has very kindly agreed not to ask her question because it has sort of been covered in that. That is why I was able to spend a little longer on that particular question.

Q52 **Lord Bourne of Aberystwyth:** Thank you very much indeed, Chair, and thanks to the panel. Some very encouraging points are being made.

Following some of the answers to the Chair's question, could I ask about some of the challenges that charities and the private sector have faced while helping to deliver public services during lockdown, and how you see us perhaps meeting those challenges as we come out of lockdown?

Josh Hardie: The main challenges I would point to, honestly, have been the challenges that the virus itself laid at firms' feet across the country. Almost instantly, there was huge disruption, whether cash flows drying up, demand disappearing, supply chains being incredibly fragmented, not just outside the UK coming in but across the UK itself, having to invest to keep staff safe, and working with unions and HSE to do that, or facing massive staff shortages. It was an unprecedented shock to the business community, and that meant challenges whatever your line of work, whether you were working with government, charities or other businesses direct to consumer. Survival was an absolute priority for many firms and holding on to as many jobs as they possibly could.

The level of public/private work fell by two-thirds. For those who rely on public procurement and funds, it was a massive shock. We have touched on the way public/private partnerships have worked. Some are good, but there was an element of fragmentation, with inconsistent responses, whether the ability to work on PPE or in particular areas such as apprenticeships. There was a very slow response to providers about what they might expect and what help might be available for them, which then stores up problems for the future.

There were some good responses as well. I have mentioned already the Cabinet Office's work on PPNs. PPN 02/20 on supplier relief—now, I think, 04/20—is very good, with the ability to flex from payment on KPIs, or having KPI holidays, to cost-plus. That helped firms to adapt and be more confident that they would survive and be able to deliver as much as possible of their contracts.

I will not repeat what we have said about outcomes-based collaboration, but, looking forward, there is another challenge that will be sharp. One of the main characteristics of the recession that we are heading into is going to be unemployment. We know that unemployment falls unevenly and scars a generation, particularly long-term unemployment, whether it is young people, entry-level jobs, race, gender or region. If we are to prevent that scarring and deal with it, charities, business and government working together will be absolutely fundamental. There will have to be an active approach. If we just sort of do our best in a general way, it is going to drive even greater inequality. How we use grants, procurement, or more informal relationships actively to target a more inclusive, fairer approach to job creation as we move forward will define the way that this generation feels about the next decade.

Lord Bourne of Aberystwyth: I do not want to lose that interesting point, but do we need some sort of massive central projects? We have talked this week in the House about house insulation. Do we need that sort of thing, homes, a big housing programme? Is that the sort of thing that we need coming out of this, in your view?

Josh Hardie: Certainly. They are necessary but not sufficient. There are clearly big, grand projects that are job creators and that set us up for a sustainable, high-tech future. A lot of them are planned already. In the overall scheme of things, it is not quite so frightening from a financial perspective to bring them forward and invest in them because we were going to do a lot of them already.

They create jobs, but without active intervention alongside them they could just be jobs for men in construction, and that is exactly what we have to avoid. At local labour market level, we see time and again that when there are business failures—for example, Honda—jobcentres, FE colleges, local training providers, businesses and unions come together and are really agile, identifying comparative skilled jobs in the region and redeploying people and, where those are not available, providing the right training. If we have a scheme like that, alongside investment in long-term projects, we at least stand a chance of mitigating the worst of the impact.

Paul Streets: It is interesting that, as the private sector has seen a drop in demand, we have seen a rocket in demand at a time when income has collapsed. We have seen a big rise in the complexity and volume of demand. Put yourself in the place of a refugee in the north-east of England with no support and no services to turn to; or a child with learning disabilities in Cornwall who suddenly has been told that they can no longer go to the group they have consistently gone to throughout their lives, and they cannot understand why, nobody can tell them why, and they do not know how to deal with that; or a homeless person who has been put in a hotel for the first time in their life and is wondering what is going to happen after the hotel.

We have seen a rise in demand and a rise in the complexity of demand at the same time as we have had a plummet in income. We need to recognise that most charities base their service and business models on two things: face-to-face contact, particularly if they are dealing with disadvantaged people, and group work. Both those things have been challenged.

One of the biggest challenges coming forward for us is whether these new ways of working can work. We can look at the new nirvana and talk about GPs suddenly going on online, and probably for people like us that is absolutely fine; we are probably very happy to have a 10-minute consultation online that saves us a day out of work. If you are a disadvantaged person in the community, you do not want 10 minutes online; you want to be with a group of your peers understanding what it is like to live with other people who are facing what you face. You want face-to-face contact with somebody who will deal with the fact that you were sexually abused as a child and that is one of the reasons that you are carrying the baggage you live with now; or you are a refugee from somewhere in the world where you may have witnessed your parents or your children being killed. Those things are not handled in 10 minutes of Zoom.

There is a huge challenge for us in how we redesign business and service models. At the foundation, we think that a lot of our work is going to be focused on that. Digital is fine, but it only goes so far. Looking to the future, we are especially concerned about the most vulnerable people in the most vulnerable places. We have huge concern that the answer of central government is massive, capital infrastructure. It is not the answer. The answer is thousands and thousands of local investments in small local organisations that create local jobs in local economies.

We need an unequal response to what is going to create a very unequal society, and an equal response that focuses on the places and the people who are most disadvantaged. That means investment in social infrastructure, not massive infrastructure projects from central government. They may have their place, but, as we have seen from Carillion, they tend not to work and they tend not to hit the right people in the right places. It is about lots of local investment. If ever levelling up was a political mantra, we are sure as hell going to need levelling up at the end of this.

Kathy Evans: I would reiterate, and therefore will not repeat, lots of the points that Paul made. I underline that the biggest problem going into this pandemic situation for charities and councils alike is 10 years of cuts, a £3.1 billion gap in funding for core children's services, the decimation of children's centres, youth services and the community infrastructure that all families need, including the people who work for our charities and the people who work in our councils. To say that we went in cash-strapped, fragile and precarious as public services would be an understatement. It is only to the credit of the people, not the procurement of the public services—certainly not the investment in them—that we have seen such efforts maintained.

I want to quote a couple of people, one from the NHS, a mental health service practitioner, and another from a charity offering educational support, because they offer a reality check in the situation that we need urgently to move on from. An NHS mental health worker said: "Some charities are streets ahead of the NHS in terms of understanding mental health and children. They seem to have been better placed to respond quickly to community need in terms of IT and the autonomy to make clinical decisions. In the NHS we are swamped with box-ticking and covering our backs and blinded by risk”.

Inequality and poverty have obviously been referred to, but we can end up talking about them as if that is what happens to people outside our public services and our charities rather than a desperate situation for a workforce that is widely underpaid and undervalued. A member of staff in an educational support charity said: “People like me who are key workers, on low pay and taken for granted because of our caring natures to our fellow human beings, are undervalued and underpaid. What incentive is there to key workers to continue when you know the Government are not behind you with PPE or a reasonable wage? A nurse came to me for food vouchers because they do not have enough for food after they have paid the rent and bills; they have two boys of 9 and 13 and their dad lost his job”. Those are the realities for the families on whom we are relying to deliver continued, and ideally better, services.

We need to grasp the threats to anything resembling a recovery that are our entrenched inequalities, our socioeconomic inequality, structural racism and the digital divide. There are a number of families and professionals who have been unable to keep doing what they do, or to remain connected, because they do not have the equipment to do it in the ways that we have adapted to in digital online. There is a wealth of difficulty in safeguarding children in the conditions that have been adapted to. Many people are doing the very best they can, but there is huge alarm about what we think will probably be a huge amount of hidden harm to children, and whether we have the capacity in public services and charities to deal with what emerges as we come into more contact with children through unlocking from lockdown.

Q53 **Lord Bichard:** I have two questions rolled up into one. I will ask the first half and then a supplementary based on what you have all been saying. The first question is about whether you feel we struck the right balance between local and national in the way we planned and delivered services for the public good during the pandemic. Have we got that balance right?

The supplementary is prompted particularly by Josh’s comments about the gravitational pull of habit. What you have been describing with enthusiasm as a way forward is not entirely new. Many of us have been saying it for many years, and we probably feel that the last three months have proved that we may have had a point. But the gravitational pull of habit is huge. In a period when there is probably going to be even less money than we have had in the recent past, do you have any practical ideas for what we could do to prevent that gravitational pull? Have we got the local and the national right, and do you have any practical ideas about how we can protect some of the great things that have happened in recent months?

Kathy Evans: On the national and the local, from where we are sitting, it looks like a complete mess. There are many areas of service where we have long been calling for more national direction and responsibility, such as the children’s care provision sector, a 35-year marketplace that is near collapse, dominated by private equity and where there is significant precarious risk. The LGA has called for national oversight. The HCLG Select Committee has called for national oversight. Still we have none. Jeremy Hunt yesterday admitted that he considered that his failure to take national oversight of adult social care was his greatest failure.

Where we need national action, we do not have it, and where something should be led locally, such as track and trace, and everyone agrees that it should be led locally, we have national holding the reins and issuing contracts at national level, huge discretionary contracts, where there is a clear double standard. I know of no charity that would be allowed to take such huge singular contracts and then fail to deliver on them so spectacularly.

There is a smorgasbord of things that should be local that are being done nationally, or being done nationally that should be local. The school system was already structured to be chaos in that respect; some schools are managed by the DfE and some by the local community, or there is school autonomy versus DfE direction. None of it has added up. We are very concerned that DfE decided that this was the time to deregulate safeguards for children in care when it was not clear that that was needed or wanted locally and was certainly not about doing better for children.

So, on national and local, no, it does not look right. Some of the brilliant work that has happened locally has been in lieu of there being a proper national strategy to prevent poverty, hunger and destitution.

On the gravitational pull back to normal, we need to bust the myth that competitive procurement costs less and is any way of saving money. The bill for children's services keeps rising the more competition and the more tendering you do. It has also resulted in fragmentation and the duplication of very tightly rendered service specifications, where professionals could do more and could be more adaptable on simpler terms if they were given autonomy.

I would not argue for freeing up because it is cheaper, but I cannot see how much more expensive it could be than going out to routine competitive procurement. The entire costs of the industry of public sector procurement could be vastly simplified and cut down if we used trusting relationships of the kind that Paul discussed.

Josh Hardie: I have a few additional points or examples, I hope. On local and national, clearly it is about consistency as much as balance, and what everybody involved in this will say is that, particularly at local level, the consistency has not been there. Yes, you have to get the balance right, but you also have to get it uniform across the country.

There is work going on that works, particularly between businesses and charities, where you show the power of a national approach with local on-the-ground delivery. Most supermarkets have very effective schemes, whether around food redistribution or support for local causes.

Mastercard has set up a very effective scheme called the Priceless Planet Coalition, planting a million trees with bodies such as Transport for London and thousands of local charities. The models that show how local and national can work together are there. We need to keep building and working on them.

Is this going to be a watershed moment? I think it is clear that it needs to be a watershed moment. As I said before, I do not think it is a new direction of travel. You said that a lot of us had been saying this for a while. The Cabinet Office has been working on it. *The Outsourcing Playbook*, which is meant to be an iterative process, has launched and is starting to push procurement towards less of a simple cost analysis to more of a value analysis.

Can that be built on with incentives for R&D and for innovation, with better training both for procurers and for suppliers, so that the value of relationship, communication and collaboration is understood and is almost emotionally bought into by all the people involved, so that they are not just words on the page but behaviours in the real world? It is not going to be straightforward, but that is what we all have to focus on.

The Chair: Is that how you want to respond to Lord Bichard's second question?

Josh Hardie: Yes. I am sorry, I put the two together; I could have been clearer.

The Chair: That is fine.

Paul Streets: I have some sympathy with what Kathy says, but I think national has done some things that have been really important.

The additional council money is important to enable councils to do what they do best. The Cabinet Office flexibility of guidance has been helpful, as has the furlough scheme to some extent, although there is lack of recognition that the furlough scheme has not worked for charities where demand is rising. Also there is the fact that Rishi Sunak's announcement about additional resources to the sector recognised that small local organisations were critical to responsiveness.

Frankly, the centre has tried to do too much that should have happened locally. It seems to us that there needs to be a predilection to the local wherever possible. We have done a lot of work with Locality around something called Keep it Local, which is about the simplest methods by default. Somehow, we need to get away from a centralised approach towards contracting; it might work for big construction projects, but it certainly does not work for the kind of social infrastructure that is at the centre of what we do.

We have been hoping ever since 2008 that necessity would be the mother of invention, and that finally cash would get so tight that local authorities would have to think differently about how they commission. What they most need to do is look to local organisations that would bring in additional resources. Actually, that means funding the voluntary sector, because the voluntary sector will bring in lots of additional added value beyond the contract, but it requires a big mindset change. It will require central government to loosen the reins somewhat and it requires us to use some of the things, as you said, Lord Bichard, that we already know work.

We have looked at things such as alliance contracting, and we are using it in Plymouth and elsewhere. It is a different method of contracting. It is a partnership approach, where multiple providers get in the room with the commissioner and think about what each of them can do, and share risk and share reward rather than have the kind of naive subcontracting approach that might work if you are building a house. It does not work if you are trying to provide support to severely disadvantaged people.

There are plenty of good examples. I have a document here from Locality that talks about them. We need to deploy some of these things in scale, and all we hope is that actually the paradox of tighter resources might mean that local authorities have to do that, because they simply cannot address the problems in the way they have done in the past.

It requires a shift to prevention, because we saw even before this a shift away. We did some work on homelessness in a report with the NPI a few years ago: *A Quiet Crisis*. I have it here. We talked there about the shift in preventive spending away from homelessness, for example, keeping people off the streets by funding them in temporary accommodation. Some of those shifts have to change. One can only hope that perhaps for the best local authorities some of the blinkers have been unveiled and they have seen the power of the sector to do things in different ways, and will liberate it to do that. I am not sure whether I am optimistic or not. Nevertheless, the centre must play a role.

Q54 **Lord Hogan-Howe:** First, thanks to the witnesses. The area I want to concentrate on is around *OJEU*. Whether you are for or against Brexit, you have to be against *OJEU*. I think you have all said that. It does seem to take longer to make a worse decision and it takes an awful lot of effort and, therefore, resource. There is going to have to be some quality check of public spending of money. You cannot just give it to a charity, for example, because it has a good intention. It has to spend it wisely.

Where have you seen an excellent procurement process? Even in big commerce, I have seen poor ones. Can you give us any evidence of where you have seen really good ones?

Paul Streets: If I may, I would point you to hundreds of grant makers like us who do this as our bread and butter. We do not call it contracting. We call it grant funding. We look at the organisations that we fund. We look at their leadership, their governance and their finances. We look at whether they are constructed in a way that enables them to survive for the future and we make a determined decision on whether we fund them. It is what somebody in a different sector would call venture capitalism. We decide whether we are going to invest in them, and we back them to do what they do best. That is intelligent grant making; it is outcome focused. We do not fund the worst; we fund the best. We monitor outcomes. Those outcomes are held accountable to local boards, not to us as a contractor in that context.

Funders like us give something like £3.5 billion to the social sector every year. We do not throw it down the drain by funding rubbish. We fund good organisations that produce outcomes, and the best of us are exceptional at doing that. We have shared this many times: we have written extensively about the value of grants over contracts, and we do it again and again with local authorities. There is a different way to fund, certainly local organisations, which in the end are mission driven. These are not organisations that you are asking to shift from doing A to doing B. They are already doing A. They just want to do A a bit better with a bit of support from you, so it is a different model.

I cannot speak for the private sector. It is different, clearly. The private sector needs to be financially incentivised to do the job, but we are talking about commissioning organisations that will do the job anyway because it is the reason they exist. It is simply about how we support them to do it better. As I said, there is £3.5 billion-worth of funding from funders like us that say we think we can do this well and fund the best organisations to do what they do best, and focus on outcomes that, critically, are focused on the needs of the person who comes through the door, not the contractor. That is the shift. In the contracting model, we have shifted responsibility away from the customer-focused model that should say, "The most important person in this relationship is the homeless person who comes through your door, the person with a drug or alcohol problem or the refugee. They are the most important, not me the commissioner".

We have shifted responsibility away from focus on the individual to the person who funds the service, through a commissioning system that does not work. Look to grant makers would be my answer.

Baroness Tyler of Enfield: On the national and local issue, Paul, a phrase I think you used, and others have certainly talked around, is the need for central government to loosen the reins. For central government to feel comfortable and confident to do that, what sort of conditions would need to be in place so that it felt it really could loosen the reins, and can you be as specific as possible, please?

Paul Streets: Kathy will have views on that as well because Children England has written extensively on it.

What the Cabinet Office has done is going in the right direction. We need to distinguish heavily regulated services, where there is absolutely a need for regulation for public protection, and where the private sector is a very significant provider, as in residential care for elderly people or domiciliary services. Some of the voluntary sector works in that space too. There is an absolute need for a regulated service that sets standards that give a degree of consistency and protection to people.

Most of what the voluntary sector works in are not regulated services. They are often non-statutory services. Services for homeless people are not normally statutory services. Many of the things that we fund are not statutory services. You need to loosen the reins and understand that the best place to determine what those organisations and people need is the organisations on the ground themselves. It is a bit like trying to commission a corner shop. You do not commission a corner shop; you find somebody who is good at running corner shops and back them. We would say that is the model.

It is not about anarchy. It is about recognising the difference between large, standardised approaches that should be properly regulated to protect the public and those that are focused on a range of services that generally are not regulated, because they are not statutory. Most of the work we do is in that exact category.

Kathy Evans: Yes. If we are leaving the EU and therefore the *OJEU*, which many of us will not regret, and there is an opportunity to redefine a British approach to procurement, I would argue for all human-facing services—human-to-human services—to be taken out of scope of the procurement regulations. It is an anomaly that they ended up there. They were for a very long time in an optional status within the EU regulations anyway. A country could choose not to consider human and social services as part of their procurement obligations at all. It was optional and it should be out, because these are not transactions. Investing in human services that need to serve their public is not the short-term purchase of a product.

There is an opportunity to rethink our approach to investing in, funding and partnering in human services, if we take it out of the idea and the definition of procurement. In that context, we also need to recognise that KPIs do not measure anything useful. As Goodhart's law said, as soon as you take a reliable measure and turn it into a performance control, it ceases to be a reliable measure.

We have been chasing funding around on data that is disingenuous and then confusing that with accountability. Accountability for how we spend money and whether it is spent well does not sit in a spreadsheet. The accountability the public need and want for how money is spent is transparency. I would argue that it lies in the Nolan principles already: integrity, openness, honesty, selflessness and leadership. They should be used as a new framework, and the ethics framework for all public service commissioning, but not procurement.

Q55 **Baroness Wyld:** I have a new question, but maybe people will do extra follow-ups. Good afternoon, everyone.

Josh, I want to pick up your very interesting point about unemployment and the next generation coming up, which others talked about as well. To help us put some meat on the bones, there must be some good examples of work that has already been done collaboratively between the private sector, the voluntary sector and with public services to address the issue of kids who are in danger of being left behind. They were there before Covid in so-called left-behind areas, and that has just been exacerbated.

I do not know whether we have time now, but would you agree that there are examples? Can they be scaled up and how would you go about doing it? I am happy for anyone to come in, but, if Josh could start, that would be great.

Josh Hardie: I have two thoughts on that. One is that, yes, there are countless examples of businesses, charities and the public sector working together on interventions for children, from preschool right through to post-school. One that jumps out at the moment is a small local one, VINCI Facilities, working with the Peabody Trust in Tower Hamlets to give 500 Tower Hamlets children what are called Reading from the Start opportunities.

It is not difficult to find many examples of those sorts of things, and many of them are very good. The only caveat I would put on that is that they need to continue and they should be grown, but unemployment is going to hit now, so you cannot afford just to build from the bottom. You have to have interventions for people, whether from school, FE or university, entering a broken job market right now, where suddenly their prospects are massively different from what they looked like six months ago, or people in large parts of sectors or large regions where jobs simply do not exist for the time being. You must have active intervention in the labour market, as well as interventions that prepare people for the labour market.

The Chair: Paul, did you want to come in?

Paul Streets: I defer to Kathy; children are her specialist area.

Kathy Evans: Children are, but not necessarily unemployed children; they are all meant to be at school!

We are equally concerned about the prospect of more unemployment. There are concerns among our members that the great value that came from the furlough scheme during the last few months, and potentially for a few months more, is a prelude to redundancy rather than a saving of jobs to return to. There are lots of in-sector concerns about the unemployment of people who really matter and are pivotal to our capacity to do what we do.

This is not about there being an initiative or a programme. We need a fund for future jobs. We should always have been investing in children and young people to be equipped for the realities of the job market, rather than simply ploughing through an idea that the height of academic qualification is what guarantees you a job, when that has not been true for many young people for some time. We have underinvested in vocational qualifications, and in really working with industry to work out what industry needs and how young people can be enabled to understand it.

There has been neglect of workforce issues, investment and training, certainly in the children’s sector, for at least a decade. There is huge need to retrain and to think differently about jobs, as well as about what we can do to stimulate jobs. We need to underline that reinvesting in public services from the level of cuts that we have seen for so long is an economic stimulus and will create jobs as well as meeting people’s needs.

The Chair: Thank you. Jill and Geoff, I am afraid we are running out of time.

Baroness Pitkeathley: Do not worry.

The Chair: I thank all the panellists. You know that you have been really helpful to us because so many people continue to want to ask you questions and find out from your experience. If there is anything that you have not had the chance to say that you wanted to say, or that you think we have missed, please write to us so that we can pick up on things through written submissions. I know that we already have a fair number of bits of writing from you, but if there is anything that has come across today that you think “I really ought to talk to them about that”, please let us know.

Lord Filkin: Would Kathy and Josh mind writing a comment on Paul’s point that there needs to be a much greater focus on prevention? Do they agree or not and, if so, could they give examples? One side of a piece of paper would be great. Thank you.

The Chair: Thank you very much, Geoff. I thank our three witnesses.