

London Assembly Economy Committee – Tuesday, 18 June 2019**Transcript of Item 7 – Outsourcing and Procurement in London**

Léonie Cooper AM (Chair): That moves us swiftly on to the first substantive item on this morning's agenda, which is on outsourcing and procurement. I would just like to introduce our guests, and I am going to start from my left and go to the right. That says nothing about politics, merely about geography. Thank you very much to all of you for sparing the time to join us. Our first guest just on the left there is John Tizard. John is an Independent Strategic Advisor, which I think is a great job title, but has also authored *Out of Contract: Time to move on from 'love in' with outsourcing and PFI*. We are looking forward to your contribution this morning, John.

We also have Matt Dykes, who is the Senior Policy Officer for Public Services at the Trades Union Congress (TUC). You are very welcome and we are also looking forward to your contribution, Matt. Nick Davies, who is a Programme Director at the Institute for Government. I think that is going to be an interesting set of contributions, possibly from slightly different perspectives.

We also are joined by some Greater London Authority (GLA) Officers. We have Rachel Williamson, who is the Director of the Economic Fairness Programme, and we also have Nabeel Khan, who is the Head of Economic Development, and Tim Rudin, who is the Head of Responsible Procurement – we can debate whether or not we think there is such a thing – and also the Supplier Skills Team at the GLA and also at Transport for London (TfL) as well. You are all very welcome. Thank you very much for joining us.

The first questions are going to come from me and I am going to start with a general, very open question. I am going to ask any of you who would like to indicate on this, and then I am going to move to John for a specific question: what does good outsourcing look like? Does anybody want to tell me what that might be? Nobody thinks outsourcing look good? Nick, I will pick on you.

Nick Davies (Programme Director, Institute for Government): I think good outsourcing will be to an organisation from the private or the voluntary sector that may have expertise or a specialism in an area that perhaps in-house does not have and is able to provide innovation in the service or the work or whatever it is that is being provided. Potentially, depending on the service, there might be economies of scale that can be achieved by that provider that cannot be achieved in-house. That is what the public sector should be looking for from a provider when considering outsourcing.

There are clearly other things like, for example, the risk that is transferred to that provider is appropriate, that it is possible to measure the performance of that provider and that they can be held to account. In general, outsourcing will be more effective where there is an existing market, rather than where Government is trying to create the market itself. That is probably enough for an introduction.

Léonie Cooper AM (Chair): That probably is. Thank you very much for that as an introduction to the concept of outsourcing. I am quite intrigued by the idea of the Government creating a market because I was not sure that that was necessarily a role for Government, and also the idea that outsourcing would be to acquire expertise that is not held in-house. My experience of outsourcing is quite often that the expertise is held in-house, but I am sure we are going to come back to either one or both of those points.

John, can I pick on you? What do you think are the main challenges associated with outsourcing? They may be the points I just raised or they may be many other things.

John Tizard (Independent Strategic Advisor): There are a whole litany of issues that need to be addressed. The first is the public sector client needs to be absolutely clear about what it is seeking to achieve through outsourcing. Often you find that the initial presented objective disseminates very quickly. Is it looking for reduction in cost? Is it looking for improvement in quality? Additional capacity? Innovation? It seems to me that clarity is important.

The second, which is really important and linked to this is having the quality and capacity to be a good and effective client. For many outsourcing contracts that fail it is as much a failure of the client side as it is of the provider.

Léonie Cooper AM (Chair): I do not know whether you saw how many heads were nodding as you said that.

John Tizard (Independent Strategic Advisor): That is really important. It is a slight generalisation, but if a public body is bad at delivering a service in-house, often it is going to be not very good at delivering a service through a contracted arrangement. There is a real risk, particularly in a period of austerity and tight budgets, to reduce the capacity to the procurement team, the contractual and legal experts, but not retaining the professional expertise of the particular service with in-house to judge the quality and to ensure that the contractor is giving reality in terms of what they are reporting.

The other is failure to take into account the overall impact of outsourcing. All too often a budget-holder will say, "It is fantastic. I have saved X percentage of my budget", but all they have done is transferred across to another part of the public sector. They may have reduced employment or terms and conditions and levels of wages for staff, which has a knock-on effect on the local economy and may have an impact on benefits in other parts of the public sector. It is a failure to assess the impact holistically rather than simply for a narrow bottom line for the department or the organisation outsourcing. I could go on but I think those are the major issues.

Léonie Cooper AM (Chair): Client clarity and then also the ability to manage outsourced contracts effectively and failure to assess the overall impact of moving that specific service out, either on that service or indeed on services that surround it. I am going ask Matt then, should public sector bodies outsource at all?

Matt Dykes (Senior Policy Officer for Public Services, TUC): There are two sets of issues for the public sector body to consider. The first are a set of principal considerations around the very nature of public services, and I think we have to make the obvious point that public services are very different from personal services or other forms of goods or commodities. They come with a set of expectations around universal access, entitlement by right, the fact that we fund them, essentially that we own them. There are issues of accountability and there are issues of performance and there are issues of the benefit delivered to the community that all need to be considered, that are unique to the nature of public services. That needs to be a consideration when a public body considers outsourcing a service.

The second are really the areas that Nick [Davies] and John [Tizard] have touched on, which is the principal agent problem. How effectively is a public body able to manage an outsourced service, particularly when we are talking quite often about highly complex relational services that are difficult to identify where the added value is and therefore difficult to specify, difficult to price and difficult to measure? There are a set of considerations there.

When you put those two together, our view would be that in many situations the public body probably should not outsource and that the initial decision of whether to make or buy, whether to deliver in-house or outsource, should be predicated on a very strong public interest case. We would not rule that out because I think Nick is right: there are going to be cases where additional capacity or expertise needs to be harnessed. There may be, for example, specific services that the voluntary sector can provide that add value to public services, that reach hard-to-reach communities or clients, that the public sector would do well to commission.

Léonie Cooper AM (Chair): We have this situation where that outsourcing has taken place, and you are referring to the public sector ethos and the principles that underlie the service that is being provided, not just seeing it as a transactional activity. Do you think that the concept of social responsibility has been taken into consideration sufficiently during outsourcing processes, if at all?

Matt Dykes (Senior Policy Officer for Public Services, TUC): Certainly not in every case, that is for sure. I am not entirely sure that social responsibility is the right term really because that sounds to me a little bit like an add-on, something you would consider down the line, whereas the responsibility on the public service body is core. The community benefit is core. The delivery of high-quality services is core. Stewardship of your local economy and community is core. I think all of those things need to be considered in that make or buy decision, and that has to be informed as well by those delivering the service, the workforce, and those service users and the community. Do they get a voice in that initial make or buy process, in that commissioning process?

I would say that that full or holistic approach to social value has probably not been utilised to its full effect. Research bears that out as well in terms of the use of existing tools. Social Enterprise UK, for example, found that only 24% of local authorities had fully utilised the provisions within the Social Value Act 2012. We know that the holistic approach probably is not being used and even that limited legislative mechanisms in place are not being used either.

Léonie Cooper AM (Chair): Several of us are still councillors and I think all five Assembly Members who are here today have been councillors at some time or another, so I think we have all been involved in seeing local authorities going through procurement processes. We have known that landscape has changed quite a lot in terms of compulsory competitive tendering (CCT), best value and so on and so forth. We have all been at various points in the process when there has been a discussion about, “We can’t release that now because of commercial confidentiality”.

On the other hand, there are the requirements of Freedom of Information (FOI) applied to local authorities. Do you think there is a conflict between the concept of transparency and FOI and commercial confidentiality? How does that play out with local authorities, who are bodies that are responsible in the way that Matt [Davies] has just set out to the people who live in that area and have councillors who are elected by those people that live in that area? Do you think there is a conflict there, and how can it be resolved? Is the balance in the right place at the moment? I am going to start with Nick and then anyone else who wants to come in.

Nick Davies (Programme Director, Institute for Government): I think for a start far too much is labelled as commercially confidential when in fact it is not. One of the funny things about the use of FOI is that quite a lot of the volume of FOI requests are due to the poor quality of proactively published data. If there were better quality proactive data published, then you would probably see quite a sizeable reduction in FOI. There are duties on local authorities and indeed other public bodies to publish both their spend data over a certain value and their contracts over a certain value, but unfortunately that data is very patchy and local government is less good at publishing than central Government is. The problem is that it is not possible to link the contract data with the spending data quite often.

We published a report¹ in December [2018] where we basically scraped all of the data that are available around the country to look at how much Government spends on procurement, who it spends it with and what it spends it on. In some cases the answers we were able to come up with are not as detailed as we would like, but we have quite clear ideas about how you could improve the quality.

The most important thing is about unique, open identifiers (IDs), so ways that you can connect and compare and aggregate the data. You need that for a few things. First of all, you need it for buyers. You would think, for example, that Lambeth Council might only be referred to in one way, but it might be referred to as LC, Lambeth or Lambeth Council. It basically makes it very difficult to automatically aggregate that. More importantly, you also need it for the suppliers. For example, we already have unique open IDs for most providers of these services, either their company number or their charity number, but unfortunately those details are not always included, for example, on contract award notices, and they are certainly not included in the monthly published spend data. Then you need what is called an open contract ID for each contract and transaction. For example, if you are buying cleaning services, that contract should have a unique ID and then all spending related to that contract should also use that ID.

One of the other things that I think is really important is much greater transparency in supply chains. Different parts of Government usually - they should do, although in the case of Carillion often they do not - know what contracts they hold with an individual supplier directly, but they have almost no idea at all in many cases about who is actually delivering those services on the front line. Carillion had up to 30,000 suppliers, they said, but Government does not know what has happened to those suppliers because they do not know how much of their money was ultimately going to them. Some steps have been made to open that up, but we think that you should have the same transparency requirements for subcontracts as you have for prime contracts. For example, whether that be over the £10,000 or the £25,000 threshold, there should be a contract award notice stating what that supplier is doing as part of that subcontract. That would enable far greater oversight of supply chains.

Léonie Cooper AM (Chair): Some really interesting points there. Can I ask Matt and then John if you would like to contribute anything in addition to that?

Matt Dykes (Senior Policy Officer for Public Services, TUC): Maybe John and then me, because John has done a lot of work on this particular issue I know.

John Tizard (Independent Strategic Advisor): I would concur with everything Nick has said. I think it is important to recognise that often hiding behind commercial confidence is the public sector wishing to do that rather than the contractors. There are many examples when contractors have been prepared to be much more open and transparent than their public sector clients have encouraged them or even permitted them to be. GLA and TfL have a very good track record of openness, I would want to put on record, compared with many other public bodies.

Ideally legislation would be extended so the FOI would apply to contractors in any sector who are spending public money. Hopefully that is something that will come. It is talked about every so often in Government and then deferred.

Nick's point about supply chains is really important, but equally it is important to understand the structure of the companies that are delivering. Often they will be subsidiaries and it is not clear which company and which

¹ <https://www.instituteforgovernment.org.uk/publications/government-procurement>

parent company is ultimately responsible or indeed where they are domiciled and where they pay tax or do not pay tax. All those issues have to be really clear.

In terms of transparency, it seems to me that we need and public bodies need to adopt a very clear set of codes or protocols for what will be published, not only in terms of expenditure but also in terms of performance, issues around numbers of staff employed, terms and conditions and wider impact. If a contractor chooses to work in delivering public services through contract, that contractor should be willing to be as transparent as you would expect any public body to be. I think at the moment that is not the case, and that is one of the disadvantages of outsourcing.

Léonie Cooper AM (Chair): You are moving on to answer some of my subsequent questions that I was going to pose to you, which is why I thought I would do it that way around. I am going to bring in Matt [Dykes] and then I will come back to other things that you think could maybe make things more transparent. I am going to try to move away from my desire to talk more about the supply chain and tax arrangements and all of those because we are not technically talking about those today, but obviously that is a big issue around outsourcing. You have mentioned one of the other problems, Carillion and the size of some of the contractors, but we are going to try to stick to the in-work poverty and the impact on the individual.

Matt Dykes (Senior Policy Officer for Public Services, TUC): I do not have a great deal to add. I agree with the points that Nick [Davies] and John [Tizard] both made. I just stress the need for getting the right metrics in that data as well. What do we know about performance against the contract requirements, but also what do we know about employment standards? Making this transparent, as Nick said: who does that benefit? It is not just about accountability to the citizen or the elected representative. It is for the benefit of the buyers as well and commissioners because they can learn. They can know the market much better then, and the more information that they have at their disposal about performance and track records the better. We think it is about accountability but it is also about efficacy and just better buying.

Nick Davies (Programme Director, Institute for Government): I would just like to add to that. Matt is absolutely right. There is a lot of evidence internationally that more transparent markets are more competitive markets, and more competitive markets tend to deliver better value for the buyer. Yes, there is absolutely an accountability argument but it is also about better value.

Léonie Cooper AM (Chair): That is the argument that is exactly used against why you should release these things, because it is sealed bids, and if everyone knows what someone else has put in as a bid then in some way it is going to skew the market. The fact of the matter is that every time someone purchases a house you might have a competition, but once it is purchased the sale price is publicised all over the internet these days. It is openly known. I take your point that once the contract is entered it is no longer commercially in confidence. It cannot be, because it is a contract that now exists.

That was going to be my next and last area before I move on to bring in some colleagues in other areas. What can we do to improve outsourcing? What can we do to make it more transparent? You have indicated terms and conditions for staff should be known, that there should be some sort of protocols. John was mentioning having metrics that are very clear, and the final contract price that has been entered into. Is there anything else that we can do to make outsourcing more transparent and then perhaps improve the market and terms and conditions for staff?

John Tizard (Independent Strategic Advisor): All three of us have spoken about having transparency, having metrics. What is also important is that both financial and operational performance should be subject to independent audit and evaluation. Often for larger contracts there will be accounts that are related to those

processes and open disclosure of margins made by contractors, but often those are not subject either to the internal audit by the public sector body, let alone to external audit. Therefore, they are dependent on the contractor being honest in their presentation of numbers. Open-book accounting is the term used, but often there will be subsidiaries. A contractor may declare a 5% profit but actually is making 25% profit in its own supply chain. That needs to be very clear. I would argue very strongly for both the internal and the external audit functions to have access to the data and contractors being obliged contractually to make all that data available.

Léonie Cooper AM (Chair): You have mentioned the Mayor and said the Mayor demonstrates good practice and the GLA demonstrates good practice. Is there anything that the Mayor and the GLA can do to make outsourcing more transparent, or do you think we need legislation, or is it just something that needs to be introduced through new statements of recommended practice from the Chartered Institute of Public Finance and Accountancy or something like that?

John Tizard (Independent Strategic Advisor): I certainly think we need legislation but we should not hold back waiting for legislation. The Mayor and the GLA can introduce their own standards and their own policies. They could seek to have a London-wide policy including the London boroughs so there is consistency across London in terms of these standards as well. I think that would be really important. It is a real risk if the Mayor or any other public body waits for Westminster to legislate. We do not need to wait for Westminster. We can set the pace.

Léonie Cooper AM (Chair): Just to say everything that I mentioned in terms of open contracting, ID, in terms of requiring greater transparency of supply chains, that is all something that the GLA could do without having to wait for action from Westminster.

Matt Dykes (Senior Policy Officer for Public Services, TUC): I like John's [Tizard] idea of at least developing a coalition of the willing with several London boroughs who would also share that objective and getting together and showing what is possible.

Léonie Cooper AM (Chair): That is very interesting. I am now going to pass on to my colleague, Dr Onkar Sahota, who will also try not to mention Carillion too often or any other outsourced contractor.

Dr Onkar Sahota AM: I was not going to mention them at all. Let me start with you, Matt. We have examples of recent failures of outsourcing taking place. What have been the causes of these failures?

Matt Dykes (Senior Policy Officer for Public Services, TUC): They all have their own unique and specific circumstances, but there are certainly commonalities, particularly between some of the larger operators. All of them we have seen facing adverse market reactions, many of them issuing profit warnings, many of them heavily debt-laden, many of them characterised as large conglomerates that have often grown through mergers and acquisitions, and often that has led them into areas where they do not have specific expertise and where they are subject to very high risk around demand uncertainty, policy uncertainty and other areas of risk that they are unable to manage. I think it is those commonalities and they are a product of a contracting culture which is driven by both sides, by organisations that grow through constantly accumulating more and more contracts in order to provide short-term revenue. It does not always translate into earnings, of course, but it is certainly revenue which enables them to satisfy the short-term interests of their various shareholders and at the same time a public sector that is seeking every opportunity to reduce costs, particularly in light of austerity. Those are the common factors that have led to the risks and uncertainty that we saw at Carillion but also at Interserve, Capita and others who are facing pretty shaky circumstances. Kier Group we saw this week as well.

Nick Davies (Programme Director, Institute for Government): I agree with all of that. Clearly the outsourcing market has changed quite a lot in the last couple of decades. There were times when it would have been quite possible both for the public sector buyer and for the provider, for the buyer to see double-digit savings and the supplier to be making double-digit returns, but clearly that might still be possible on some first-generation contracts depending on how inefficient the service was to start with. That is clearly not possible to keep getting those savings year after year when you recontract. As Matt said, we have seen a driving down of margins and in many cases these suppliers thinking that they can undertake what is known as 'land and expand', that even if the contract is not profitable to start with, they can get alterations, add-ons, etc, that they can make it profitable in the end or indeed potentially through use of subsidiaries, etc, they might still be able to turn a profit on it.

Clearly in the case of Carillion there has also been some extremely questionable boardroom behaviour in terms of how they finance themselves and expanding into areas where they do not have expertise. Although there has been bad behaviour, particularly in the private sector side, a lot of this behaviour has been encouraged by the way that public sector commissioners have sought to buy services. That - not unreasonably, given tight public finances - has been a relentless pressure down on price, but inevitably that has had impacts both on quality and on the bottom line of suppliers, and many of them have become unsustainable.

Dr Onkar Sahota AM: The other thing, of course, is once they do fail and they hand the keys back, who is accountable for all this? Who takes responsibility for it?

Nick Davies (Programme Director, Institute for Government): Government is always ultimately accountable. There are some risks that just cannot be transferred to the private or voluntary sector, and indeed I think that is part of the problem that Government has tried to pass on risks that those suppliers are not well equipped to handle and ultimately cannot handle if they go bust.

In the case of Carillion, the Government did a reasonably good job there. Most services continued without interruption. Clearly there has been an additional cost associated with that which the Government has now had to pick up, and we also do not know what has happened to many of the providers in the supply chain. In terms of users of those services that Carillion was providing in the public sector, there has not been a huge amount of disruption. Government can do that, but Government also put a huge amount of time from July 2017 into really understanding Carillion's business, so by the time they did eventually go bust in early 2018 they had a fairly good handle on it. They had at least six months' warning there, whereas that will not always be the case. If Government had far better information as standard, it would be better prepared to deal with those collapses as and when they happen. Indeed, that is a normal part of the market.

One of the ways that the market is meant to improve things is that poor, inefficient suppliers will drop out of the market and new, innovative ones will come in. Unfortunately, because of the size of some of these suppliers, that collapse can be very disruptive, and because of the barriers to new entrants it can mean that you are not getting that new blood and that new innovation coming in. We are a bit unbalanced at both sides of that competitive equation.

John Tizard (Independent Strategic Advisor): Nick makes the point that Government rescued the situation after Carillion's collapse reasonably well. The failure was not to anticipate the collapse before it came, and part of this is that government - I mean government generically now - does not necessarily have the expertise to understand the commercial dynamics within business and the drivers, not necessarily reading the signals, and there were clear signals going on in Carillion well before the ultimate collapse that should have been picked up.

Second, because there is not aggregated data, no one in the Cabinet Office knew what the overall public sector exposure to Carillion was. Indeed, they were phoning around local authorities saying, “Do you have a contract with Carillion?” We see that even more in areas like social care with some of the big failures that have occurred there and the big risks.

There is a failure often to understand the business model of the supplier. For public listed companies desperate to demonstrate growth and continual shareholder added value, it may lead them to cut corners but it may also lead them to move, as Nick said, into areas where they do not have expertise and start to overexpose themselves in that way. Then the role of private equity, looking for a very fast return, and change in ownership of companies mid-contract can also be an issue, often without any right of veto or contract review being built into the original contract, seems to be really important.

The other is, because of the need of many private sector contractors - certainly the big ones and the listed ones - wanting to win more and more business, you start to almost get them chasing unicorns, taking on contracts which they probably know are very, very risky, but they just need to be able to add to their bottom line and their overall turnover numbers and hope that they will be able to resolve it down the line. The public sector is falling for that because it sees this as an opportunity to get reduced price or whatever it may be. It seems to me we just have to have a far better knowledge and understanding of the markets and the players within that market if we are going to make outsourcing have any chance of succeeding.

Dr Onkar Sahota AM: You talk about social care. Of course this is one of the sectors which has been really outsourced to a high degree and is under collapse now because of the contracts they have. It is the end user who is really suffering in this.

In this context, what do you see as the horizon for outsourcing in the future?

John Tizard (Independent Strategic Advisor): We are seeing less propensity to outsource, particularly in local government, than had been the case five years ago. We are seeing local authorities of all political persuasions bringing formerly contracted services back in-house for a whole variety of reasons that we have touched on. Another reason of course is in a period of tight, uncertain and probably reduced budgets, long-term contracts build in an inflexibility into your finances, which you are committed to that, so it means you have even less room for discretion. I think we are going to see less outsourcing. There was almost a period when the default was to outsource. Hopefully we are moving to a position where the default will be publicly owned, publicly managed services, as Matt said, making a strategic make or buy decision where the public body can demonstrate and be politically accountable for pursuing public interests through outsourcing, not outsourcing because it is the easy thing to do or the thing always done in the past.

Matt Dykes (Senior Policy Officer for Public Services, TUC): Just backing John up on that, the Association for Public Service Excellence (APSE) has just undertaken its third insourcing survey, where it surveyed 211 local authorities around the country. Its latest survey found that over 70% said that they were considering insourcing at least one service and that 59% of them had already insourced at least one service. I think it was buildings and maintenance, parks and recreation and waste that were the three areas that were most popular in terms of bringing back in-house.

Other interesting points about the survey were that 43% of those councils --

Léonie Cooper AM (Chair): I am going to hold you on the survey because insourcing is the very next area that we want to move on to in our questioning, and you are anticipating it very substantially.

Matt Dykes (Senior Policy Officer for Public Services, TUC): If I can just finish that sentence then, just to back John [Tizard] up that 43% were either Conservative-controlled or not overall controlled local authorities, so this is not just a Labour initiative.

Léonie Cooper AM (Chair): That is very interesting. We want to move on to talk about insourcing and we also want to talk about responsible procurement, and we want to talk about whether or not there is going to be some sort of level playing field between the larger companies that we have just been touching on and the smaller organisations. Just so you know, those are going to be the areas that we are going to move on to. On the insourcing, Susan [Hall AM] was going to come in on that next.

Matt Dykes (Senior Policy Officer for Public Services, TUC): Can I just make one point before we move on to the insourcing, just to say about the future of outsourcing? Two other really important developments that need to be factored in are the Government's almost unwilling - ultimately they did not have any other option - recognition that the outsourcing of probation had been an unmitigated disaster, and that was a pivotal moment.

The other pivotal moment that has happened recently is National Health Service (NHS) England is currently consulting on legislative changes that it thinks are needed to support the long-term plan. The reason why this is so important is first of all it is an admission from NHS England that the 2012 Lansley reforms again were a disaster, not because of any ideological reason but because the fragmentation and competition that was introduced by that was getting in the way of service innovation and integration and collaborative models that the long-term plan was trying to bring in. That is another really important point in that it is not just an ideological or political question. It is one about efficacy. Competition, fragmentation and outsourcing are increasingly perceived as barriers to public service reform and innovation.

Dr Onkar Sahota AM: Just to comment that the contracts for the NHS were five years with a two-year extension on to them, and these sorts of services should be long-term. Those sorts of contracts do not lend themselves to outsourcing.

Léonie Cooper AM (Chair): Contracts can be too short, and at the same time we have talked about the inflexibility of contracts that are too long. However, I am going to bring in Assembly Member Hall now, who is going to ask some questions about insourcing.

Susan Hall AM (Deputy Chairman): Forgive my voice for the moment. Does insourcing benefit workers more than outsourcing? Who would like to answer that?

Matt Dykes (Senior Policy Officer for Public Services, TUC): I think it can do, but we should caution against an implicit assumption that bringing services in-house automatically bestows a world of benefits to that workforce. That has to come through ensuring that the employment standards within that commissioning authority are up to scratch as well. An obvious reason why that could be of benefit is that those workers can be brought back into coverage of the relevant collective bargaining and collective agreement, which in almost every circumstance provides better terms and conditions and employment standards than were in the outsourced sector. That is a key reason why we think it is of benefit to those workers.

As we have seen - again touching on the survey I was referring to a moment ago - one of the reasons local authorities were quoting as one of the benefits of insourcing was the flexibility it offered and the integration with other areas of the council's responsibilities. Another benefit to that workforce are the broadening

opportunities for development and career progression, skills and learning that come with being part of a larger, more varied organisation rather than just working subject to the limitations of a single contract.

Susan Hall AM (Deputy Chairman): I take your point. When in Harrow, I kept all the parks, services and everything in-house because of the flexibility it gave us to change how we did things, etc. Of course, the issue with that is if it is in-house and the council finds itself with a different administration who might want to save money in that area, suddenly the workforce can be reduced in that area far more than if you have an outsourced contract where you are obliged to be spending a certain amount per year, and that is the staff with it.

Do you agree with that?

Nick Davies (Programme Director, Institute for Government): Yes, to a certain extent. The fact of the matter is that most of the employment terms and conditions could be effectively guaranteed by the local authority in outsourced services if they chose to award contracts to suppliers that are known to employ staff in favourable terms and conditions. The fact of the matter is that clearly one of the main ways in which some providers have driven down the cost of services is that they have driven down employment standards as well, and commissioners have in some cases turned a blind eye to that. Clearly, if they wanted to ensure that those employment standards were high, they could.

It is also the case that just because there is a contract, it does not mean that commissioners do not have the ability to pressure suppliers to take in-year cuts, and there have been plenty of cases where that has happened. I do not think just because staff are working for an outsourced provider it necessarily means that they are safer from the result of downward pressure on spending.

John Tizard (Independent Strategic Advisor): Again, I would agree with what Nick and Matt [Dykes] have said. Some local authorities are establishing - and the NHS too - trading companies as a sort of halfway house between insourcing and outsourcing. There is a risk, certainly from an employee perspective, that those trading companies, wholly owned companies, will not necessarily pay public sector wages and salaries or have public sector terms and conditions, and they will be some form of hybrid. I think it is really important that if one of the objectives of insourcing is to protect the interest of staff, you go to a full insource model with public sector terms and conditions and particularly pensions, which of course are not guaranteed even for new recruits even where other terms and conditions are placed.

The point that you make about protecting services and therefore jobs because you have outsourced it: it is the mirror image to the point I made about earlier about the inflexibility of having long-term contracts for public bodies, which is the reason why public bodies are moving away from that. As Nick [Davies] said, often there will be pressure to renegotiate contracts midway through to reduce cost, and there is a real risk because contractors will be looking to first and foremost protect their profit level. The level of cuts and the impact on staff may be greater than they would be if the services were actually in-house.

Matt Dykes (Senior Policy Officer for Public Services, TUC): Can I just make another additional point? Yes, we can use and we are going to come on to social value procurement, but we can use procurement to protect pay and terms and conditions. The Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE) offers some sort of protection. Ultimately, the best way to provide long-term security - not just on pay and terms and conditions but the whole employment experience - is by being covered by a collective agreement bargained for by your union and having that protection of union coverage in your workplace. At the moment we do not have ways of extending collective bargaining coverage in procurement or outsourcing

situations. That is down to the union to go in and organise, and that complexity and fragmentation makes it much harder.

One of the reasons why we think insourcing works is it brings them back within the security of that collective agreement. For example, those workers transferred to a subsidiary company in the NHS may well have their terms and conditions protected by TUPE, but they have been taken out of the agenda for change system and they will be taken out of the agenda for change system going forward, and over time they will see their terms and conditions fall behind those of their colleagues who stayed within their NHS Trust.

Susan Hall AM (Deputy Chairman): Of course we are looking at this just from the employees' point of view. In actual fact these public services are spending taxpayers' money and, therefore, must make sure that they get the efficiency one way or another.

John Tizard (Independent Strategic Advisor): The staff are taxpayers, I would say, and the point earlier about the holistic cost: if through an outsourcing contract there is less expenditure for the taxpayer for the contract, the likelihood is that there is a transfer of cost, even to the benefit system or to other parts of the public sector because there are less people in work or people are having less money to spend, which then has a negative multiplier effect on the local economy.

Matt Dykes (Senior Policy Officer for Public Services, TUC): Just to say as well that in the Government's own response to the Taylor review or *Good Work* - I am probably misquoting - they broadly said that the link between productivity, performance and good employment standards is a strong one. I think that is particularly the case in some of the public service, human-orientated, relational kinds of services. It stands to reason that you would rather your elderly parent was looked after by someone who is paid well, trained and respected at work.

Nick Davies (Programme Director, Institute for Government): Clearly it is a legitimate public policy objective to say that in the interests of all taxpayers we are going to lower the terms and conditions through outsourcing of some people delivering work and services for the public sector, but you just have to acknowledge that if you are doing that, then that is a reduction in standards for that workforce. Yes, there may be savings that can be made, but I think it is just being open and transparent about how some of the savings from outsourcing have been realised. Clearly in some cases it is through innovation or it is through economies of scale, but particularly, as these guys said, for relational services, where economies of scale do not really apply to social care, the way that you save money is by reducing your biggest cost base, which is the cost of the staff working there.

Susan Hall AM (Deputy Chairman): Yes. The thing is that outsourcing is about so many different aspects to a business. We seem to be concentrating just on this.

What are the challenges associated with insourcing, John?

John Tizard (Independent Strategic Advisor): If a public body is considering insourcing, it needs to ensure it has the managerial capacity to oversee the insourcing arrangement and to manage the services when they are transferred back. Although the majority of staff will transfer back to the public sector under TUPE, it is often the case that the more senior managers remain with the contracting company and will be offered incentives to so do. Therefore, the public body has to ensure it has the capacity to manage the service and also the capacity to set performance standards. What is really important if you insource is you still need to be setting performance standards and targets, monitoring those and holding the managers and the staff to

account for delivery. It is not a soft option. If you are looking to redesign and improve services, that process has to continue. That is the biggest challenge.

The other is clearly there could be cost implications too, particularly if staff are going to be fully paid and remunerated under public sector terms and conditions with public sector pensions. Particularly the pension element can be quite significant for public bodies. What they need to do, again – and I repeat what I said earlier – is to do a holistic evaluation of the financial and wider benefits and disbenefits of insourcing before starting on that course. Often, as you will see from the report that Matt referred to, there is an overarching public benefit from insourcing when you take everything in the whole rather than just looking at the very narrow bottom line of cost for the service.

Matt Dykes (Senior Policy Officer for Public Services, TUC): Cost is not always prohibitive anyway. You make savings through not having to fork out for onerous variations of contract charges. You make savings through not having to tender and manage contracts and contract management and quality assurance. There are a whole load of savings to be made. In fact, I think the majority of the respondents to the APSE survey I quoted said they were either cost-neutral or cost-savings were made as a result of insourcing.

Susan Hall AM (Deputy Chairman): Very often you have to deal with unions, who can slow processes down quite considerably, who can make quite strong demands, that can make it as a business not work so effectively.

Matt Dykes (Senior Policy Officer for Public Services, TUC): You can have unions that take a very progressive view and work in partnership with councils and councillors to maximise the productivity gains you can make out of that.

Susan Hall AM (Deputy Chairman): Yes. I have been unlucky and I have not come across that, but I do accept there must be some out there.

Nick Davies (Programme Director, Institute for Government): I think public bodies should be asking themselves pretty much the same questions when they are insourcing as when they are outsourcing: why are we doing this? Do we actually understand the service? Is there capacity either in the market or internally? How will we manage and monitor performance, and what is the broader evidence base?

We are currently doing some research now on the evidence base of various forms of outsourcing. The evidence base is far stronger in terms of savings and quality for simpler, more transactional services, be those support services or back office services. The evidence is much, much weaker when it comes to front-line relational public services.

All public bodies should be asking themselves the same questions. The problem is that that make or buy decision has not been much of a decision historically. A service has either been, “This is an in-house service and it always will be an in-house service” or “This is an outsourced service and it always will be an outsourced service”. Not enough consideration has been given to what is needed for that service right now, and indeed the answer to whether to insource or outsource might change over time depending on what the needs for that service are.

Susan Hall AM (Deputy Chairman): I am mindful of the fact that, Rachel, you are sitting here to assist us, to answer to any questions we throw at you that you can answer. Do you have anything to add?

Rachel Williamson (Economic Fairness Programme Director, Economic Development, GLA): We would very much like to take part in the discussion about responsible procurement. I think that is following.

Léonie Cooper AM (Chair): That is the bit where you are going to be definitely brought in. I just have a couple of sweep-up questions before we move on to Assembly Member Russell on responsible procurement. Matt, you referred to the APSE report. Has that been fully published and can we go and look for it on the APSE website, or is that something you could send us a link or send us a copy of? It sounds like it has some really useful information.

Matt Dykes (Senior Policy Officer for Public Services, TUC): Yes, it does. The previous two are definitely in the public domain. I am not sure where they have got to with the third. It is imminent, and I can send you it.

Léonie Cooper AM (Chair): If you could, because obviously we plan to produce a report from our investigation. I think that sounds as though it would be helpful information.

John Tizard (Independent Strategic Advisor): I think it is in the public domain.

Matt Dykes (Senior Policy Officer for Public Services, TUC): I think it is published.

John Tizard (Independent Strategic Advisor): There was a feature on it in *The Guardian* two or three weeks ago. There was quite a big piece in *The Guardian, Society*.

Léonie Cooper AM (Chair): I clearly missed that. One thing I did not miss, though, was that this week Mitie, which from my background in social housing used to just be maintenance contractors but has now expanded into a vast number of other services, has just announced this week that it is going to be withdrawing from certain areas altogether and focusing back on – I do not know, minding its knitting – its original activities. Do you think that is a sign that perhaps Carillion and Interserve and some of the others should have gone down that route before? Is that a good way of responding to difficulties in the market for outsourcing? Clearly Mitie has been the recipient of a number of outsourcing contracts of a variety of natures. Do you think that is a good response from it? I can see Nick nodding.

Nick Davies (Programme Director, Institute for Government): Yes, and it is a response that we have seen from quite a few of them. Serco has done that as well, and Rupert Soames, its Chief Executive, has been very open about the fact that it has moved into areas where it did not have a huge amount of expertise, its margins were rubbish, and that it needed to retrench to areas that it understood and could deliver more value from. Capita has done the same. Interserve tried to do it. Carillion tried to do it but it was too late for it. Yes, absolutely. Government needs healthy and sustainable suppliers. If they all understand their businesses better than we do and if that means retrenching to areas where they have a huge amount of expertise and they have a track record and they have systems in place that mean they can have a reasonable margin and deliver benefits to the public sector, then absolutely we should welcome that.

Léonie Cooper AM (Chair): OK. I know that Mitie has been in dispute with the GMB over some of the terms and conditions that it has applied to its staff in hospitals. Who even knew that Mitie had anything to do with hospitals? Perhaps it is a good thing.

John Tizard (Independent Strategic Advisor): If I could just add, though – and I do not know the details of Mitie – if Mitie has taken that decision in the interests of Mitie and its shareholders, there will be implications for public sector clients who will have to sustain those services or transfer them elsewhere. Again,

this is another argument about why the public sector just needs to be very cautious and very confident about when it outsources, but it understands that there could be changes in the business model or the ownership which can have quite significant implications both for the service and for the public sector and suppliers.

Léonie Cooper AM (Chair): That brings us on very neatly to the next area, which is on responsible procurement, which I think from some of the discussion that we have just had is perhaps something that companies that are thinking of outsourcing need to think very seriously about. The point has now been well made about insourcing or indeed changing relationships. Responsible procurement of the replacement services or parts of the services is absolutely critical. I am going to bring in Assembly Member Russell, who is going to lead off questioning on that.

Caroline Russell AM: Thank you, Chair. Yes, this is picking up on our last meeting where the panel we had before us last time was talking about good procurement practices in [the London Boroughs of] Southwark and Lambeth, and someone from the Living Wage Foundation suggested that there might be scope for the Mayor to move forward in terms of social value frameworks for procurement and start influencing Government with some good practice.

A question for Rachel, and obviously, Nabeel [Khan] and Tim [Rudin], if you want to chip in as well. What would you say are the benefits associated with having a responsible procurement policy?

Nabeel Khan (Head of Economic Development, GLA): Would you mind if I set the scene and gave a bit of context in terms of our responsible procurement framework? Just for the benefit of others perhaps and everyone, the GLA Group - when we talk about the group, that includes our Mayoral Development Corporations, the Mayor's Office for Police and Crime, the Metropolitan Police Service, the Fire Brigade, TfL and City Hall as in the GLA itself - spends roughly around £11 billion a year on procuring goods and services. That is a significant amount of money that we spent, as I said, on goods and services. Not only that, but we operate throughout the world, so our supply chains extend throughout the world. It is important to note that because it is in that context that we have set our responsible procurement framework.

We will come on to the detail a bit more in a minute, but broadly speaking our approach to our responsible procurement framework can be broken down into three areas really. One is signalling. This is us leading by example. This is the GLA Group doing what we want or expect other public sector bodies to be doing. This is us using our purchasing power to demonstrate what is the art of the possible and encouraging other local authorities and public sector bodies to follow suit.

The second element of it is embedding some of our progressive policies within our procurement framework. That includes things like the London Living Wage compliance, the Mayor's Good Work Standard, and we will come on to some of those policies in a minute and talk in more detail. It includes things like ethical sourcing practices.

The final element is what I refer to as the delivery part. This is us setting ourselves stretching targets, monitoring our performance against those targets, iterating where we are not perhaps meeting some of the targets we have set ourselves, refining our approach, and getting feedback from our supplier base to inform our future policy practices around procurement. That, very quickly, is a bit of context behind how much we spend a year and what our general approach to responsible procurement is. Is it worth bringing Tim in here to talk about our responsible procurement policy?

Tim Rudin (Head of Responsible Procurement and Supplier Skills Team, GLA and TfL): Yes, thank you. Briefly, the current Mayor's responsible procurement policy was revised in 2017 and that lays out the

top-level commitments under six themes. Those include the social, environmental and economic aspects. We will use that spend. As well as that spend in the contractual relationships, there are ongoing relationships we have with the suppliers. As we have discussed, sometimes those relationships can go on for quite some time and start to develop some quite meaningful relationships with their suppliers.

Below that policy sits the responsible procurement implementation plan, which was published earlier this year and which lays out more specifically the actions and activities that the functional bodies in the GLA Group will undertake to turn those policy commitments into actual actions in specific contracts and specific supply chains.

Caroline Russell AM: The question was about benefits. That is very useful background. Thank you.

Rachel Williamson (Economic Fairness Programme Director, Economic Development, GLA): Through the responsible procurement policy, the Mayor is seeking to make London a more equal, fair and sustainable city and to generate benefits for a range of London's communities, both now and in the future.

Some of the ways that he aims to achieve that are through meeting the specific needs of Londoners with relevant contract requirements and performance measures and also driving fair employment practice with our suppliers to ensure that employees receive fair employment terms and pay. That includes the London Living Wage to the extent that is permitted by law. We saw last year more than 4,500 workers see their wages uplifted as a result of those clauses being included in those contracts.

We are also working through a new initiative, the Mayor's Good Work Standard, which is his benchmark for good employment practice. This is a more comprehensive set of criteria around fair and good employment practice. We are looking to encourage suppliers to benchmark themselves against the criteria of the Good Work Standard and to seek to improve their employment practices over time using that measure.

Caroline Russell AM: Just out of interest, we keep hearing about the Good Work Standard in this Committee. Thus far there have not been many businesses that have signed up to it. Do you know how many have now signed up to the Good Work Standard?

Rachel Williamson (Economic Fairness Programme Director, Economic Development, GLA): Yes. We are currently working with employers of a range of different sizes from different sectors to sign up some early adopters to the Good Work Standard. They have been helping us to test out both the criteria we have in place, the self-assessment and the online tool that we use to take people through that, and the guidance that is in place to help people to improve their practice over time. We have been working with a range of employers, some leading names as well, and they will be our champions that will seek to promote the Good Work Standard to other employers when we come to the public launch for that. At the moment it is relatively small numbers, but we are really working closely with those.

Caroline Russell AM: This is something that we heard about quite a long time ago and we kept expecting to hear a bit more about the Good Work Standard, and it seems that this early adoption phase has maybe been extended a bit. We were expecting a launch last year.

Rachel Williamson (Economic Fairness Programme Director, Economic Development, GLA): Yes. It has been important to get the Good Work Standard right. That has taken some time. We are also looking for a good moment working with the Mayor's diary to get out the message about good work very clearly and strongly. We want to use the message of the employers that are with us as early adopters as part of that launch. It is a bit difficult to say today.

Nabeel Khan (Head of Economic Development, GLA): Yes. It is fair to say that it is difficult to give a concrete number because we have not quite launched yet. Different firms are at different stages of signing up. We have a number that have signed up, but until we publicly launch, which we are expecting to do next month, that will be the moment when we will have a concrete early figure and then there will be a scale-up programme over the coming six or seven months to encourage more to sign up to the standard.

Caroline Russell AM: When you say you have a number signed up, is that less than 20 or more than 20?

Nabeel Khan (Head of Economic Development, GLA): At the risk of being slightly difficult, it would be misleading to give you a number as such at the moment because some of those companies, when we are talking about them being signed up and when we talk about the Good Work Standard and who we are signing up to it, are early adopters at the moment. They are helping us test and refine the Good Work Standard product as it stands. It would be difficult to give you a number because of that.

Caroline Russell AM: We will look forward to it when you bring it out next month.

Léonie Cooper AM (Chair): We will come back to you on this because it is completely unacceptable that we keep having these meetings, and Assembly Member Hall, who was chairing the Committee until May [2019], and certainly I as the current Chair will be asking what is going on with this. You have had a soft launch and, frankly, it sounds like we are being fobbed off in these meetings. I cannot think of another word. Assembly Member Hall.

Susan Hall AM (Deputy Chairman): In the interests of transparency, which GLA members bang on about all the time because it is a good thing, we keep getting the same answer. It is not impossible for you to give us a ballpark figure. You can tell us approximately. Quite rightfully, as my colleague has said, is it in the realms of under 20? Is it under 100? Is it 1,000? What is the ballpark figure? It is perfectly possible for you to tell us.

Nabeel Khan (Head of Economic Development, GLA): Again, at the risk of sounding difficult --

Susan Hall AM (Deputy Chairman): You are sounding difficult. There is no risk. You are sounding difficult.

Nabeel Khan (Head of Economic Development, GLA): -- we can give you a ballpark figure in terms of the organisations we have consulted with. I am happy to give you that. We are working with the Living Wage Foundation and through the organisations in London that meet the Living Wage criteria because that is a fundamental part of the Good Work Standard. We know that if firms are meeting the Living Wage criteria they are almost 50% there in meeting the Good Work Standard, but --

Susan Hall AM (Deputy Chairman): If you are launching next month, you must have a rough idea. Let us have that.

Nabeel Khan (Head of Economic Development, GLA): Again, it would be unfair at this point to give the number of --

Susan Hall AM (Deputy Chairman): We are not asking for names of people. We are asking you for a number.

Léonie Cooper AM (Chair): Two? Four? Ten? Twenty?

Susan Hall AM (Deputy Chairman): Thirty? Eighty?

Léonie Cooper AM (Chair): A hundred?

Nabeel Khan (Head of Economic Development, GLA): It depends on what you mean by signed up. We are not at that stage yet. We have not launched the Good Work Standard and so it depends --

Susan Hall AM (Deputy Chairman): You have been talking about it for a long time. I am assuming it has cost the taxpayers quite a lot of money for all this work to be going on. For the sake of transparency and for you not to be sounding difficult, give us a number.

Nabeel Khan (Head of Economic Development, GLA): Actually, it has been quite cost-effective because it is something that we have been managing in-house in the GLA. We have had support in from the Chartered Institute of Personnel and Development, the Living Wage Foundation and a number of other organisations. There has not been that much cost that can be attributed to the setting up of the Good Work Standard. There are 172 criteria that sit behind the standard and for each of those criteria there has been a lot of negotiation with business, with trade bodies, with the unions, with public sector bodies, with voluntary and community sector representatives, with a whole range of stakeholders to get final agreement on what those criteria should be. We are still going through that iteration process.

You mentioned a soft launch last year [2018]. It was actually more of a preview event. It was more us going out to the market, bringing this back to procurement and helping us engage with small and medium enterprises (SMEs) and stuff. It was going out to the market to get an understanding --

Susan Hall AM (Deputy Chairman): All we are asking for is a rough idea. That is all, and then my colleague will carry on with the questions.

Nabeel Khan (Head of Economic Development, GLA): We can give you rough numbers around the companies that we have consulted with or the firms that we have consulted with.

Léonie Cooper AM (Chair): OK. Can you write to us after the meeting and give us that rough idea? I do not want us to get bogged down searching for a number that you are unwilling to divulge.

Susan Hall AM (Deputy Chairman): Shocking. Absolutely shocking.

Léonie Cooper AM (Chair): We got into a discussion about the Good Work Standard at the last meeting and it ended in pretty much the same sort of unsatisfactory lack of numbers. January [2019] [is when] I thought was the soft launch [was]. Let us go back to Assembly Member Russell, but we will be pursuing this matter and we will expect to see a launch quite soon. That would be what we would be hoping for. Assembly Member Russell?

Caroline Russell AM: Yes. Getting ourselves back to the benefits of responsible procurement, perhaps I could ask Matt. Does the TUC have a responsible procurement policy?

Matt Dykes (Senior Policy Officer for Public Services, TUC): We do not outsource any of our services. All of our cleaning, catering and security is all insourced.

Caroline Russell AM: Yes, but broadly do you have a responsible procurement policy? Is that something the TUC has?

Matt Dykes (Senior Policy Officer for Public Services, TUC): Yes. You have caught me on the hop a little bit here because I would have to go back and check that, but I assume very much so. We support responsible procurement policies at other organisations. Like I said, I cannot think of many services that we put out to tender, but I will double check and I will make sure we can get a copy of our responsible procurement strategy to you.

Caroline Russell AM: Thank you. That would be really helpful. Are there any measures that you think it would be a good idea to have in place in terms of responsible procurement? One has the London Living Wage, which is absolutely fundamental. Are there other things that you would like to see?

Matt Dykes (Senior Policy Officer for Public Services, TUC): When it comes to actual specific metrics, that needs to be done on a case-by-case basis. It has to be proportionate. It has to be related to the subject of the contract.

I misquoted earlier. The Government's Good Work Plan says that the case for good work can lead to greater performance and therefore increased productivity is strong. That should be a starting point because we think that the nature of the employment standards and the link with productivity is relevant to all contracted-out services. We think that good work and good work criteria should be included.

That goes beyond just price. If we look at the Government's own definition of good work, it is broken down into overall worker satisfaction, good pay, participation and progression, wellbeing, safety and security, and voice and autonomy. Within each of those headings there are conversations to be had about exactly what metrics and exactly what criteria you include, but we think we should be looking at employment standards in their broadest definition in terms of the experiences of people at work. We want to see elements of skills and progression, health and safety. Voice and autonomy are really useful and really important.

We welcome the initiatives by the Welsh Government that have been much more specific about how we can use ethical codes of procurement and charters to support trade union engagement specifically and to prevent blacklisting and anti-trade union measures by contractors.

Caroline Russell AM: Nick and then John, do you want to add anything, particularly picking up on what Matt was just saying on how procurement practices can be improved to benefit workers?

Nick Davies (Programme Director, Institute for Government): I must say that it is not something we have done a huge amount of work on yet, but it is notable that when we have been talking to public bodies about the weighting that they use in bidding processes, for example, where they try to measure quality or social value, those scores tend to bunch quite closely together. Even if they make up quite a big proportion of the overall weighting, because the scores are bunched from the providers, it ends up that price often is still the determining factor. It is just really difficult to do that well and picking the metrics well is going to be really important.

Part of that is about, as was mentioned earlier, having a better understanding of the past performance of suppliers. I do not know a huge amount about the GLA scheme but having minimum standards that can be enforced is probably an easier way to ensure compliance than trying to effectively provide a quantitative score to a qualitative answer about what you are doing and how that is beneficial for workers.

Similarly with metrics, it is important that you pick those metrics quite carefully. For example, the Government has its social value consultation out at the moment and some of the suggested metrics are effectively activity

metrics like the number of consultations you are running. Clearly, if that is what you need to do to get your score, then you will just run some consultations and they will just be tick-box exercises. You have to be aware of the perverse incentives that some metrics can have. If you pick carefully output or ideally outcome measures, then you are more likely to incentivise the type of behaviour that you are looking for.

Caroline Russell AM: Thank you.

John Tizard (Independent Strategic Advisor): To add to what Matt and Nick have said, responsible procurement can take in factors like local supply, building into things like local community wealth building and therefore the impact on the local economy.

It is also important, in terms of the staff issues, to have whistleblowing policies that enable staff to whistle-blow - and indeed service users - both to the client as well as to the contracting organisation. That picks up something Nick said earlier: actually making sure that the commissioning body is taking its responsibilities more seriously in those areas.

As far as the law allows, I would encourage public bodies to push as far as they can on things like remuneration policy throughout the organisation and the incentive schemes for senior managers can be quite important in determining the behaviour of contractors, particularly in the private sector. The reward system for senior managers is actually quite important in terms of the way they will behave, and tax policy as well.

Caroline Russell AM: Are you suggesting that senior managers could have incentives around worker wellbeing?

John Tizard (Independent Strategic Advisor): They could have incentives around worker wellbeing, but incentives about maximising the contribution to profit could lead to particular behaviours that are not necessarily in the interests of neither service quality nor staff.

Caroline Russell AM: It is making sure that you are not promoting bad behaviour by the incentives rather than necessarily putting in incentives for good?

John Tizard (Independent Strategic Advisor): Yes. There was Nick's point about looking at the behaviours, and track record of bidders is really important. Again, I know there are limitations on how far you can go in terms of procurement regulations, but really pushing as hard and as far as you can because it is not good politics let alone good management to award a contract to a company that has a pretty poor track record elsewhere.

Caroline Russell AM: Are you saying that there is a tension between fair employment practice and value for money and high-quality services? Do you think it is possible to have all of those?

John Tizard (Independent Strategic Advisor): As Matt said earlier, the anecdotal evidence - and the Taylor review made this point, too - is that good employment standards lead to a more motivated workforce that is more likely to deliver higher quality and value for money. There is a correlation between employment standards and outcomes for service users and communities.

Matt Dykes (Senior Policy Officer for Public Services, TUC): If you ask service users in domiciliary care what their number one concern is, it is that they hate it when a different person turns up. They want a relationship with their care worker. One of the ways you can address that is by reducing turnover. Turnover in domiciliary care is about 31%. If you as a care contractor are able to reduce that, you have a better chance of

supplying that continuity of care your service users want. We saw in the cases of both Southwark and Islington, after adopting Unison's ethical care charter and incorporating it in their procurement, they managed to reduce turnover in their care contractors by two-thirds. We are seeing a direct outcome for the service users as a result of decent employment standards.

In terms of value for money, there is value for money to be made on a micro level on the face of the contract. The contractor themselves can find value for money. You can link increased pay and you can link better employment standards to higher productivity, greater responsibility for staff and development, but it is a point John made earlier. We need to think of the macro level of value for money as well because there are costs and benefits and the cost is often paid for, say, by the local authority but the benefits are picked up elsewhere by the Treasury or by the NHS. If you have great domiciliary care and preventative domiciliary care, it is reducing the burden perhaps on the NHS. How do we quantify and capture that wider value for money as well and how does that in some way recoup to the commissioning authority?

Caroline Russell AM: Yes. One of the other things that came up earlier was the risk to workers when these big outsourcing companies get into trouble. There has been the University College London case. There has been the Carillion case. Maybe this is particularly for John. Do you think that the TUPE laws need to be strengthened so that workers in these outsourcing situations are properly protected and also so that the services are protected?

John Tizard (Independent Strategic Advisor): Rather than strengthening TUPE, TUPE needs to be applied and applied consistently throughout the duration of the contract and the public sector client needs to ensure that TUPE is being properly applied and not being wriggled out of by contractors.

Also, we had prior to 2010 a best-value two-tier code, as it was so-called, which was introduced by the last Labour Government and required all contractors to pay new recruits on terms and conditions no less favourable than those of the staff who had transferred under TUPE with the exception of pensions. It did not commit to public sector pensions. It committed to a stakeholder pension arrangement. That code was removed by the Coalition Government.

It is really important that something similar is reintroduced or applied contractually by public bodies so that the public bodies can apply it irrespective of the legislation that gives protection to new recruits. What happened historically happens less now but certainly happened at the height of CCT in - in inverted commas - 'low-skill' areas like cleaning and catering in the public sector. Staff were transferred with TUPE rights. Contractors moved those staff on in various ways, good, foul and perhaps not repeatable ways, and then consequently recruited people on far poorer terms and conditions. We may see precarious employment practices reintroduced, too, and so it is really important to strengthen the equivalent of TUPE for new recruits. That would be my priority.

Caroline Russell AM: Does anyone else want to add anything on the TUPE issue?

Matt Dykes (Senior Policy Officer for Public Services, TUC): There is certainly a strengthening of TUPE applications for workers in insolvency situations here. We were told that in not all insolvency situations but when a company goes into bankruptcy and is taken over by an insolvency manager, TUPE does not apply. We think TUPE should apply.

In the absence of TUPE applying, we made the argument that the Government could have used something like a Cabinet Office statement of principle or another TUPE-like measure to protect those workers, but that was not used in this case.

As it happens, most of the transfers, as we have said before, took place fairly smoothly. There were instances of workers losing out as a result of some of those transfers, but there was a great deal of confusion around where TUPE may or may not have applied in the situation with Carillion. That was a set of specific circumstances with insolvency.

John is right that the removal of the two-tier code combined with a watering down of TUPE more broadly in the 2014 reforms has left a lot of ambiguity and has allowed greater scope for wriggling out, if you want to use that word, of TUPE obligations. We could do with strengthening TUPE across the board, not just around insolvency.

John Tizard (Independent Strategic Advisor): If I could just add, you will find responsible contractors would welcome that approach because, in a sense, they will value their workforce, but if they are having to compete against contractors who do not value their workforce, they are in a very difficult position. That starts a downward spiral.

Caroline Russell AM: Yes. That would be a good way then of promoting and making sure that --

John Tizard (Independent Strategic Advisor): Things like the two-tier code were agreed with the Confederation of British Industry, for example, back in those days.

Léonie Cooper AM (Chair): I just need to interrupt you because we have been joined by a secret group of people who have disclosed themselves by wearing yellow tops. You are all from the Wells Primary School. Is that right? Hello. Give us a wave. We are talking about jobs. Do any of you have a job? I am not talking to the teachers amongst you. Does anybody there have a job? I saw a little hand going up. Does anybody earn pocket money? Some of you do. Do you have to do specific things to get your pocket money? That is what we are talking about: the kinds of things that grownups have to do to get not pocket money but wages. We are talking about if you change your job from working for one kind of organisation. Your job might be moved to another organisation. Are you still going to get the same kind of money? Will you still get the same amount of money for loading the dishwasher as you do for making the bed? It is that kind of thing when people move around and change what they are doing, roughly.

Caroline Russell AM: Will you still get some time off if you are not feeling very well?

Now I would like to come back to the GLA. We started off looking at the benefits of responsible procurement policy, but what do you think are the challenges of responsible procurement policy? Rachel, do you want to start?

Rachel Williamson (Economic Fairness Programme Director, Economic Development, GLA): Yes, sure. Through our responsible procurement policy we are looking at a number of different indicators and outcomes we are looking to achieve, each with their own challenges. At a top level, we have to work within procurement law and so those requirements must be relevant and proportional. Tim, do you want to say a little bit more about that or about any of the specific themes we are looking to work on?

Tim Rudin (Head of Responsible Procurement and Supplier Skills Team, GLA and TfL): Yes All of the procurement undertaken by the GLA Group is within the framework of the European Union procurement regulations, which require the requirements we put into contracts to be relevant to the subject matter of that contract. We do have to ensure that when we are implementing the procurement requirements either through

the tender process or as a condition of contract, then it does have relevance to what is being undertaken as part of that contract.

Rachel Williamson (Economic Fairness Programme Director, Economic Development, GLA):

Nabeel [Khan] mentioned it earlier, but one of our themes is around promoting ethical sourcing practices. Sometimes our supply chains are international and it has been very important for the Responsible Procurement Team to work with other bodies that have expertise in this area. That includes Electronics Watch, which we are working with, for example, on the chips that go into the Oyster cards, and other bodies that, for example, help us when sourcing uniforms internationally.

Caroline Russell AM: To make sure that the people who are either mining the materials that go into the chips or making the uniforms are properly paid?

Rachel Williamson (Economic Fairness Programme Director, Economic Development, GLA): Yes.

Nabeel Khan (Head of Economic Development, GLA): Sorry, just one additional point for me. This is not necessarily challenges associated with responsible procurement but more generally just procurement. That is around how we can diversify supply chains.

Going back to some of the discussions we had earlier around having a core group of large suppliers, one of my intentions is to encourage more SMEs to supply to us as the GLA Group. At the moment - we have just had some statistics in actually and I can give you numbers for this one - the total number of SME suppliers that we have across our group are 2,775, which is roughly 44% of our supplier base. The challenge, however - and I will come on to that - is that that roughly equates to about £303 million worth of spend in just this past year gone, which is only 13% of our overall spend with SMEs. That right there is what we are trying to really push up. Our intention and our ambition is that we push that up to 33% by 2021.

As you can see, there is a bit of distance to travel there. We want to diversify our supply chains and we want to increase our spend with SMEs and not be so reliant on some of the larger suppliers for the reasons that were mentioned before.

Caroline Russell AM: Thank you. Is there anything else on challenges that you want to say? Assembly Member Arnold will be coming in on the small business element. Is there anything else on challenges that you feel you have not said or have not had a chance to say?

Matt Dykes (Senior Policy Officer for Public Services, TUC): Just to give a bit of context on those SME numbers, central Government has a target. It initially had a target for 25% of central Government procurement spend to go to SMEs. It hit that a few years ago and it pushed the target up to 30%, but subsequently it has now fallen back and is in the low 20s. There are targets. It is difficult to do. Clearly, some services are going to lend themselves more to SMEs than others. In the case of central Government, for example, the Ministry of Defence is one of the biggest procurers and there are not that many SMEs that can supply weapons systems, for example. It is just recognising that some sectors are harder to do than others.

Léonie Cooper AM (Chair): We like to talk in a special code so that you will not understand what we are talking about. Does anyone there in a yellow t-shirt know what 'SME' stands for? I cannot see any hands going up. It stands for small or medium enterprise, a small or medium company that provides services. When Nabeel was just saying that £330 million pounds is only 13%, that is quite a small percentage. Rachel and Nabeel and Tim are from the GLA and most of the staff are in this building and in a couple of other buildings. There is quite a lot of staff here. The GLA and some member companies within it spends £11 billion on

services supplied by other companies. Does anyone get £11 billion as their pocket money? Someone put their hand up. I think you might be fibbing slightly. Who thinks £11 billion is quite a lot of money? I do as well, actually. You do not? Some people here get more than that for their pocket money. That is quite a lot, really. That is why we are having this discussion about the detail of how we purchase those services for the GLA, how we work with other companies and how well they treat their staff because this is a lot of money and a lot of companies. We have just said huge amounts of money and a lot of companies.

Now we are going to come on to finding out what your ringtone sounds like. No, we are going to come on to Assembly Member Arnold, who is going to ask about how the smaller and medium companies can get involved in supplying some of these services, not just the big ones. Assembly Member Arnold?

Jennette Arnold OBE AM: Good morning, all. Can I start and go back to you, Nabeel? What you have just finished with is something that we could just tease out here. We have the figures and you talked about the 13% of the total GLA spend and that you would want to see that going to 21%.

Nabeel Khan (Head of Economic Development, GLA): No, 33%.

Jennette Arnold OBE AM: Good. That sounds much more encouraging. Where would the SME companies be? Would they be in a particular part of London and are you then working with the local authorities in that particular part of London?

Nabeel Khan (Head of Economic Development, GLA): Our supply chains are not restricted to London only. They are international, as I mentioned before, and to my understanding – Tim can jump in if I am misquoting here – we would not be imposing a restriction around the geography and where we expect our supply chains to be.

Jennette Arnold OBE AM: Therefore, you have no plans in terms of working with local SMEs within the GLA geographical range?

Nabeel Khan (Head of Economic Development, GLA): No, we do. The two are not antithetical to one another. While we do not have an explicit policy saying that we will work only with companies within a specific geography, we do have a number of programmes that we run particularly through the London Economic Action Partnership (LEAP) around encouraging SMEs to access GLA Group contracts. One in particular springs to mind, the Meet the Buyer Programme. It is something that we have set up quite recently to encourage SMEs to partner up with big corporates who have a better, I suppose, understanding of how to navigate the public sector market. The hope is that that trend and some of that learning transfers to SMEs and they can then be better equipped to bid for some of our contracts directly.

Jennette Arnold OBE AM: Certainly nearly 20 years ago when I was Chair of Economic Regeneration in Islington, we were running meet-the-buyers fairs there. It is a well-established model from a local government point of view. Are you working then with the individual local boroughs or indeed the new alliances that we are seeing come together in London?

Nabeel Khan (Head of Economic Development, GLA): Yes, across all tiers of government, if I can refer to them like that, sub-regional partnerships, London Councils, the local authorities themselves, central Government in some cases.

There are a number of access points for SMEs and, to be honest, all companies to access public sector contracts. There is an initiative called Contracts Finder where all opportunities above £10,000, I believe, have

to be published. There is Compete For, which is something that we set up back in 2012 during the Olympics to encourage more SMEs to access some of the supply chains of the first-tier suppliers that we had. That one focuses particularly on the supply chains of some of the first-tier companies.

There is another new initiative that central Government set up recently called Spark. This focuses more on how we can make it easier for innovative, knowledge-based businesses to access some of the more digital, data-driven innovation or services that are going on across the public sector.

Jennette Arnold OBE AM: I am particularly keen to understand how local SMEs are going to benefit from responsible procurement. When I talked about localities, I would have thought that you would have come in with, say, the developments that are planned for west London in the Mayor's Enterprise Zones. Would there not be there some sort of promise or some sort of intention for SMEs in that locality to benefit? Would you as part of the Mayor's team be at the table and ensuring that that is embedded in any procurements taking place?

Nabeel Khan (Head of Economic Development, GLA): You are quite right. That is an oversight on my part. The Royal Docks is a prime example of that. We have an Enterprise Zone there. We have a programme Board set up. That is a subsidiary of the LEAP Board. The representation on that programme board consists of some private sector as well as some public sector and is chaired by the Mayor of Newham, Rokhsana Fiaz. The idea again is to ensure that any opportunities that start coming out of developments going on in that specific geography are targeted towards local people and local businesses so that they can access opportunities. Sometimes the two shall meet and they are one and the same.

There are other specific, I suppose, localities that we target and this is through the LEAP again. We have recently held a number of roundtables with particularly black, Asian and minority ethnic and Middle Eastern women entrepreneurs to find out what their specific barriers were. Sometimes it is quite easy for us as a public sector to label all SMEs as having the same barriers to access opportunities, but when you start drilling down into a bit more detail you find that a particular group has different challenges compared to another. We have held these roundtables quite recently and they have been quite informative to us as a team with some of the findings that have come out of them, which will help inform some of our policy when we come to renew them over the coming year.

This refers back to that point I was making earlier about ensuring that we set ourselves stretching targets and then we see how we are performing against them and, if we are falling short in any case, interrogating that a bit further and then coming back and refining it so that we can get that process right.

Jennette Arnold OBE AM: Thank you for that because that gives me a much better sense about the granular level of activity that you are involved in. I have to say that we should not be thinking that you in this mayoralty had a blank sheet because much of this work was done through the really heavy lift during the Olympics, going back to 2012 and before.

It was clear then that any London government had a responsibility to be leading on this. You do accept that you inherited quite a lot of work and activity in this area before this mayoralty?

Nabeel Khan (Head of Economic Development, GLA): Absolutely. This is an age-old challenge, dare I say it. As long as I have been in local government and public government, this has always been an issue in terms of how we can diversify our supply chain, how we can increase innovation and how we can ensure we have a healthy marketplace that ultimately provides value for money for Londoners and people it serves. Yes, these are age-old issues and we are not pretending for one second that any of this is new.

I suppose what would be different is that it is all in one place and we have a policy in place that is very transparent. It is there on our website. Our suppliers know what they are signing up to. That is the bit that we have provided some clarity around.

Jennette Arnold OBE AM: Thank you. Can I go over to you, John? Just following on, have you any thoughts as to the scale of challenges that small businesses face when trying to access contracts that the GLA are involved in or local authorities, especially the tri-borough gatherings that we are seeing?

John Tizard (Independent Strategic Advisor): Many of the challenges SMEs face are also faced by the voluntary and social enterprise sectors as well. There is a lot of commonality there.

One challenge is that often the public sector, local authorities, the GLA, the Mayor and others will set contracts that are too large for individual SMEs or voluntary, community and social enterprise (VCSE) organisations to apply for. If one of the aims is to encourage greater supply from SMEs and VCSE sectors, it is talking about disaggregating the size, which can also de-risk for the public sector as well in some respects. That is one.

The other is an overcomplicated, overcomplex, over-bureaucratic and over-expensive procurement process, which is often disproportional to the size of the contract. If you are letting mega contracts to multinational companies, yes, you probably do need it to be very complicated, but actually it needs to be proportional. One of the challenges you often hear from the SME community and the VCSE community is that the pre-procurement process can be quite challenging and expensive and they do not have the resources for that. All of us would want to have pre-contract, pretender dialogue. That is really important to understand the market and to understand what is available. For an SME, there is finding the time to participate in that, whereas the major corporates will have whole teams of staff who do nothing else but that kind of process.

You can adjust all the rules and processes and procedures, but what you have to have is a mindset with political leadership that says that what we want is to really engage with the SME sector and the VCSE sector, and we will then adopt the behaviours and the processes that will make that happen rather than starting with the processes and procedures that so often happen and again are often designed without involving the SMEs in that design.

Jennette Arnold OBE AM: I have sat here now for 19 years and over that period I have heard the very same words being said. Why is it taking so long for this to be happening? Today are you able to give us any examples of where this is happening? From the small businesses that I speak to, this is not changing at all.

John Tizard (Independent Strategic Advisor): There are examples but I would want to make sure I have the right examples. I can let you have those.

Often there is a gap between the rhetoric and the political policy and the reality. That is for a whole variety of reasons. We all fall back into our comfort zones and it is easier to let the contract and have the negotiations with major suppliers. I am sure our colleagues who do this would have a view on that. That is an issue.

The other is an expectation that a means to engage the SME community and the VCSE community is as part of a supply chain. It can feel very uncomfortable for many of those organisations. We have cited the example of Carillion where the principal contractor transfers inappropriate and too great a risk to the supply chain but the SME or the VCSE organisation is so dependent on that revenue that it does not have the ability to say no and then they get into a very difficult position.

Jennette Arnold OBE AM: Thank you for that. You picked up that whole issue about timing and resource and that capacity that is not available to the SMEs that large companies have in whole teams and the need for that recognition to be made by the big organisations.

John Tizard (Independent Strategic Advisor): The key word is 'proportionality'.

Jennette Arnold OBE AM: Proportionality, yes. Just going back to the GLA, who is in charge of looking at proportionality and ensuring that you have this commitment to get this percentage up? You have heard what John had to say. Who is working on that to ensure proportionality so that it is less rhetoric and more action?

Nabeel Khan (Head of Economic Development, GLA): It is fair to say that this is something that is equally shared across the GLA. Anyone who procures activity across the GLA Group needs to adhere to these policies. In terms of the actual monitoring of the policy and ensuring that it is being put in place and reported back on, that is where Tim's responsible procurement team comes in.

Tim Rudin (Head of Responsible Procurement and Supplier Skills Team, GLA and TfL): Yes. In terms of understanding, we have that initial cut of the amount of money being spent with SMEs from the previous financial year. What we are currently doing is working with the functional bodies to help them understand how they can improve that. Decisions are made on an individual contract basis around what contractual process is going to be undertaken. What my team needs to do is to bring in those arguments and understanding about the implications of those things and how that looks across the piece in terms of opportunities for SMEs to contract.

We are also engaging with a wide variety of external subject-matter experts - for instance, the Federation of Small Businesses - to really unpick the high-level criticism that the GLA Group or the wider public sector is difficult to contract with for SMEs. What does that mean in more detail? What are the specific interventions that we could enact in our procurement processes that would help?

For instance, one example that the Federation of Small Businesses has raised with me and with my team is the payment terms, especially from the tier-one contractors down. That is part and parcel of plenty of the stuff that has been discussed today. Now that large firms are legally required to publicly report on their payment terms, we are looking at the outcomes of that reporting for the key suppliers to the GLA Group and our functional bodies. Where there is some poor practice evidenced in there, using supplier relationship management approaches and relationships with existing suppliers, which we are potentially spending significant amounts of money with, to just have an initial discussion with them to say, "This has been publicly reported. There is some bad practice going on here. That may be affecting SMEs in your supply chain. What will you be doing to address that?" That is the process that we are just at the beginning of now to really open that dialogue as one of their chief clients.

Also, TfL is having some discussions with other clients in the transport and infrastructure sectors. It is not just, for instance, GLA Group functional bodies having those discussions with those tier ones but actually there is a unified approach potentially with the wider public sector to really drive that message home.

Jennette Arnold OBE AM: The payment terms are important. We did a piece of work a couple of years back and some SMEs could be waiting more than 90 days for payment. Did the GLA not adopt some sort of policy? What is that?

Tim Rudin (Head of Responsible Procurement and Supplier Skills Team, GLA and TfL): Yes, the GLA Group functional bodies have committed to paying their immediate SME tier-one suppliers in ten days. There

are some good results and good practice there. The issue that is potentially more concerning is with the tier ones or potentially tier twos, the larger firms that we have directly contracted with, and the terms that they are paying their SME suppliers down the supply chain. As that has now been brought to light very clearly through this public reporting requirement, that gives us a jumping off point to have those discussions.

Jennette Arnold OBE AM: Good. There is much more to do. Can I go back to Rachel? Are you able to add anything else? Is there any significant difference in private and public sector procurement practices or is that one of your colleagues you would refer to?

Rachel Williamson (Economic Fairness Programme Director, Economic Development, GLA): We do not have much to add on that question.

Jennette Arnold OBE AM: Is there much difference between private and public sector procurement practices? No. Thank you.

Matt Dykes (Senior Policy Officer for Public Services, TUC): I would say that the public sector is governed by a different legislative framework and has different issues to consider, but one thing that is fed back to us anecdotally if nothing else is that the private sector tends to have a more sophisticated approach to partnership, a stronger focus on service quality and a collaborative approach to service design, whereas the public sector tends to have a more ruthless, if you like, fixation on cost.

Jennette Arnold OBE AM: Rachel, coming back to you, in terms of benefits for Londoners as a whole and just trying to think from a mayoral perspective and looking at the Mayoral environmental sustainability targets, how do you manage that interface between responsible procurement and the need for environmentally sustainable approaches?

Rachel Williamson (Economic Fairness Programme Director, Economic Development, GLA): There are six themes in the responsible procurement policy of which improving environmental sustainability is one. The policy area that I work on is around fair pay and employment but other colleagues take a policy lead on those environmental sustainability aims and targets that are within the policy and implementation plan. I do not know if Tim has anything to add on some of the specifics of that theme.

Tim Rudin (Head of Responsible Procurement and Supplier Skills Team, GLA and TfL): They are very much in line with the Mayor's priorities around air quality and carbon reduction and very much the responsible procurement policy is linked into matching commitments in the London Environment Strategy. As Rachel says, my team and people who are working on procurement and are responsible for procurement across the GLA Group are linked in with the environmental policy team to ensure that, as we talked about today with the social requirements that are being put into contracts, similarly environmental requirements are being put in at the evaluation stage and also contract requirement and followed up with suppliers when contracts are in train.

Jennette Arnold OBE AM: It is being woven together?

Tim Rudin (Head of Responsible Procurement and Supplier Skills Team, GLA and TfL): Yes, absolutely. Responsible procurement really covers social, economic and environmental. They are the three pillars of sustainability.

Jennette Arnold OBE AM: It is an incredibly complex tapestry that has to be woven there, is it not?

Tim Rudin (Head of Responsible Procurement and Supplier Skills Team, GLA and TfL): Yes, it is.

Jennette Arnold OBE AM: My last question is to Matt, John and Rachel. How can the Mayor ensure that the best practice examples of good procurement are disseminated and followed?

Matt Dykes (Senior Policy Officer for Public Services, TUC): We touched on it earlier. What would be good to see would be the Mayor convening a coalition of borough leaders across London to share that practice, publicise that practice and publicise their contract data wherever they can, all the principles we are talking about. It cannot be seen as the Mayor in isolation. That might also include other anchor institutions. What is the NHS doing in London? What are other central Government departments as employers and commissioners doing that are based in London? There is a real job that could be done in building a coalition of willing commissioning authorities both in terms of their political leaders and their leaders on procurement. One thing that the Mayor can be doing is advocating for that and bringing that together.

Jennette Arnold OBE AM: Do you know about the London Compact? Have you heard about the London Compact? This is the gathering of the Mayor and leaders of boroughs.

Matt Dykes (Senior Policy Officer for Public Services, TUC): That would seem one useful mechanism for doing that.

Jennette Arnold OBE AM: It would be interesting to see what they discuss, would it not, and whether this is on their agenda?

Matt Dykes (Senior Policy Officer for Public Services, TUC): Yes, that could be a useful platform, but I suggest that if that relies on consensus across everyone before you can move forward, why not develop just a coalition of the willing while you can?

John Tizard (Independent Strategic Advisor): That is a really good idea. The other initiative the Mayor could take - and from what we are hearing is taking but maybe doing it more vocally - is making the economic and social case for better responsible procurement and the benefit that brings to the people of London, the businesses in London and London's environment. It seems to me there is always a risk with procurement that it ultimately gets pigeonholed rather than being seen as a strategic contributor to the whole. There is a real opportunity for someone in the Mayor's position to be promoting that on a London-wide basis.

Jennette Arnold OBE AM: Getting some good examples out there would be the first thing, would it not?

John Tizard (Independent Strategic Advisor): Some examples but also some evidence base. We can all say that it is advantageous to do A, B or C, but if you can demonstrate the evidence for that and the economic, social and environmental benefits, it can be extremely powerful.

Jennette Arnold OBE AM: That is doable because we heard this morning of some boroughs. One of the boroughs I represent, Islington, absolutely is doing that with its procurement of care services. Just paying bus fares means about some of the carers who were rattling around the borough in polluting vehicles are now bussing. Because of that, the zones of operations are being managed so that they do not have people running from the south to the north. There is a healthy spiral of good activity that comes out of good procurement.

Matt Dykes (Senior Policy Officer for Public Services, TUC): London has a good story to tell as well. London boroughs like Hackney, Southwark, Islington and Camden have all had great examples of good procurement practice going back many years.

I go back to my own history when I was based in the TUC London regional office. We were really proud of the fact that the Mayor of London back then was one of the first Living Wage employers and the GLA was one of the first organisations in the country to have a really dynamic socially responsible procurement strategy. The Mayor should be maybe doing the better job in selling the virtues of London as a centre of good procurement practice.

Jennette Arnold OBE AM: We will send a message to the Mayor to up his game.

Susan Hall AM (Deputy Chairman): Absolutely, yes. Always.

Jennette Arnold OBE AM: It is an interesting position when we find ourselves in the same space, Susan. John, thank you for that. Rachel, do you have anything to say? What would you go back and say to the Mayor in terms of upping his game? You heard what Matt had to say.

Matt Dykes (Senior Policy Officer for Public Services, TUC): Sorry, I did not say that the Mayor should up his game. I am just putting that on the record.

Léonie Cooper AM (Chair): No, I am pretty sure it was Assembly Member Arnold who said the Mayor should up his game and --

Susan Hall AM (Deputy Chairman): We all agreed.

Léonie Cooper AM (Chair): -- I believe it was Assembly Member Hall who then said, "Always".

Matt Dykes (Senior Policy Officer for Public Services, TUC): We can all up our game. We can all up our game, can we not?

Léonie Cooper AM (Chair): If we come to you, Rachel, is there something you would like to add to the points just made?

Jennette Arnold OBE AM: You heard it here first before it was misreported in the *Evening Standard*.

Léonie Cooper AM (Chair): That would never happen.

Rachel Williamson (Economic Fairness Programme Director, Economic Development, GLA): Perhaps I could pick up the point about making responsible procurement strategic. Just to let you know, it is a number of the statutory strategies including the Economic Development Strategy and the Equality, Diversity and Inclusion Strategy. The focus there is really, as Nabeel started off, on leading by example and using the Mayor's purchasing power to support the values that are in the Responsible Procurement Strategy: economic development, wealth creation, social development and improvement of the environment. The GLA's functional bodies can each use the procurement process to encourage a range of good practice. We also bring together key suppliers through forums such as TfL's Key Suppliers Forum. We bring broader business groups together such as City Hall's London Business Climate Leaders and all the activity that goes on through the LEAP. There is a Small Business Champion as well picking up on some of the issues that we talked about on diversity of the of the supply chain.

In terms of the responsible procurement team, Tim is also linked in with a range of specialist networking opportunities and opportunities to share good practice as well.

Tim Rudin (Head of Responsible Procurement and Supplier Skills Team, GLA and TfL): Yes, there are procurement conferences that happen throughout the year and some of them are specified around the sort of procurement. We do get invited to speak at those. There are some forums and roundtables, some of which are particularly focused on local authorities in London that we attend and share. We do have some avenues for sharing best practice.

The point around case studies is very well taken. We have a clear aspiration this year to really capture some of things that we are doing, publish case studies, get things out there and really get that message out there a bit more. That is definitely something that is on our agenda.

Léonie Cooper AM (Chair): Thank you very much. I would like to thank all of our guests for all of their contributions this morning. It is been a really interesting discussion. There are some key themes that seem to have emerged fairly strongly in terms of improvements that could be made to outsourcing and procurement and, indeed, we also touched on insourcing. Thank you for your contributions.