

Economy Committee – 14 July 2015

Transcript of Item 5 – The Role of the Third Sector in Employment and Skills Programmes

Fiona Twycross AM (Chair): That brings us to today's main item, the role of the third sector in employment and skills programmes. Can I welcome our guests for our first session today? I will ask each of you to introduce yourself and tell us who you are representing. Thank you.

Rob Hancock (Regional Education Officer, Southern and Eastern Region, Trades Union Congress): My name is Rob Hancock. I work for the Southern and Eastern Region Trades Union Congress (SERTUC) as a Regional Education Officer.

Dan Gascoyne (Director, West London Alliance): My name is Dan Gascoyne. I am Director of the West London Alliance.

Adrian Smith (Director of Commissioning, London Borough of Lambeth): My name is Adrian Smith. I am Director of Commissioning at Lambeth Council.

Laura Furness (Local Deals Manager, Big Lottery Fund): My name is Laura Furness. I am Local Deals Manager for the Big Lottery Fund.

Fiona Twycross AM (Chair): Thank you. I wonder if you could tell us a bit about how you feel nationally and locally commissioned employment programmes are performing in the areas that you cover, particularly for those with more complex needs including long-term Employment and Support Allowance (ESA) claimants and/or different communities in the capital.

Dan Gascoyne (Director, West London Alliance): There is quite a lot of evidence, whether it is from the National Audit Office (NAO) or the work that the Institute for Public Policy (IPPR) North has done to show that the Work Programme nationally seems to be performing more or less as well as previous programmes – and is perhaps better value for money – for Jobseeker's Allowance (JSA) claimants. For those on the ESA, consistently, it seems to be failing those harder-to-reach individuals who are suffering a more complex range of needs.

On the evidence locally, for example – and I should pass on Andrew Travers' [Chief Executive, Barnet Council] apologies; I know he wanted to be here from Barnet today – a statistic from Barnet shows that there are improving rates of employment for most groups. There are only about 3,700 JSA claimants, which is down by 43% over the past two years. Therefore, unemployment overall is falling. Beneath the headlines, though, some of their most vulnerable residents are still struggling. Those claiming ESA are up 2% on last year and there is a clear disconnect there, which suggests that the programmes that are there to support them are not working as well as they could be.

Fiona Twycross AM (Chair): Thank you.

Adrian Smith (Director of Commissioning, London Borough of Lambeth): I have a very similar impression in many respects. The Work Programme is performing very well for many groups. When you look at a borough like Lambeth, we are getting to a point now where we are reaching what you might consider to be full employment, upwards of 80%.

However, clearly, despite the uplift in the economy, there are certain groups who are not benefiting from the job offers that are available on the current support offer for those. Particularly, just to echo the point Dan [Gascoyne] has made, those who have more complex needs or face more barriers to employment are not benefiting from the improvement in the economy and are not benefiting from the kind of support that is on offer. What we are seeing increasingly is we have a hard core of residents who have remained out of work or very far away from the labour market, around about 20,000 people, over many cycles of the economy, whereas those who are closer to the market - JSA claimants and others - are benefiting quite well.

We were, in LB Lambeth, with our partners in LB Southwark and LB Lewisham, part-funders of the research for the IPPR North report. We have been trying to draw on much of that learning and insight to try to develop some welfare-to-work programmes that we can unpack. However, clearly, we are of the view that more locally based models where you can integrate the system to be able to wrap around the whole-person needs of someone who is out of work, particularly if they might be on Income Support or ESA and facing many barriers, is really the optimum model for helping those people back to work.

Fiona Twycross AM (Chair): What it is about the locally commissioned programmes that you feel can better meet people's needs?

Adrian Smith (Director of Commissioning, London Borough of Lambeth): When you go down to the individual level and you meet someone who walks in to sign up or take up a benefit or meet their job coach, what they tend to face in their own lives are multiple barriers. We have frequently found that somebody will walk in with a housing issue. It might be contact with homelessness or temporary accommodation. They may also have contact with the criminal justice system or it may be that they are a substance misuser. By having a nationally commissioned programme that looks at all of these issues in isolation, it is very difficult to support that individual back to work.

We have been trying to increasingly knit different kinds of provision together locally, which looks at it not only from the individual's perspective but ultimately from the end outcome perspective, defined as them being independent and resilient, where being in work is a key factor of that. By having the flexibility for those locally commissioned programme, we have been able to align in that person's case the housing offer, the substance misuse support that they get and the employment programme that they access, which for that individual is obviously a far greater and more optimal support offer for them. It is very hard to knit that flexibility together when you have nationally commissioned programmes.

Fiona Twycross AM (Chair): Dan, is that your experience as well?

Dan Gascoyne (Director, West London Alliance): Absolutely. In west London, we help our boroughs to collaborate together to find better solutions to deal with the problems they face and their communities face. We have a number of programmes that have started over the last six to 12 months that are demonstrating exactly the same point. In Barnet and in Brent Councils, both boroughs are looking at a local model of support for the long-term unemployed with local multiagency teams working alongside the voluntary and community sector to put a wraparound package of support around people in those localities.

The place-based focus is very important for us. We have certainly found that through the work we do, which started from some Transformation Challenge [Award] funded support originally back in the day and was part of the Whole Place Community Budgets programme about rewiring public services. In Brent, that is based around a particular estate, St Raphael's Estate, working with the Help Somalia Foundation with a central office and a multiagency team supporting individuals with multiple referral routes into that team. In Barnet, it's the Burnt Oak Ward and so a slightly bigger area, but again it is working with Love Burnt Oak, one of the local

infrastructure organisations, to bring in a range of local partners from the voluntary sector and the mainstream services to work together, focused again around the individual. That does seem to be the way to go.

Fiona Twycross AM (Chair): Are third-sector organisations in your area particularly effective in working with the needs of some of the hard-to-reach groups?

Dan Gascoyne (Director, West London Alliance): Yes, absolutely. Fundamentally, third-sector organisations are often created within and for communities and based around the needs that are identified there locally. It stands to reason that they will be experts not only in the perhaps specialist issues they are dealing with or the services they are able to provide but also in terms of the networks within the community. That has been very helpful for us with the two projects I mentioned in terms of the co-design of those. Rather than simply commissioners locally deciding what the solution might be, we are very much working with local communities to design something that we think is going to work. It is still early days, but again we have a good network of individuals and community groups involved.

Fiona Twycross AM (Chair): I will bring the others in in a moment but, Adrian, you are nodding. Does that mean that you agree broadly with Dan's points on this?

Adrian Smith (Director of Commissioning, London Borough of Lambeth): Yes, entirely, both on the co-design point in particular but also on the provision that has followed, although there have been challenges in both. Some of the most profound learning in the co-design phase was when we were bringing voluntary and community sector groups who worked, for example, with people with mental health problems together in a room and have them talk to us about their own experience and how the system could be rewired to improve the support offer for them. That was a real challenge for some of the professionals in the system, who had become very accustomed to providing services in a certain way, but that advocacy role was really important in the co-design work.

Fiona Twycross AM (Chair): Laura [Furness] and Rob [Hancock], do you have anything to add on that?

Laura Furness (Local Deals Manager, Big Lottery Fund): All I would add, really, is that for the new programme we are currently designing, we have been able to work on the point that for the voluntary sector, which works with the hardest-to-reach participants, do not want to have as hard a target because we acknowledge that they will be offering more wraparound support. We have designed our programme on that basis and the outputs and targets that follow will be on that basis to try to offer more holistic support to those furthest from the labour market rather than the participants closest to the labour market.

Fiona Twycross AM (Chair): Laura, can I ask you about the reasons that the Big Lottery Fund became more involved in funding employment and skills programmes in the first place? Was that prompted by concerns about current delivery?

Laura Furness (Local Deals Manager, Big Lottery Fund): Not really, no. It was prompted by the fact that we had not really done European funding previously and we wanted to get involved in European funding. There was an opportunity under European funding to work under Thematic Objective 9, Social Inclusion and Poverty, which fits with the Lottery's current vision of bringing a real difference to these communities most at need. It just felt like the two fit. As part of that, it was an employment programme and so it was an opportunity for us to make a real difference to people who may want to move further toward the labour market but need some support to do so, rather than necessarily gaps in provision.

Fiona Twycross AM (Chair): Thank you.

Stephen Knight AM (Deputy Chair): It used to be the way that local authorities saw part of their role as supporting a healthy and thriving third sector in their local areas. With the move to commissioning, do local authorities still see that as part of their role? I notice that, Adrian, your focus is as Director of Commissioning and that you commission from voluntary sector organisations. A lot of the money that used to go in grants now goes in commissioning contracts. Is it your job still to be supporting a healthy third sector in your borough or is that just a side effect of commissioning decisions and your focus is on delivering the best services at the lowest cost?

Adrian Smith (Director of Commissioning, London Borough of Lambeth): Yes, the lens through which we look at that is through something we call 'provider development'. It is less of the old-school capacity building and more about trying to make sure that we have a rich mix of potential providers that we can work with. As we move through our commissioning cycle and we start to identify new or different services or interventions that we want to actively then commission, we need to have been investing in provider development to make sure that we have a provider market that works.

We try to do that through three different levels in Lambeth. One is that there are some big national providers - even for-profit providers - that we will work with. There are some others that are more kind of partners that we will work with and that may or may not be not-for-profit. Then we have a very clear focus as a co-operative council on supporting and working with not for-profit organisations. We have a different relationship with them, which, through provider development, might mean investing in their workforce commissioning and trying to improve the skills and capacity of their workforce. It might be trying to support an organisation for its long-term viability so that it can remain a provider in our market. It may take many different forms, but it tends to be the less of the old capacity-building model and more about trying to make sure we have a rich provider market. Therefore, we do still have that investment offer there, yes.

Stephen Knight AM (Deputy Chair): Your provider does not have to be the local voluntary sector organisation that has done it for years. It could be a national organisation or a private organisation or whatever?

Adrian Smith (Director of Commissioning, London Borough of Lambeth): Yes.

Stephen Knight AM (Deputy Chair): Your focus is rather different. Dan, would you say that is true across all the boroughs that you work with?

Dan Gascoyne (Director, West London Alliance): Yes. I would not speak for them all individually, but I would say that clearly the impact of austerity brings huge challenges to all of our boroughs. Each of them face massive reductions in their budgets over the next few years and have cut huge amounts from their budgets in savings recently.

However, the point for me is about making sure that commissioning is done intelligently. If you understand what commissioning really is and do not think of it simply as a procurement model, you would understand that to achieve what commissioning is supposed to be about. If it is about meeting the needs of your community as a population in a place, then you need to have that diversity and the rich economy of provision. You need to have people who understand your local communities in order to get the best outcomes.

Commissioning generally is probably still relatively immature. There is something about how for us in west London we are trying to get a better understanding of shared commissioning intentions and outcomes so that that is a language that is understood across all of our boroughs. For me, you can have the most efficient contract in the world but, if it is buying the wrong thing, it is still a waste of money. The point Adrian [Smith] makes is really important.

Again, likewise, it is the ability to develop the provider market, including the voluntary and community sector, so that it is not simply, as Adrian [Smith] says, old-school capacity building. I know that capacity building is still, clearly, important and is still the language we would use when we are working with the voluntary sector and with infrastructure organisations.

Stephen Knight AM (Deputy Chair): How successful has this been in terms of ensuring that there is a wide variety of providers, particularly from the third sector, or are we seeing a large number of third-sector organisations failing as a result of this big shift, as we heard earlier?

Adrian Smith (Director of Commissioning, London Borough of Lambeth): It is mixed, to be perfectly honest. In terms of introducing a more mature provider development model, it is relatively early days. We are talking about a set of outcome areas around employment and skills that are not fully mature in terms of commissioning and there are still lots of organisations that work with us that expect to be grant-funded or expect project funding, which is a regime that we are no longer working in.

I would also stress the point that because we are trying to come at this from that outcome perspective, we are not looking narrowly into the provider market and looking at only employment and skills types of organisations. We have experience of commissioning mental health voluntary and community sector groups to work to employment outcomes and it is a very different pattern of experience. However, our long-term aim is to have that rich market, which means we have to try to support different groups to survive. That is forcing or pushing us into some more creative and innovative ways of supporting groups. Instead of just commissioning them with revenue, we might be commissioning for outcomes based on a capital or an asset deal, which is allowing organisations to survive and to continue to provide services in a very local way, even though they are not being commissioned for a mainstream programme from the local authority.

However, that is not to say that we have not lost voluntary and community sector organisations, those that were not serving a purpose and were no longer meeting needs in their communities and were no longer sustainable or viable. That is part of the pattern, unfortunately.

Stephen Knight AM (Deputy Chair): Laura, your organisation has a much clearer focus on the third sector and supporting the third sector in particular. To what extent do you think that the big shift that there has been to commissioning has worked for the third sector and that the third sector has been supported through that shift?

Laura Furness (Local Deals Manager, Big Lottery Fund): I am not sure. I know that the third sector, from our experience and feedback, still likes a different model and still likes the grant model. That said, the shift in commissioning and the shift in the process has worked for some. It has not worked for others, I would say, but I do not think I could give a fully comprehensive answer because my role within the Big Lottery is primarily on European funding. I am seconded in just to do that role and I do not have the level of background in the Big Lottery as somebody else may do.

That said, previous to the Big Lottery, I was in the Office for Civil Society at the Cabinet Office. Again, we had quite a lot of feedback and thoughts that the older models were quite welcome with grants rather than contracts and the change of commissioning was difficult, but there were most certainly successes from the change of the process as well.

Stephen Knight AM (Deputy Chair): In terms of one of the changes going on, the outcomes-based commissioning model is a change in terms of the way it is being done. What has been the impact of that on

those organisations that are bidding for these contracts? Dan [Gascoyne] or Adrian, does either of you have a view?

Adrian Smith (Director of Commissioning, London Borough of Lambeth): I was going to ask if you could clarify what you mean by 'impact'.

Stephen Knight AM (Deputy Chair): What has been the impact of the shift to outcomes-based commissioning on the third sector?

Adrian Smith (Director of Commissioning, London Borough of Lambeth): Do you mean the impact in terms of their sustainability as organisations or the impact that they are able to have on --

Stephen Knight AM (Deputy Chair): Yes, that and in terms of what they can deliver and their ability to compete, perhaps.

Adrian Smith (Director of Commissioning, London Borough of Lambeth): For us, it is not always about competition. I appreciate that. Our commissioning is allowing us to move into new areas, things like alliance contracting, where you can be putting groups of providers together where they do not have to compete and can work alongside other organisations whether they are not-for-profit or for-profit. That is an emerging model that works quite well. Therefore, I would always be seeing it through that lens.

For me, the introduction of commissioning and the outcome-based model is giving a greater degree of freedom to a lot of our voluntary and community sector organisations because they are able to better adapt their service models with the right support to be able to achieve those outcomes in very many different ways to the ways in which we would have traditionally designed services. We have employment-outcome programmes that are being delivered by local sports groups. They would never have had a chance in a traditional model because we would have been looking at it in a very siloed way. However, by using that commissioning cycle and, as Dan [Gascoyne] was saying, by starting with what you want to achieve and then looking at the different ways of getting there, setting the outcomes-based model is allowing those groups a far greater degree of freedom. Therefore, we have a much richer suite of services that are on offer to different residents that are meeting a whole of different needs that we were not able to meet in the past.

Stephen Knight AM (Deputy Chair): I can see in a sense that outcomes-based commissioning gives organisations a great deal more freedom in terms of how they meet those outcomes, which might be seen as positive. However, if it is outcomes-based funding, then in a sense there is a big transference of risk over whether it works or not to the voluntary sector organisation - a small organisation, potentially - delivering the service. It is that element that could be seen as putting the organisation at a greater degree of risk where their funding is dependent on a lot more unknown outcomes and is much more at risk. Has that side of it been an issue or been a problem?

Dan Gascoyne (Director, West London Alliance): Generally, there is clearly an issue around cash flow and the ability of smaller providers, whether they are voluntary or private sector, to be able to cope with an outcomes-based payment-by-results model that might defer payments until some later date. However, clearly, there are ways of designing the payment mechanism to help overcome that and to look at proxies towards outcomes that can be hit earlier on.

Fundamentally, whenever I look at the programmes that I have been involved with around reforming public services, whatever it might be, the tendency is that outcomes are poorly understood and it is very difficult to see, historically, the attribution between any intervention or budgetary spend and the ultimate outcome that is being sought. That is a generalisation, but it is pretty true across all public services. It is essential to move to a

better understanding of how we reach outcomes. We clearly need to look at the payment mechanisms to make sure that they are not going to inhibit the richness of the market that we have talked about as being important.

Adrian Smith (Director of Commissioning, London Borough of Lambeth): If I could add, the alliance contracting model has been developed partly in response to the issue that you are identifying. Whilst I do not know of many – if any – examples of it being used in the employment and skills arena yet, it is certainly something that across the three boroughs of Lambeth, Lewisham and Southwark we are trying to explore because it allows that risk-sharing. It allows commissioners to be able to go after the real priority outcomes as they are defined but allows them to work more collaboratively with their mixed provider base in the alliance. It is definitely something we will see more of in coming years.

Stephen Knight AM (Deputy Chair): That is interesting. Can I move on, then, to the Social Value Act? I am interested to know what impact that has had on your commissioning decisions. How has it changed the way that you commission services?

Adrian Smith (Director of Commissioning, London Borough of Lambeth): From a Lambeth perspective, we have taken an approach with the Social Value Act of building it into the commissioning cycle. It is seen less as part of the procurement phase and more as part of the outcome definition phase. Right upstream, we are talking about the broader social or public value that we want to achieve within the outcome definition. That is obviously driven by a needs assessment and other intelligence and evidence, but it is codified in the work as it progresses through the commissioning cycle. That has allowed us to then be able to get into the contracting phase with a clear understanding of what the Council wants to achieve through social value.

We would probably describe a number of case studies of success, but one of the challenges is always, again, around measurement and tracking and monitoring of impact around social value. We might have let a contract and have tried to codify the value that we want. Whether we then have the sophistication and the ability to measure and monitor and make sure we get all of those things in addition to the contract is something we have to refine.

Stephen Knight AM (Deputy Chair): That is the challenge moving forward?

Adrian Smith (Director of Commissioning, London Borough of Lambeth): Yes. Like most authorities, we have our Social Value Toolkit. We have published that. We are using all the metrics that we can to try to put quantifiable measures against these things and we are being very open about that through the procurement phase of the work. Then tracking, monitoring and measuring is part of the challenge going forward.

Stephen Knight AM (Deputy Chair): Dan, would you say most boroughs are in a similar position?

Dan Gascoyne (Director, West London Alliance): That is a fairly similar position. For our part, we are encouraging our boroughs to make sure they are thinking about social value early on in the commissioning process as well. We are looking at how we can better track the performance of that and so that is something that is a work in progress. Yes, it is fairly common.

Stephen Knight AM (Deputy Chair): Adrian, you spoke earlier about bringing voluntary sector organisations together into consortia and encouraging that in terms of, presumably, making the offer fit better with the services you want to commission. Have you seen a great many of these consortia delivered in the voluntary sector?

Adrian Smith (Director of Commissioning, London Borough of Lambeth): The most advanced model that we have - certainly in Lambeth - that I have come across is around our Mental Health Alliance linked to the Lambeth Living Well Collaborative, where we have had an alliance contract in place getting on for over a year now. That has allowed the different commissioners - the Council, the Clinical Commissioning Group (CCG) and others - to come together and align their commissioning intentions and then have a joint alliance with a whole range of providers around mental health including the acute trusts and also different voluntary sector organisations. We have groups like Thames Reach and Certitude involved in that. It has allowed us to sharpen our focus on the kinds of priorities and outcomes we want to see. It has allowed us to be able to align and better integrate the service offer for those people who are in the system. It has allowed the commissioners to take just over £2 million out of the £11 million of public sector spend but, actually, we are seeing an improvement in outcomes and performance as a result. Therefore, for me, it is a really compelling model.

We have done about a year or so of learning. We are trying to extract that out and place that into the employment and skills area and, importantly in this area, look at it jointly with our neighbouring boroughs. There is a real issue in the employment and skills field. You have this huge number of different providers all working and often even chasing the same individuals in the system and there is not a great deal of market shaping that happens across the three. Certainly all of the different funders have not yet reached a point where they are able to align and prioritise certain cohorts. It should be that by bringing the three boroughs together with that kind of alliance model we are able to have more influence and leverage on the provider market, even in areas we do not fund, to be able to create those more collaborative models.

We have to recognise that it takes an awful lot of time and investment to create. You require trust. You require relationships. You require the right governance. However, it will be worth the investment in this area in particular, given that diversity that exists already in the market.

Stephen Knight AM (Deputy Chair): Do you think there is a definite trend for this to be the way forward: bringing lots of providers together into consortia and, indeed, commissioners coming together and jointly commissioning?

Adrian Smith (Director of Commissioning, London Borough of Lambeth): Yes. Context will be everything. Different organisations really need a bit of history to work together. They need a common purpose to be working together. Again, never underestimate the importance of alignment around relationships, values and priorities. Where those things align, I see it as a really important model going forward.

Stephen Knight AM (Deputy Chair): Laura, do you see this in your area as well, bringing organisations together?

Laura Furness (Local Deals Manager, Big Lottery Fund): Absolutely. We have a lot of different programmes that require lots of different application formats. The biggest programme that we do in this arena is the European funding programme and we are encouraging a consortium approach from all applicants. That is a consortium approach not just from the voluntary sector but from the voluntary sector, the private sector and the public sector coming together to build the best partnership they can, not only to deliver the most effective outcomes and most effective service but also to start creating a legacy for future partnerships when this programme year comes to an end, to build the relationships early on and to continue to be able to work together.

Absolutely, we see the partnership approach for the harder-to-reach participants as being the way to go because there are so many needs. We feel it is quite difficult for one organisation to tackle the needs. It is

better for the participant to have a service that can offer lots of things rather than going from one to another. I definitely echo what has been said about the importance of bringing partnerships together.

Stephen Knight AM (Deputy Chair): Am I right in saying that effectively what we are seeing is a commissioning exercise where, instead of getting lots of providers and choosing competitively amongst different providers, you are effectively trying to put together a provider from a consortium of potentials and doing a one-to-one deal in terms of how services are delivered?

Adrian Smith (Director of Commissioning, London Borough of Lambeth): In some cases, yes, that could be the more appropriate model. It depends on what your evidence and what your needs assessment is telling you and it depends on what you have started to shape through the co-design period. I guess the point is that the contractual and legal vehicles exist to do that.

Stephen Knight AM (Deputy Chair): Where do you think this is heading? Are there future changes to the way we commission still to come or do you see a trend towards more consortia and more partnership arrangements?

Adrian Smith (Director of Commissioning, London Borough of Lambeth): Inevitably, it will continue to evolve. Whilst commissioning is not new, we have not always applied the real commissioning rigour to areas like employment and skills. Therefore, we are still accruing benefits by applying that commissioning work.

For me, with the shift into provider development, workforce commissioning and the alliance contracting model, we will add another level of sophistication to our ability to achieve the outcomes. However, equally, earlier on in the commissioning cycle, there is still far more work to be done around intelligence, needs assessment and understanding, and then that co-design phase. You will see an evolution across the different phases.

Dan Gascoyne (Director, West London Alliance): Just to add to that, if you understand the outcomes that you are looking for, it does not take you long to realise that as an individual organisation you are unlikely to be able to meet those outcomes working on your own. The partnership with other parts of the public sector in particular is very important in terms of that joint commissioning. We have a very strong partnership across our seven boroughs in west London but we are increasingly working with others such as the Department for Work and Pensions (DWP), Jobcentre Plus and health as well. There is still a long way to go there, but that is a huge area that we need to develop in terms of our commissioning approach.

Stephen Knight AM (Deputy Chair): Just before I move to Rob [Hancock] for a second, Adrian, you are Director of Commissioning, I noticed, in LB Lambeth. Do you have a very big directorate? How many are employed doing commissioning in Lambeth now?

Adrian Smith (Director of Commissioning, London Borough of Lambeth): The way we are structured in Lambeth is that in the Directorate of Commissioning we hold portfolios of outcomes. I hold outcomes for Lambeth's role in the London economy around employment and skills and, equally, around people living environmentally sustainable lives and our whole environmental sustainability agenda, and then a programme we have called Healthier for Longer, which is about wellbeing. As an illustration, my commissioning capacity for Lambeth's role in the London economy is about five or six people.

Stephen Knight AM (Deputy Chair): All your directors have 'commissioning' in their titles now in Lambeth?

Adrian Smith (Director of Commissioning, London Borough of Lambeth): We have three full-time equivalents at director level for commissioning and another two are joined with health for integrated

commissioning for adults and for children. Then there is me and one other, who focus just within the local authority.

Stephen Knight AM (Deputy Chair): Thank you very much. Rob, I wanted to turn to you in terms of the experience that you have of convincing commissioners perhaps to consider longer-term benefits rather than necessarily a short-term, financial cost-only analysis. We have heard from the commissioners that they are actually all doing this, in a sense. Is that your experience as a trade union representative?

Rob Hancock (Regional Education Officer, SERTUC): To be perfectly honest, it is not something I have been briefed on ahead of this meeting and so I do not feel confident to express --

Stephen Knight AM (Deputy Chair): What is your experience of commissioning and the move to commissioning of services?

Rob Hancock (Regional Education Officer, SERTUC): I was asked to comment on the moral barriers and those kinds of personnel issues. That is what I was invited along to speak about. To be honest, I do not have any first-hand experience with commissioning and so it would be wrong to invent any for the purpose of that answer.

Stephen Knight AM (Deputy Chair): My brief suggested that I should ask you, but that is a perfect answer when you do not know.

Fiona Twycross AM (Chair): The next session is probably particularly relevant.

Jenny Jones AM: I want to explore the issue of workfare because this Committee has heard from third-sector organisations that there are sometimes moral dilemmas. Moral dilemmas are a bit pick-and-mix at times. For example, the Salvation Army has supported workfare but does not support taking money from gambling.

Rob Hancock (Regional Education Officer, SERTUC): On workfare, the TUC's position is clear. We are opposed to workfare. We want any kind of involvement of employees or people looking to move into employment to be entirely voluntary and to have some kind of education and training outcome, as opposed to it being a source of cheap labour, to be blunt about it. That is where the TUC is coming from.

Jenny Jones AM: Apparently, the TUC supports work trials. Could you tell us a little bit about that?

Rob Hancock (Regional Education Officer, SERTUC): As long as there is trade union involvement so that anybody who is involved in a trial can get to meet a trade union representative, that trade unions are involved in the design of those trials, that health and safety considerations are taken account of and so on, then the trade unions will support them. However, that presupposes that people are there on a voluntary basis as opposed to it being mandatory.

Jenny Jones AM: Do you think it is unwise or wrong for charities and co-operatives to be involved in mandatory work placements?

Rob Hancock (Regional Education Officer, SERTUC): I noticed the word is 'moral' dilemmas and I am not sure that the TUC sees itself in any way a moral compass. We are just there to represent employees and so I would not like to comment on the conclusions that other people have arrived at. For us, all that we are interested in is seeing the development of employees and future employees because the economy needs that skills base. I can understand why the Salvation Army arrived at the conclusion it arrived at, but it is not for the TUC to pick a fight with the Salvation Army on moral grounds.

Jenny Jones AM: I do not see why not. We pick fights.

Stephen Knight AM (Deputy Chair): We could, if you wanted to, have a fight but I do not see much of a future in it, to be honest.

Jenny Jones AM: Perhaps I can go, then, to Adrian [Smith] and Dan. Two-thirds of participants in mandatory work programmes have said that they did not leave them enough time to look for jobs. Research has found that young people are twice as likely to find work if they have dropped out of a programme and three times as likely to find work if they refuse to participate at all. Clearly, there is not only a moral dilemma but also a practical reason for not engaging. Presumably, it is a barrier.

Dan Gascoyne (Director, West London Alliance): Your statistics are powerful. Again, I am not really qualified to comment on the moral issues around the third sector's thoughts about mandatory placements, but for what it is worth the programmes that we are setting up and co-designing are voluntary programmes to start with. The key is to make those attractive and compelling and understood. If people are aware in local communities that such programmes exist, they will want to go on them, particularly when they see it as a broader approach with more recognition of the wider needs they might have. That is all I would say about the mandatory programmes.

Jenny Jones AM: Just let me ask you: with the voluntary programmes, are people punished if they do not fulfil their obligations or their agreement?

Dan Gascoyne (Director, West London Alliance): Obviously, Jobcentre Plus has its own sanction arrangements and, again, it is not really something I particularly want to comment about in this session. They are not in the programmes that we are running, no. They are essentially additional to what is going on in the system. We are trying to prove that we can make a new model work and that will make its own case for how funding might change in the future. That is where I would be coming on and that brings us on to more of a devolution discussion, which is perhaps slightly later in the session.

Jenny Jones AM: Thank you.

Adrian Smith (Director of Commissioning, London Borough of Lambeth): I am afraid that you will get a similar response from me. Our politicians might engage more freely in the debate that you would like to have. In a very similar way to Dan [Gascoyne], what we have introduced locally is an offer where signing up to the programmes is voluntary. There is not mandation in there and I am not sure we would have the technical power to mandate. We have to be respectful of the DWP programmes that are administered by Jobcentre Plus, which have mandation and sanctions in them. At the moment, we do not have any leverage over that. We cannot change any of those policies. It is the policy framework that we have to work within.

That is not to say that we are not trying to build a business case that demonstrates that we would be better placed to design those policy frameworks locally because we are more responsive to the needs of our local population, and that is not to say that we do not think that you can create a model where a voluntary model actually can achieve better outcomes. That is the hypothesis that we are testing through the programme that we are running jointly with LB Lewisham and LB Southwark. We are finding lots more creative ways of getting people to engage and take part in programmes where they will work for the individual.

Jenny Jones AM: Actually, this moral dilemma is not a problem for you because you are not involved in those schemes anyway?

Adrian Smith (Director of Commissioning, London Borough of Lambeth): We have to be respectful that there is a policy framework and we have to work within it.

Jenny Jones AM: Laura, is it a problem for you that some third-sector organisations do not want to engage? Does that cause any problems?

Laura Furness (Local Deals Manager, Big Lottery Fund): We would love all third-sector organisations to want to engage, but we are aware that some organisations' own processes and policies may rule them out. We have looked very hard, along with our equalities and legal team, at whether there is any way around that. We are not able to find any way around that because our funding comes from where it comes from. Therefore, it is not ideal, but it is not causing a problem in the sense that we are not having a shortfall now of organisations. We would like all organisations to find it accessible, but we respect that some may not.

Jenny Jones AM: Is it, presumably, mostly faith-based organisations: Jewish, Muslim, anybody who frowns on gambling?

Laura Furness (Local Deals Manager, Big Lottery Fund): We have funded faith-based organisations. At the moment, there is only one very specific area of the sector that we are finding we are not able to work alongside, but we have not had any queries from anybody other than Salvation Army on the gambling issue.

Jenny Jones AM: I suppose they are just not contacting you or just not getting involved?

Laura Furness (Local Deals Manager, Big Lottery Fund): No, we have had some downloads and applications from other faith-based organisations. Without knowing each individual process, I do not know why it is more accessible to some than others, but we certainly do have some organisations that we have funded.

Jenny Jones AM: It strikes me that all three of you are all talking, really, about moving on with more voluntary systems. Are you giving feedback to the Government on this? Are you saying that this is actually healthier for society and for you in your work? Are you all being quite clear?

Rob Hancock (Regional Education Officer, SERTUC): We have certainly put papers to the Government on that. How far we will get with that is anybody's guess, but we have certainly made our position clear.

Dan Gascoyne (Director, West London Alliance): Similarly - and Adrian [Smith] used the term 'business case' - the work I referred to before, which started as part of the Government's Whole Place Community Budgets programme, has now evolved into some of the activity that we are delivering on the ground in a number of our boroughs. We are doing that based on a robust business case that was developed. This showed the cost-benefit to that, and showed how typically, for those more local employment programmes, about 80% of the savings in the programme were to Treasury through reduced benefit payments.

I appreciate that it is not to the departmental expenditure limit of the DWP and so it is more Treasury-aimed expenditure. Nonetheless, what we are trying to make the case for is how some of those savings nationally could then be reinvested locally. Until now, the investment had to be made by local partners on top of their normal budgets or through other one-off pots of funding like the Transformation Challenge Award or like the European Social Fund (ESF), which we are now using to scale up some of that activity. We would like to demonstrate a business case for the whole system to change. We are doing that and we are being very careful to make sure there is a robust evaluation process going alongside those projects for exactly those reasons.

Jenny Jones AM: Thank you.

Adrian Smith (Director of Commissioning, London Borough of Lambeth): Similarly, we have regular dialogue with our partners in the DWP in particular. The three local authorities – Lambeth, Lewisham and Southwark – have been happy to fund national research like the IPPR North report to make our case very publicly. We held a policy event two weeks ago with a number of officials from Treasury, the Department for Communities and Local Government (DCLG) and the DWP in attendance to hear, take part and listen to the leaders of our three councils talk about the success that we are achieving and the fact that we are proving the concept of a different model works. However, clearly, there is a process that we go through, which will now be wrapped up in the devolution debate, for what additional freedom, power or autonomy the political groupings of boroughs might have to be able to design policy or commission programmes themselves.

Jenny Jones AM: Thank you.

Fiona Twycross AM (Chair): Obviously, in the placements people have – for example, in shops – quite often the sense from people is that if there was not somebody effectively being mandated to work in these placements, they would be opportunities to provide actual jobs rather than placements. Does the TUC have evidence about the extent to which mandatory work placements actually replace real jobs?

Rob Hancock (Regional Education Officer, SERTUC): I do not know off the top of my head. It is a fundamental principle for the TUC. That is why we oppose mandation: because that does happen. I am sure somebody somewhere has some stats that I can produce later on if that would be helpful but I have nothing to hand, I must admit.

Fiona Twycross AM (Chair): Thank you.

Murad Qureshi AM: Thank you, Chair. Can I return to something we touched on: co-commissioning and devolution? At the last meeting, we heard about how the current round of European funding has been done by co-commissioning by those who hold the funds as well as local enterprise partnerships. Can you tell me what you understand by ‘co-commissioning’ and how you are practising it within the organisations?

Dan Gascoyne (Director, West London Alliance): Co-commissioning is fundamentally about commissioning jointly with other partners and, as I said before, having a shared understanding of the outcomes that we are looking to achieve through that commissioning process. That is the starting point.

Clearly, one of the problems with commissioning is that it is used in all sorts of ways and the language itself is misinterpreted depending on the sector you are from. Part of the work we are doing locally is to just have a common understanding of the language, which is quite important.

From where I am coming from – and you have asked about the ESF or European funding – in west London, we are fortunate that our seven boroughs comprise a functional economic area and that has been recognised through the ESF contract package area for west London, which we are pleased about. It means that we do have contracts at that scale and there is something about how we can make sure that that is locally shaped by commissioners and through involvement with working with partners including the voluntary and community sector. Nonetheless, it is quite helpful for us in terms of a strategic partnership to oversee that commissioning process within west London.

Murad Qureshi AM: Geographical boundaries are important, by the sounds of it, in your mind. However, I am still having difficulty thinking of Barnet as ‘west London’ and I think a lot of Barnet people will as well.

Adrian Smith (Director of Commissioning, London Borough of Lambeth): On the co-commissioning point, I would define it as being more than a loose partnership but not going as far as full integration. If you can see in that kind of spectrum, it is a space that allows different commissioners to come together and have a joint legal vehicle. We have set up a joint committee across our three local authorities to do this in the employment and skills arena, which provides us with the right governance, the right oversight and the right assurance around risk, financial probity and so on, but it is not as far as full integration. We have not collapsed democratic structures and created a new body that is going to act on behalf of those organisations but, similarly, it is not a loose partnership such that at any point any one of the commissioners could just walk away from this. We are trying to describe co-commissioning as that higher order of partnership. Where we would like it to go is where we are able to also do co-commissioning with other national and regional bodies but, clearly, again, that has other challenges to overcome around things like governance, assurance and so on.

Murad Qureshi AM: That definition is useful. For example, would you consider commissioning done by the tri-borough in west central between the City of Westminster, the Royal Borough of Kensington and Chelsea and the London Borough of Hammersmith and Fulham to be co-commissioning?

Adrian Smith (Director of Commissioning, London Borough of Lambeth): You are slightly out of my sphere of knowledge --

Murad Qureshi AM: There are a couple of things like library services and leisure. It could potentially cover waste management, which would be a huge contract.

Adrian Smith (Director of Commissioning, London Borough of Lambeth): I would make a distinction there between shared services, where you have agreed you will provide only one service jointly, and co-commissioning where, in effect, you would not be a provider of any of those services necessarily but you would be the co-commissioner of them. You would jointly specify outcomes, needs and priorities. You would jointly define resource allocation and options. You would jointly contract. It is not necessarily in a shared service model, which is probably more akin to the tri-borough.

Murad Qureshi AM: That is one level of possible definition. What about that between national and local? That is the thrust of much of what I am hearing this morning. What key features of co-commissioning there are we going to see expanded further?

Dan Gascoyne (Director, West London Alliance): Do you mean national and local co-commissioning or --

Murad Qureshi AM: Yes, that seems to be where it is aimed at.

Dan Gascoyne (Director, West London Alliance): Yes, we have been pushing for that for a long time. The local government sector is part of the mix in terms of devolution, we would argue. As with LB Lambeth, LB Lewisham and LB Southwark, in west London we are establishing a joint committee, which will have oversight of the economic prosperity agenda as we define it through the Vision for Growth that has been agreed for west London by all seven boroughs. That will, if you like, become a vehicle where we can have those co-commissioning conversations and engage with national partners as well as local partners. It provides the governance body through which we can have those conversations. Until now, it has been a little bit too *ad hoc*.

There has been some progress made through things like, for example, having secondees from central Government departments working locally in a place alongside local commissioners, again, dealing with some of the issues I mentioned before around language and understanding terminology and making sure we are on the same page. Clearly, even central Government departments have very different perspectives on what you might

mean by 'commissioning', let alone central departments and local partners. There is some work that we have been doing over the last few years to break down some of those barriers.

We are in a position now - and with the conversations that are happening within London government - to ensure that we can lay down a set of asks around devolution that are persuasive, that draw on the evidence we are getting from a lot of this local work and that demonstrate how as a partnership across London within groups of boroughs and with national Government we can really see the system change that will deliver the outcomes we have been talking about.

Murad Qureshi AM: There is a whole set of arrangements that can work within this --

Dan Gascoyne (Director, West London Alliance): There is no single answer to that, no.

Murad Qureshi AM: We have to see it in the light of what is devolved down to London government as well. Rob, is there a role for trade unions in this co-commissioning? It is going to affect a lot of employees and undoubtedly already has.

Rob Hancock (Regional Education Officer, SERTUC): The obvious thing, it seems to me, is to involve trade unions in constructing the specification under which people would take part or people would be engaged in working on any project of this kind. The contribution that trade unions could make is about the human resource side, is it not? That is where we would be looking to have some kind of involvement.

Murad Qureshi AM: Presumably, it is covering issues like terms and conditions, transfers and so on?

Rob Hancock (Regional Education Officer, SERTUC): Yes, definitely.

Murad Qureshi AM: I have covered it, yes.

Fiona Twycross AM (Chair): Fabulous. Thank you. That was the last part of our questioning for the first session. If anybody has come along thinking that there is a point you really want to get across, it would be helpful.

Dan Gascoyne (Director, West London Alliance): I would say, picking up on what we were just talking about and perhaps linking it to where we started, in west London the joint committee we are establishing will fundamentally be composed of leaders from the seven boroughs, but it will also involve special representatives from other partners. That is really important because they will be invited in specifically to influence the work and the decisions that that board is taking and will include infrastructure organisations from the voluntary and community sector. That is an important difference from perhaps a traditional model of governance in a place locally.

Fiona Twycross AM (Chair): Thank you.

Laura Furness (Local Deals Manager, Big Lottery Fund): I will just add that under the current programme that we are running with the European funding, the projects that have been designed in London have been designed collaboratively with the London Enterprise Panel (LEP). I am sure Alex [Conway, European Programmes Director, Greater London Authority] may mention something about that later on. Down from that, they have been designed through task-and-finish groups from the local voluntary sector and other organisations to make sure that the co-design is appropriate for local areas.

Fiona Twycross AM (Chair): Thank you. Thank you so much to everybody for coming along and talking to us about this issue this morning. We really appreciate it. You are very welcome to sit in the audience and listen to the second part of the meeting, but we recognise how busy people are and so you are also very welcome to leave and get on with the rest of your day. Thank you very much.