**IP7, Social enterprise consultant (M)**

Speaker Key:

CM Interviewer

IE Interviewee

CM What’s your job role and your experience with the commissioning for social value?

IE I am currently a Freelancer a sole trader for just over 13 years. Prior to that, in the late 90, in previous employment, I was involved with social value in terms of thinking about how companies are working with, how we could better report, and understand impact of the company's at that time, we wanted to be braver and able to articulate value helping to better manage the organisation and advocate in terms of our mission. Then around 2000 I started to get involved in helping to develop some of the social enterprises sector toolkits around reporting social value and social impact. That was with Co-operative UK, which was the, probably the more the first attempt from UK perspective, having a reporting framework for social value that organizations create in respect to their values. And that record a lot of work that the cooperative movement have done in the 1850 -1860, it's about 100 years ago, when cooperative movement had decided to do some work then around reporting impact and value that is based on work created. And then also I got involved with S F E, with the framework that they were developing for the social funds model for the SE so that they can report their value and impact. On the 80s, also then I started to get involved with of work that NEF was doing, because at that time they were bringing over to the UK, the social on investment model from America. And that I think was probably the key moment because NEF introduced the SROI framework as a model to prove social value to the State, to government. And that's when government started to get interested in saying - how we can start thinking about social value in commissioning, which is unfortunate, because social return on investment framework was never designed to report social value for commissioners. Social return on investment framework was designed to help charities better attract investment from private donors, private sponsors, private individuals, so NEF seemed to subvert the SROI tool, government than subverted it further, and the SROI framework that exist now is widely advocated as a model to help organisations evidence there social value to commissioners. However under the commissioning procurement legislation from UK and Europe it's incompatible. The procurement legislation for both UK and Europe, cannot by law recognise the SROI as a framework for reporting social value, but people don’t seem to know that, even commissioners. Ehm, I have been then self-employed about 13 and half years ago, and I have an unusual business model, as a Freelancer. But one of the things which I was very keen to implement as a Freelancer, where's the key to how I can report on the social value that I create through my own business practices. So for the last 13 years, every year, I have been up openly publishing the social value report of myself, created the framework to do that which allows me to benchmark my value and impact against peers, another businesses and sectors bodies. SVUK really liked it, because they say it's an example, a pioneer example of how to do integrated social value reporting. It gets interest from practitioners in other countries, throughout the world, every time that I publish it and I also know from clients, when I bid for contracts and then when I reference the fact that I do this value reporting, I can evidence my social value, including for contracts when I am commissioned to do master classes for social value reporting and training for commissioners and developing toolkits to report it. And every time my clients always say it made no difference. The fact that you would do this on yourself no difference to our decision to give you the contracts. That is something that I saw echoed another research. So about 1 year 1 year 2 years ago that one University of Birmingham published some nationality search into the social value commissioning which show that public services act has made no visible difference in the patterns of commissioning and the intentions of procurement of public procurement officers with the social value they are commissioning. SE UK did also publish some research about 1-2 years ago as well, which show that two thirds of all public commissioners have no intention of making any reference to social value act in their commissioning. Was also a large piece of action research undertaken by NHS England, about 10 years ago into value commissioning. NHS England has been to the waterfront with a lot of work in the sector I think. About 10 years ago the NHS published a 2 volume report of 3 years action research study about social value commissioning, the conclusion of which was that it doesn't matter what we say nationally, it doesn’t matter what we legislate, it doesn't matter we say police, the preferences of the local commissioner officer the local area will always take pretence and determine how far social value should or shouldn't a part of any commissioning criteria. Social value has been hijacked by political agenda and it has not benefited in win contracts and actually the main benefit I think in pursuing social value, is not to win commissioning is actually help you better manage your organisation and better comply with reporting regulations as well.

CM You are referring to any specific organisations?

IE All organisations. They tend not to [inaudible] report. If it's not working with lots of small groups, if they... it's too expensive, it's too complicated. Because what they see it as part of SROI work to have to do, it's not straightforward, it's costly. We have no resources to do that. My approach with them, is to say actually, you're already capturing that... you're creating it, you're just not looking at it in that way.

So my framework is to management accounts. So I have to do no additional data research or data capture to generate the evidence, and the data for my social value reports, because I've just simply approached it from another perspective. It's very easy to do, but the whole industry has spun out around social value reporting, and therefore said, it's complicated, you need to buy us in, and a lot of small groups get turned off by that.

CM How do you articulate and define social value?

IE Social value, I'd say social value is about better understanding and managing the way that we are creating change in our communities and benefiting other people. And we do that and we should be reporting that on our terms.

Because ultimately, the main audience, the principal audience for any social value reporting is us. If we're reporting it for someone else, if we're measuring it for someone else, we will always begrudge it. We will never actually get anything out of it that's relevant to us, because it's not in our interest to... it's in their... what we're reporting is in their interest, not ours. And actually, I see that a lot of the private sector is actually taking huge strides ahead of the social sector in doing this, at the moment, as well.

Private sector is doing way better at starting to report its social value. And it's not doing that to win government contracts. It's doing that because there's a clear business case in how it is able to engage employees and how it is able to better comply with legislation. So for example, the Environmental Agency Act of 1998, Companies Act of 2010, the Charity Commission Public Benefit Reporting and so on, whatever your legal form, there is a statutory responsibility to report on our social value now [overtalking].

CM When you are talking about the private companies, are you referring to businesses and corporates and CSR?

IE Private businesses. For example, I am a private business. I'm a sole trader, I'm a private business, and yet Social Value UK hold up my approach to reporting my social value as a leading inspiration example of how to do integrated social value reporting. Social Enterprise UK regularly hold me up, and the Foundation for Social Entrepreneurs, they both regularly hold me up within national forums as an inspirational example of a social entrepreneur, of a small social enterprise, because of the fact that I do social value reporting and I have to repeatedly say, but I am not the social enterprise.

I am not a social entrepreneur. I am simply trying to work out my business model and run my business in a way that I think is ethical, in a way that reflects my values. And unfortunately, that kind of shows up 98, 99% of the social enterprise sector as not actually doing what they're supposed to be doing, against what they say. So private businesses do a lot better than social in this, but it's not that hard to do. I just... I think people get a block in their minds, because what they hear is you should do social return on investment.

Everybody's accepted this, not questioned it, not said, well, but there an other ways and simpler ways, easier ways to do it that are more relevant to us. Even commissioners, I do train courses sometimes, open training courses on social value reporting, and occasionally there will be commissioners who will come to the course. And what always happens is at the start of the course, when we go round doing introductions, what are people hoping to get out of it and where people are now, the commissioners always say, yes, we would like to see more people doing social return on investment reporting as part of their business.

And by the first break in that training day, all these commissioners are saying why would anyone do social return on investment reporting. Now we understand it and how it works and how it fits with procurement and legislation, why would anyone do it, because it's not relevant. Because it's not... and I think a key issue for any social value reporting has to be benchmarking.

Because if we don't benchmark it, we don't understand how good is the result. Our financial accountants, for example, are benchmarked on year-on-year reports. There are industry standards and industry averages for how... what sort of margin you should be able to expect, what sort of return you can expect. Social value should be the same. If our return shows to be about 70% success rate, is that good or bad? Unless we benchmark, we don't know.

But so many measures, so many approaches that are being advocated, including social return on investment, are impossible to benchmark. So we have a framework that doesn't actually give us useful management information for being able to plan services or review them. All of which makes me very unpopular, these views, by the way, with a lot of the sector. Because I'm simply saying all of this is based on published research and direct, first-hand experience with commissioners that I've had conversations with.

CM You mean SROI is the most recognised measurement tool among local commissioners?

IE It's not fit for purpose. Social return on investment does not fit with the laws that govern how procurement has to work. And yet, all of the sector bodies seem to keep pushing social return on investment. Commissioners keep talking about social return on investment, my experience is because they don't... they haven't understood it properly.

And yet, over the years, there have been national programmes from government to train commissioners to better understand social value commissioning. Back in the early 2000s, so about 15 years ago, there was a national programme from central government, from the Office of the Prime Minister to train commissioners to better understand social value commissioning. [inaudible] It was a huge national programme about social value commissioning and training for their commissioners, again, about 15 years ago. No one talks about that anymore. Everyone's forgotten about it.

CM What are the key challenges with defining social value?

IE I think the key thing is measurement. That's the key challenge for social value, how do we measure it, because we don't have any universally agreed standards or measures. We have lots of different toolkits, we have lots of different outcomes, we have lots of different financial proxies. How do we pick which one is relevant for us? How do we pick which one is relevant for or of interest to commissioners? Because commissioners keep changing their mind.

How do we... bear in mind that in terms of financial accounting, it's a lot more straightforward. As a society, as a culture, it took us about... at least 200 years to completely agree some common standards for financial reporting and financial accounting. Social value, I think, still has a long way to go. And maybe what we need to see is rather than people creating more frameworks and more approaches, that there be more argument that commissioners get together and say, for those commissioners who sit within councils, you have a social value charter.

To actually put some indicators against it and say, we have part of our social value charter, it's about creating local employment. Therefore, we would like to see when you bid for contracts how many jobs you are creating and of those jobs, how many are being filled by people who live in our postcode area. Then it's consistent, then everyone does it the same way.

CM Looking at the SVA and how is defining social value, I feel that is there a broader perspective than seeing just the numerical aspects?

IE Well, I think that's part of the... how SROI subverted. That politicians have subverted the social value reporting agenda, because politicians have monetised it. When they brought social return on investment across from America, said the best way to report social value is in financial terms. So put it in the financial ratio.

The problem with that is how you create the financial ratio is really messy and it's never consistent and changes every time, even within the same organisation. Social value is about understanding the change we are making in the world, and not everything can be reduced to a financial measure in that regard, because it opens up a broader ethical debate about what value do you place on a human life.

Under SROI, it is possible to place a financial value on a human life. I'm quite uncomfortable with that, personally. Other people aren't. But that's kind of... so I think it's about social value saying we need a range of measures, some of which can be financial, some of which may be useful to be financial, to help us understand it from different perspectives and helping us manage services and make decisions about investment.

But actually, some of it we shouldn't... we need to put and keep in non-financial measures. The challenge, then, if we monetise is what basis do we monetise on. Because there are lots of studies that offer us financial values or monetised values against the same outcome. The challenge is which financial proxies do we use. So if we go to the global value exchange database, there are multiple financial monetisation of the same outcome, depending on which evidence source you want to pick.

Then... if I'm working with clients around this and they say, we really, really want to have a monetised value, then there is a set of monetised values that have come out of the government's Treasury Department. So I say, well, if we want it, then that's probably the best value set to go to, because the government have said, these are the financial values that we've created.

So from a commissioner's perspective, those are the best fit. However, they're five years out of date and the government hasn't updated them. And the economy's changed, financial values change. And I think we also have a challenge where we create monetisation outcome because of something which I call the beer factor, as in the drink of beer, alcohol, beer.

CM Beer?

IE Yeah, the drink, if you go to a pub. So for example, if you go to a expensive place, in a pub, a pint of beer will probably cost you about £4 or £5 for 1 pint of beer. I live in B., a pint of beer in my local pub is about £2.50, £3. So there is a 40% to 50% variance in that financial monetisation, simply because of where I am in the country.

Now, if we're to look at creating monetised values, the question becomes how far should those be localised. Because the cost of living has changed, so therefore the financial monetised value should change. Social value... the monetisation that comes at the moment don't recognise that. So even if you've got the same organisation delivering the same service, but in two parts of the country, and according to monetised value, it's not correct, because of this... what I call the beer factor, because of local economy variation.

CM So, the local context/ local place is important?

IE We see that with the police force. The police force do the same thing. For example, I did some work on social value in high crime rehabilitation. The police force in the UK publish the cost of crime. They have a database, a schedule, the cost of crime. So different crimes and how much it costs the police force when each of these crimes is committed in their area.

And there is a huge variation depending on which part of the country you're in. So, for example, shoplifting, for the police to... the cost of that to the local police force of managing a case of shoplifting in one part of the country is set at about £65, and in another part of the country, it's about £600.

So this is a government service who say the cost of the same activity in different parts of the country... so the government recognise it, but it's not being acted on. And I think it's because, from a commissioner's perspective, commissioners aren't really doing social value, they aren't recognising it. So therefore why should they actually figure this out properly. So it's left to us as a sector to figure out how we do it, which takes me back to my reasoning of well, actually, the main reason we do it should be for our own benefit, not for someone else's.

CM What’s your opinion about small medium voluntary organizations?

IE Small... the wider context, is that... and again, research shows this, NCVO's almanac, data sets, for example, show this, Charity Commission's data sets show this. Smaller voluntary organisations are receiving less and less money from government. And it's not because government doesn't want to give it to them, it's because the way that government puts money into the sector is increasingly favouring large organisations, regardless of social value.

And it's about saying how... so if the government is going to... or the council puts money into a voluntary organisation, that voluntary organisation has to show management capability, management capacity, quality assurance, good financial health and standing, so in terms of the financial accounts being robust and showing healthy reserves.

Increasingly, that means larger charities, larger voluntary groups that are given those contracts. Nothing to do with social value. And the smaller groups can't... evidence can't meet those requirements of the government, of councils to receive the funding. So they're getting smaller and smaller. So I think the argument of saying smaller groups doing social value reporting will help them access public funding better is a red herring, and actually the evidence shows it won't.

It would just be a waste of their time if they do it for those reasons. If, however, they do it for the reasons of better engaging with volunteers, if they do it for the reasons of better eliciting grants from trusts, if they do it for the reasons of helping to do public fundraising events, then yes, it works very well. And anecdotally, I've worked with groups who have done it for those reasons, and as a result, they've seen volunteers become more engaged, they’ve seen more donations from the public to their fundraising events, they've seen better responses to applications they make to grant-making trusts.

CM Does SVA make any difference for these organizations?

IE No. And because I think the policy... the general policies around it at the moment nationally are flawed. Because the evidence... when we look at the evidence to test the policy, the policy doesn't stack up. The policy is nonsense, purely from an evidence-based perspective. Because as with all my experience of working within the sector for the last 20 years is most of the policies that come out, either from government or from our sector bodies, are not based in evidence, unfortunately.

Sometimes we get lucky and the evidence then appears to back it up, but in the main, it doesn't. And I see that across not just in terms of the sector, but I see it in terms of government policies about planning, government policies about health care, everything.

CM Which are the top barriers for the larger or small charities working with SVA?

IE A lack of a business case. So those large organisations will be aware that doing social value reporting makes no difference to their getting awarded funding or contracts, so why should they bother? As a small business myself, if someone says to me, you should do this, you should do that, my question is what difference will it make in terms of helping me deliver my services and attract customers? And if it doesn't, then why would I bother doing it? And that's, again, the evidence that's out there just doesn't support the policy or the arguments that are being made at the moment around this agenda.

CM Does SVA encouraging increasing partnership between the voluntary organisations and the local council?

IE So before this agenda about social value, we had another government initiative called the Compact. This is an important kind of comparison, historical model, and the compact was a... supposed to be an informal agreement between local councils and the local voluntary sector about how they can best work together in funding activity and commissioning services.

There was a lot of money invested by government in it to support the councils doing this, the voluntary sector's infrastructure bodies also pushed it a lot, and they disappeared. All the compacts disappeared. Local councils, where they engaged... my experience is where local councils engaged with the compact, it was because they felt they had to, because government was telling them they had to and they were going to get in trouble if they didn’t.

But my experience is, again, it made no difference. So we have a comparable historical example of this and it doesn't work, it didn’t work.

CM Where does stands the discourse about increasing partnership and collaboration between the local government and voluntary organisation in this context?

IE So that's, again, in theory, that harkens back to the compact agenda and policies. In terms of today, where that discourse fits in theory should be arising from the Public Services Social Value Act of 2014. Because the Public Services Act, most people think it says, oh, this means that commissioners have to give social enterprises and charities the ability to bid for contracts better.

It doesn't. The only thing the Public Services Act does, it says to commissioners, when commissioners are designing the scope of a service that they want to commission, they should, not have to, not must, but should consider how that service specification could create additional social value in the local area. That's all it says. It says they should consider if the contract could. My experience is most commissioners then sit there, when they're designing a scope of service, and says, hmm, we have to consider this. Could it? Okay, we've thought about it, no, carry on.

Because there is no enforcement of the act. The only time they... but because it says that's what happens, the opportunity exists for the sector locally to collectively engage with commissioners at the point where services are being designed.

CM Do you mean local co-design of services?

IE Yes, so when contracts and services are being designed by a commissioner, say this is how they should be structured, this is how they should be delivered, this is what we want to see happening and achieved through this contract and service, that's when local voluntary groups could go to the commissioners and say, look, her is our evidence about the social value we are creating and we could further create within this type of service.

However, commissioners tend to design contracts behind closed doors and they do not tell people when they are reviewing the service design.

The challenge with procurement legislation is we, as a... so if I were a small voluntary group, I could... and there were a council with a charter that said when we designed it we put out an open call, that's fine, so I go along to those meetings at my time and cost. I share with the commissioner my evidence of that it was my group that created social value and I spent time arguing how this could be amplified and increased if they design their contracts in certain ways.

And then I go away and then the commissioner decides the service specification, but then I can't bid for it because I'm too small. I can't meet the... what we call teaching pre-qualification questionnaire requirements. My reserve, my financial reserve is not big enough. I don't have a quality management system, and so it goes. So it goes to a large private company.

So I've... so the experience is why... what's the business case? There is no... …mechanism that gives me any better chance of winning that contract. And where I see those charters and things happening are in the places where commissioners have historically always wanted to do social value in their contracts. Because the Public Services Act did not introduce any new content into procurement processes and procedures that wasn’t already there. There has always been the scope within procurement legislation, always, to have consideration for social value.

And a good example of that being used where there has been clear leadership from within the commissioning offices is in Liverpool, in the 1980s and 1990s. Liverpool became a hotspot for social value commissioning because commissioners got it. The commission said, we want to make it happen. Here in Burnley in the early 2000s, there was a massive housing regeneration programme that the council got a huge chunk of money from government to run.

And commissioners in Burnley at that time said, we think we want to embed social value within these contract specifications.

So when we give the contracts out for the companies to build all the homes and reclaim all the building materials, part of that tender contract should say... we want to say that in having... whoever delivers the contract has to create local jobs and local apprenticeships to help create local employment, to help local people.

That... all that pre... by at least 10 years that predates the Public Services Social Value Act. So where authorities have wanted to do it, they've always been able to do it, and the act doesn't change anything. And like I said, there's evidence, the University of Birmingham research, Social Enterprise UK's own published research shows the majority of commissioners, it's not making any change or difference.

And I think part of that is trying to find the lever, because at the moment, when services are commissioned, they're commissioned against a single budget. And yet when we create social value, we create social value across a number of budgets and a number of themes. And I think part of that is, again, there are some councils where they get it and they want to push it more, but they find it difficult because of the increasing pressures from national government in terms of why and how they have to do it, why and how they have to work.

CM Could you give example of cases of success where local council commissioned in alignment with the SVA?

IE As I said, the only authority that I'm aware of that's doing quite well at this at the moment, and then for which the local voluntary sector is in agreement that it's working well, is in S..

CM S., yes, I heard about.

IE Because they've introduced their 10% target as well as commissioners. So they go, 10% of our commission expense should go with local groups for local impact. In the same way that national government, the UK government, has now said 25% of all of our procurement spend should be with SMEs.

So having a target, having a measure in that way could be useful, and I think that's the way that we start. I think SROI was... is too complicated, too complex for commissioners to be able to fit into this agenda. If we start with a simple measure like that, how much of our spend stays in the local economy as a council, that's an easy measure, that's a way that we can start to better build that culture of change and encourage the system to start to change gradually rather than a wholesale we have to put a whole new framework in.

Because statutory systems are resistant to that kind of level of change.

CM SVA is encouraging the idea of ‘working together’ for a better delivery of the services between the local government and VSOs?

IE We've seen that before. So again, the locality, the sector body, published work around the highlighted case studies where it's happening. But they're only case studies, they don't have a data evidence base yet. NESTA, N E S T A, NESTA published their Innovate to Save budget programme in Wales, where they said, actually, if we can do co-production with service users, we can get better service designs which will be of benefit.

And the government in S., again, about 10, 20 years ago ran a programme called Invest to Save, and NHS England do a similar programme, as well, over the times. My frustration with those initiatives and programmes is they encourage sort of creative approaches, but then there's no uptake of those approaches afterwards. There isn't the system in place for the government, locally or nationally, to act on changing the system around it.

And I think part of that is because, politically, our government's work on a... what I would refer to as a three-year cycle. If you can't make it happen or get it going or do a start-up initiative in three years, they're not interested, it won't change. And part of that is creating social value more than a year or two to prove it and to come through and evidence it.

But we also have a challenge, as well, at the moment, where a lot of political services, local commissioners, central government is putting massive pressure on them by reducing their budgets. I did a piece of work for the National Health Charity, three-year evaluation programme. At the start, NHS England had funded them to develop a new, community-led care model in a number of areas.

So it's a three-year programme, the anticipation at the start was at the end of this three years, the programme could then be commissioned by local health commissioners. And at the time, NHS England said, yes, [inaudible] that's fine. Two years into the programme, NHS England changed its commissioning policies and therefore said we will no longer be able to commission this, even though we're funding it as a pilot, because we can't [overtalking].

And the conversations that I was having with the health commissioners were also saying because of the way that government is enacting cuts on services, we are now having to reclassify what are currently primary care services, so health services that we have to deliver because they're primary care, so secondary care.

So we are having to change the way that we classify care because government is not putting enough money into the service to sustain what should be the basic minimum level. And there was also some work about five years ago, a piece of research that came out that showed that, actually, a lot of councils were starting to bring services back in house. So rather than commission them to be delivered, they were holding onto the budgets and delivering it themselves, instead, to help them safeguard their overall budgets and ability to maintain a viable local authority. [overtalking]

Social value agenda and policy is admirable and laudable and to be encouraged. I think the agendas behind it are suspect, based on evidence. And I think the external pressures around it at the moment are of a magnitude which is stifling its ability to actually get out and do anything meaningful.

CM Is there a lack of trust among the actors involved in this agenda?

IE Yes, historically, the voluntary sector, social enterprise sector doesn't get along well with itself. Groups always... because we have had 20 or 30 years as a sector of being told, compete against each other for grants. And now suddenly we're being told, actually, you should collaborate. And they expect that culture that’s been over two generations of being told to compete against each other for the grant or the contract, you can't change that suddenly overnight.

And in terms of collaboration around contracts, for example, it doesn't work. I did some work with the Ministry of Justice, NHS England, who said, we want to get smaller community groups into our supply chains, that idea about getting contracts out.

And I said, if you'd approach it these ways, that'd be great. And yet, when it comes to it, when we come to this... so we create all these new consortia, these new partnerships, but then they can't bid for the contracts. They can't bid for the funding because it doesn't connect with how the procurement side is set up. So we get this disconnect even within government's own services and departments that doesn't quite work through.

I've also seen in terms of social value, for example, the risk of attaching it to funding. A good example is a payment by results agenda. So this idea of saying if you deliver a service for the government, at the moment let's say it's about the reoffending agenda, so that we're going to help people not reoffend. So people do, they go to prison, they come out on probation. We will deliver services in the community to help them find employment, get back into college, to not get into trouble with the law again.

And government says, we are not going to fund that on a payment-by-results model. So the social value you create is keeping communities safer by there being less crime. So which is great, it's a social measure. In that... in theory, the policy says that will make services more innovative and more effective. It has just recently released its data on those contracts nationally, so after 2 years into this new agenda and this new payment-by-results contract model, only 2 of the 21 contract areas in the country have achieved their social value target and been paid.

So there is a big question then about is the contract... the social value being measured in the right way, are we allowing for external factors properly. The targets we're setting on social value, are they appropriate? And then what happened to those community groups and voluntary organisations being able to continue if they don't reach the social value target and therefore don't get the funding, even though they've set everything up to do it.

And they've spent out against the anticipation they will get funded retrospectively, and now they're being... after two years, government published figures, publicly published. But I think because it doesn't fit, because this is... it's a piece of evidence, another piece of evidence about social value and commissioning and procurement and government funding which doesn't fit with the policy, then it just gets quietly pushed away. No one talks... no one is encouraged to talk about it.

So there's that question about social value, what happens if, when we measure our social value, it doesn't look good?

We have this expectation we will create great results, but what if they're not great?

CM Yes, the negative externalities …

IE Because we have... everything we do creates displacement. So if we are creating more social good here, then who is not creating social good... so we are taking it from somewhere else. The economy is a fixed amount of money at any one time. If we are gaining more money, someone else is losing money.

If we eat more food, there is less food in the supermarket for someone else to buy. If we are creating more social good, then another service, another group is struggling to deliver itself. So and I think social return on investment can be useful because social return on investment does say in the... if it's used properly, you should recognise that displacement and allow for it in your calculations, but very few people do.

So it becomes how we create a simple framework that everyone can easily recognise and that is credible with different audiences.

So I guess the other point, just to finish, just to add on to this is the validation of social value. I think this is a key point. So when we talk about creating social value, when reporting on it, who assures or guarantees that that reporting is correct and that we haven't just made it up?

Now, for commissioners, a requirement of commissioning, procurement, is that accounts have to be audited externally. So someone has to say, yes, these are the accounts, these are proper accounts, these are correct. 99.99% of all social value reporting is not audited. So how do we trust it?

I had a public conversation with LB last year on social media, lots of other people joined in, about how far we can trust the social value that groups report that they're creating. His argument is that if those social value reports are not externally audited, then he doesn't believe them. He thinks they're all made up.

My counterargument is 99.99% of all the accounts that private businesses submit to HMRC and Companies House are not audited. So does that mean we don't trust those? And actually, we've had a good few cases in the press recently where even when accounts are audited, they're still wrong, within our own sector this happened.

So there's a question of actually, even if we're reporting it, how far do we know we've reported it properly and how far do the commissioners... how far can they have trust that it's been reported properly and it's a correct representation. So you see, I think we're still very much at the start. My concern is that because of the work of New Economics Foundation in the late 1990s in bringing across this social value forward called SROI from America, and trying to use it for something which it was never intended to do, and politicians twisting it for their political agendas, as a sector, we've lost a lot of time. We've gone down all the blind alleys. We should be starting simpler and smaller.

So which, for example, say for example, S. are a great example of that, of saying 10%. 10% of the money we spend should stay in... should be with S. businesses and groups. Start simple and then build on that.

CM How these relationships in service delivery has been affected by austerity and cuts?

IE It depends on who you ask. Austerity cuts meant that all of a sudden, the voluntary sector and community groups were told, oh, you're the best people to deliver because you can deliver more for less. There has always been an assumption in government that voluntary groups can deliver services for less money than private companies, which is false.

Research... published research and published evidence shows us that small community voluntary groups are more likely to be more expensive than private companies delivering public contracts and services. So yet another flawed policy. We then had a challenge which was, in the light of austerity, how these contracts can create more value and benefit. So we then had... and the challenge with that was they can create more benefit, but they do it across different budgets, across different services.

And procurement doesn't allow those contracts and services to be joined up when they're commissioned, which means that it didn’t happen.

And then after about two or three years, central government has abandoned its austerity plans and it's back spending more and more money, and yet central government is still inflicting austerity on local councils, when it's not doing it itself. So there is a huge hypocrisy in the heart of our government around the austerity agenda.

CM So you mean, it's a political decided agenda?

IE Yes. If you look at the budgets of all the central government departments, Ministry of Justice, Department of Health, the Cabinet Office, DCRD and all the rest, all of their budgets are now going back up again. Their budgets are getting bigger every year. And yet local councils are having their budgets being massively cut, and the powers they have to raise additional money to make up is being taken away from them, as well.

So they're in an impossible situation. And the procurement will say that they can't join up their commissioning, either. So S.'s idea of saying let's try and get something going where we can, let's at least try and start this [inaudible] and hopefully that will use a trickle-down economics idea to create the benefit, it's probably the best we can do in the context of all that.

CM Even the social value policy, it's pushed by the discourse of austerity and cuts ?

IE I'm not seeing the social value agenda appearing as much in the austerity as I used to. The big society agenda, policy agenda from the Conservative government disappeared after a couple of years. Because actually, civil servants worked out there's... we can't make it happen within the government. We have to change the way that we... we have to have a massive change to the legislation, and that's, for them, too painful to do, it's too much hassle, so they keep doing what they're doing.

Let's hope that within three years another government will come along, another policy change will happen, and they don't need to do that. Because it would take more than three years to effect change in legislation on procurement that's needed on that scale to make it happen. Or we need to start more enforcement, because none of these acts about compliance, about public services acts, are being enforced.

So it's a bit like when we... we've seen people driving on a motorway, the speed limit on a motorway is 70 miles an hour. There are some people who drive a lot faster than that, and they do it because they've worked out the stretches of motorway where there is no enforcement, so they don't stick with the rules that everyone else is trying to use to get along with.

CM Thank you very much.