**IP14, Director (Charity)(M)**

**Speaker Key:**

CM Interviewer

IE Interviewee

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

IE I was working for Chris Wight’s, MP, before the Act.(…) As part of that, then moved from that job to NCVO, (…) I joined the F. And although we don’t do our work directly with the public service commissioning I’m still obviously invited to talk about it on the regular basis and (unclear) see as an important aspect of their work. So, I had engagement with it, so I have 8 years’ experience with this overall.

CM How come to be the idea of Public Service (Social value) Act 2012?

IE Mr Wight’s was elected member in Parliament 2010 and before that he had been a district councillor in Warwick district which is in the West Midland, and during that time he worked with the voluntary sector organizations and social businesses and he was very keen to support local organizations. So in June 2010, every year in Parliament there is ballot for all corporate private bills, so these are a piece of legislation who each individual members of parliament can put forward and Mr White was successful in winning one of those slots. We then come with a range of different initiatives and one of the things that was performed to us by the Social Enterprise UK was the proposal that we should introduce a legislation to support social value in the public procurement and also develop social enterprise strategies at the local level. And building on the work of the Sustainability Act which have been passed in 2008, I think. So that’s, the idea is very much come from the background of supporting voluntary organizations, charities, and social enterprises to win contracts, at local level. And best if probably you can read about the inception of it is Chris Wight speech, and his speech introducing it as second reading which been roughly in 2010 (you find it in google). And that speech laid down the common reasons, and one of the biggest issues was, from a commissioner perspective, price is obviously one thing, only one part of the process, but also we should consider the wider social, economic and environmental value that the service provide, or the contract, or good provide. And, as a part of that process, it was decided that actually the best way to do that is to give designed in-built it into the commissioning exercises in the very beginning. So, that’s way I saw a kind of pre-procurement stage rather than the procurement stage. (Unclear)…… But you can take it into (…) but is not required in the Act is just the duty to consider so was that’s how was introduced.

CM The Act is not prescriptive?

IE Yes, we would like to be more prescriptive but the government would not allow us to do that.

CM Perhaps, would be any pro and cons there, if would be more prescriptive?

IE There are, although, to be honest, you know there is also a prescriptive regime about the value for money framework which government works with already, it is just that, it is very prescriptive about price and methods of tendering and that kind of thing. One reason do not be prescriptive about social value is …well, if it decided, they were considered, the Minister of Finance at that time was considered that this will lead to red tape for particularly local councils. So, that’s way they were against that.

CM Does the Public Service (Social Value) Act 2012 reached its objectives as of now?

IE Hem, no. It hasn’t reached its objectives. I think, in its favour, what it has done it has raised awareness about social value. I mean, the social value is not a new think, it wasn’t the Act that created social value, as I said the Social Enterprise UK put forward the idea of the Act on this issue to us in 2010 which was before the Act; the European Commission obviously have been doing work around better procurement practices; the government has its concept around the idea of best value in local government and communities before the 2010, before the Coalition government, so it have been around for a time. But the Act certainly, did forced the civil servants to certainly engage with this issues in more details, in terms of performing their duties under the Act, in that sense it has achieved its aims.

CM It is a formalised process?

IE Yes, a bit of formalised and raised awareness. But in terms of the implementation it has not achieved its objectives. There are many examples of social value not being considered. I think again, Social Enterprise UK is done a number of reports on the implementation among local councils and it is found that very few of them have policies dedicated to social value. And those who have them, they probably developed them before the act has been introduced. So, people like, D. council for example, they had an all commissioning approach witch is basically the social value approach (…). So county council have developed an all commissioning approach which is very much similar to social value but they developed that in 2010 as the Act should be developed. So, they done it before hand, and obviously they have continued to do something. There are obviously example of councils that have already embraced it. Like councils in L, B. city council did lot of work on it. So there are few councils but it isn’t universal. And actually, central government have done very little and also the local government department have not done very much to implement it and they are actually the worse. So, yes, there are the big procurement commissioning exercises, like (unclear) Rehabilitation or Work Program they have not used social value in that, so, no, it isn’t reached its objectives because you know, still have lots of public money being distributed, where contracts are not being awarded on the basis on total value, you know, both price, quality, social, economic and environmental benefits….

CM What difference SVA made for charity, social enterprises?

IE Not very much, actually they are receiving less money from the local government they did. Probably the timing (unclear), we introduced it during a period of austerity government spending. We have hoped, I don’t know if you read the Public Service White Paper, the Coalition Government have introduced in 2011, I suppose. In that Public Services White Paper the aspiration of the government was that all community, voluntary organizations and social enterprises would win and deliver public contracts, and has not been translated into reality, because the cost pressure on government have meant that they are looking more at savings and that means they are making contracts bigger and they are pricing; which means that too big means that small organizations to bid for and traditionally charity, voluntary organizations and social enterprises are smaller than the private businesses, so they can’t take the risk, and also they look more at price rather than on quality. And again part of the SVA introduction our view always been, you know, if you take not just the cost but the total benefit that a charity, voluntary organization or social enterprises can bring into the delivery of the contract, you do that in around, they will bid the private company because the private company might be able to compete on price but the way how they are going to deliver something is not going to be as beneficial as the way a charity, voluntary and social enterprises organizations will deliver it. So the idea was to try to tick the plain field more towards quality than the price, but because of austerity the focus has been on price, and we don’t tend to win on that.

CM The act is open to all kind of organizations?

IE Absolutely, because of the European procurement policy you just can say, it is the European procurement rules, I mean I think the government would say it would be anti-competitive to just say you can only give contracts to social organizations, so they never are going agreed to that.

CM The VSOs are required financial sustainability to deliver contracts embedding social value? What kind of contracts are there?

IE There are lots of contracts, but they are getting bigger. So even, for example, local area, I can give you an example where was in (unclear) area a ground advocacy service for people with mental health and the used to be 3 or 4 separate contracts where 2 or 3 different organizations will deliver but now they brought those contracts into a big contract and they want 1 provider to deliver all those things. So that’s kind of example of what is happening and that’s makes harder for local organizations as charities and voluntary organizations to win because is bigger, and they cannot take that. Yes, in terms of financial risks, you know, from a council’s perspective, if they are giving let’s say, you know, 1 million pound contract depending on the organisation bidding for it had an income of 2 thousand pounds, before they take the contract, that seems at a big risk for them to take that. Whereas if is a national organization or a big private company comes in and says, and they are having a turnover of 15 million pounds and they will deliver a 1 million pound contract, it feel safer, so that’s how it is…

CM What other types of barriers you see there, especially for small voluntary sector organizations?

IE Yes, definitely. Yes few, I think, the price is definitely an issue with charities, voluntary organizations tends to be more expensive to run than businesses. So we always have to compete on price. There are issues as well about, difficulties for charities in terms of their independence as well, so often, you are representing your beneficiaries, you trying to get the best outcomes for them; the way how the commissioning is going, and is introducing the things like *gaging* (unclear) clauses, this means you can’t speak if you are concern about something if you receive money from government, that persuade the charities for bidding in the first place because they are delivering a service and they cannot talk about those things publicly and raise awareness in the first place so that’s becoming a barrier. There are barriers around pensions as well, you know, if you take (unclear) local council…labilities that comes with that (…) TPE that could be also opposing to a small organization of some kind. So these are barriers as well. And there are also barriers around as well along the general engagement and professionalization in bidding so when you are competing against private organization or national private providers, they will have teams of bid writers and business development people who specialise in selling services to council. They know exactly how to frame their arguments and they have their documentation, their data, while small organizations obviously they will have their expertise they might not bid for things as regularly as these organizations, so they have less experience, so they cannot compete effectively with these other private providers.

CM What about VSOs ability to evidence social value?

IE Yes, it is an issue, definitely, and there is more and more, we kind of created a … (unclear) *referral back* in our sector because we can talk about evidence, impact, so quite rightly then the funders, the council will go …where is your evidence, where is your impact, because we are talking about evidence, impact so quite rightly the funders, the government, local government will go …where is your evidence, where is your impact because we talk in this terms, and social value is very hard to evidence, particularly, and this is a big problem with the Act actually, and I think, not because we couldn’t foresee this, I think, when we introduced it, but perhaps we should have done more to safeguard against it (…) …is the what bigger businesses and some larger charities have done is, they knows that is hard to measure social value so what you do in these circumstances? So, you tell the councils that, you know, this is the social value we provide and this is the best way of measuring it, it is the best way to delivering social value, so the things that comes across me is the apprentices for example, so apprentices are very easy, tangible things you know, we have created x number of apprentices though delivery of our work. It is a very clear think to sell as social value. So a lot of councils now just started going in the social value element… *will be how many local people do you employ, how many apprentices you will create*, obviously the more you create, the more social value you create that’s what they think. Whereas, you know, things around relationship building, integration, reducing social isolation, more democratic than control over the delivery the service, you know, things like that (unclear) financial value, or a number are not really sort after or valued effectively by council or by government when they are procuring. So, what’s happened the private providers were able to gain (or game) the social value framework to what they seen, in their terms. So the things that they are good at providing, like jobs opportunities has now become social value so you know you asked to do apprentices that’s our social value we are good at producing social value, whereas charities who maybe do that softer staff that is harder to put a pound figure on, or a number figure on (unclear) has been disadvantaged as a consequence of that. And you can think about it, from a commissioner view point, I call it the problem of apples and oranges you know, let’s say to you, you come to me with a contract to deliver, I don’t know, meals or wheals services in the local area, and one charity comes to me and says we can sort it though organic local food and support local farmers and we support the local community with healthy food options and that will lead to happier, healthy people vs you know, we will hire only local people to deliver 15 apprentices to people to be catering experts. Which one is better than the other? You know, healthy eating is important and local farming is important, skills and jobs are important, they are both important. Which one is more valuable to you? And what we wanted with social value is to get councils and government to think about those kind of priorities, what kind of priorities are more important in the local area, but what’s actually happened, is rather than the council or the commissioners defining what’s important the private companies defined it for them. What they said is, you should focus on apprentices because it brings real skills, that’s the social value you should looking at, and they accepted that because it is easy to measure and they ignored the kind of the environmental, healthy living options because is hard to put a pounds figure on that.

CM You mentioned earlier about the general engagement and professionalization of the VSOs and I was wondering what you mean by that?

IE Yes, I was referring to that and I also to the general financial and kind of commercial skills within organizations as well. When I talk about the first one, the engagement piece first, absolutely those areas, like S., C. is another example in L., where they done more sustained engagement with the VSOs, absolutely they have helped to shape the commissioning cycle, the kind of services that will be procured and that enabled them to do better into bidding. The issues with that are that, you know, take your phone for example, you know, as part of your phone, is the research development costs of the phone but when councils and government procure services they assume that everyone will give their engagement for free. So they would expect the VSOs to come in and tell them everything is happening locally, how they should deliver a service, what a kind of best way to do it are, and they will not be reimbursed for that. They will not be reimbursed for that at that time, and neither will be reimbursed by that if they were to successfully bid for the contract. So they basically ask them for the content, the research to actually develop on the new or existing services to be done for free. And that is prohibitive, because basically, only organizations that have spare capacity and basically give away their intellectual property and their understanding of their local community for nothing are in position to engage. Those they do not have the ability there are lacking staff, lacking financial resources and have to focus on just delivering what they are delivering to keep the money coming in, they cannot engage, and that create a cycle where, you know, the sparer capacity you have, the more you can shape, the more you can win contracts, the bigger you get, the more you can shape, the more you can engage … [unclear] you know, it creates a positive cycle for those who can engage rather for those that cannot engage and cannot engage…[unclear ] and they also have the opposite, so the less they are involved in shaping the less contracts and services they win, the less resources they have and the worse their situation becomes, so is that kind of – feast and famine- for those organizations outside the engagement process is famine, for those that can engage and have that capacity, but already have that capacity they will feast on more contracts, more grants because they will be able to shape those services. That is not really a good way of doing things, is not competitive for a start, because you only go to those people that already have the capacity and time to engage with you, and arguably those people that do not have the time, could be the ones that actually could be closed to the frontline, have something to offer you. And also means that you, as council and government, they very much get used to the pre-commissioning work that will not cost anything, not costing any resource to them. But now the charities are finding it harder to, they have less money, than they had previously, so they are less able to engage. So too often they are unable to provide their support, so that means the councils now cannot access to that support, because they wouldn’t pay for it, and they don’t have budget for that therefore they aren’t in the position to get out and procure that kind of engagement. There is also a barrier as well that same council view that engagement as illegal under the proper procurement rules so some will say that by engaging an organization will help those to shape and coproduce the service, that you are disadvantage the ones that aren’t involved in that process, which is not …you know, that’s is not what the rule say, and also, there is actually a specific, kind, no exemption, but a specific framework for that Innovation and Partnerships which the EU created, where basically says that a public body and an entity [Unclear] could create an Innovation Partnerships, which will not be open to competition where the organization could share and co-produce with the public body a service or a project and the public body could fund them to deliver that activity, without the need for a procurement exercise, an open commissioning exercise, they can just fund them to do that. So there is already frameworks to deliver but they are never used, nobody uses it in the UK, because there is a feeling that every commissioning process should be opened, competitive, with a range of organizations bidding for it and they are concerned about being challenged, so that’s another barrier. The other part is that lots of VSOs, particularly at local level, they lack the commercial and financial skills, so when it comes to bidding and drawing up budgets and you know, pricing [unclear], you know, they don’t know what the cost are so they can’t practice a cost recovery, they don’t know what the margins are, they don’t know where to picture themselves when it comes to the competitive tendering element, so they often pull down, because they cannot provide that kind of level of financial detail which the private companies are much more comfortable in doing.

CM Do you see any opportunity to enlarge this framework of engagement also to other small medium VSOs in the commissioning?

IE Yes, that is what social value policy was trying to do I suppose that was the aim. The first aim was to depoliticize commissioning, because the commissioning has become quite a technocratic legal thing. You know when you want to produce a service what you do is, you draw up a specification, you then tender it, you know, then you award it on the basis of the scoring framework you created and that’s it. What public bodies got use to is this idea of, I don’t know how to explain it, it is like accounting, you just do it, any time […unclear] that’s what you do. But actually the biggest leaver that government has when it comes to shaping communities is money. Where it spends its money is critically important and that is political, it is about power, it is about of who you help, who you don’t help, and what type of community do you want to see. And so, when I told earlier about the apples and oranges, the first thing that you have to think about is – what do you value, what is important locally? Because, if you think, if your priorities are around skills or jobs or employment than you should be asking people bidding for services to focus on that, how they can generate more value in achieving your local objectives or your government objectives through that; or it is the environment, how do work for environment to make sure that people are environmentally safe way […unclear] so once that happened then, we wanted commissioners to then do the engagement, because than you can engage about something and rather than you say – what do you think about delivering services for mental health in local area, it would be you - want to deliver services of mental health in this area, what’s best way in doing that and we want to create value for the community though these mechanisms, we want to get more people into work, you know, we want to help reducing inequality and poverty in this local community, so how would you do both those things, you know, how you are going to deliver the service and do in a way that meets its objectives… […unclear] so you actually have a conversation about something. And the problem is, engagement is fine, but will be like you inviting me to having this conversation and then saying, what you want to talk about, is like, I don’t know, you invited me to talk, and you also told you want to talk about social value, so we can talk about that. A lot of the engagement exercise is, because you don’t know what your priorities are, became meaningless, because you are actually not talking about anything at all you are just talking about talking, you are talking about engagement, you are talking about getting co-production, or shaping and actually don’t know very much in terms of what that mean, and yes, I think there is a massive opportunity to improve that, but it needs to be resourced in the same way that Apple spends billions in developing phones and new technology, government should also be spending millions in engaging and understanding communities, because that’s the most effective way to understand what services they need to provide, but they won’t spend money, so that’s way we end up with very poor engagement. And also commissioners, there has been a huge reduction in the number of commissioners that are around there, so commissioners are doing more and more projects, each commissioner has more and more to commission, that means they can spend less time on individual projects, and for some of them, that you talk to, all they do is , over a [unclear] period they will do just a number of commissioning exercises with various [unclear] engagements, because they have to get the contract and grants awarded and buy the time it gets to the end of the year they are going back to the start just doing the same kind of contracts all over again and is not time for engagement because all they can do is just to get the money out the door, that it, that’s the primary problem they have. So there is not any pitch to run the engagement exercise, but there are different councils like Croydon for example, I know they have a particular engagement team for example that go out and engage with business and VSOs.

CM Is in their relationships an exercise of power and control?

IE Yes there is, you know. And also, we are leaving in, you know, in the 1980s and early 1990s, the introduction of 1990s of the value for money approach, then we had the public choices theory in kind of late 1990s and in the new labour, you know, the idea has been that the markets will determine what’s the best service provision is, in these areas. So, the goal of the government is to, say what you wants and then the market will determine what can be provided and quality of the service that can be provided at the price you prepared to pay for it. What we wanted with the SVA is a much more democratic system, where the states and communities will decide what the priorities are, and the market will then be ask to work within that and to deliver and innovate within that, to then come up with the best way to achieving those objectives.

CM So, the SV Act aimed to encourage more engagement between the services providers and local authority and to democratically shape together the services?

IE Well, I suppose was more the aim about the local government to think about its priorities, to think about its social priorities, yes, and then to engage with people about how we do that. And it is not just the service providers but the all the local community, all the charities, citizens, VSOs, businesses, everybody to come to a shared understanding of what the local priorities were and to engage with service providers to see how we can deliver on these priorities …. The shared understanding is definitely actually that we aimed to have seen. And again I think, in those areas were social value has worked is because of shared understanding … (over talking). In some area there is a shared understanding, is tasty [unclear], you know, it is not clearly articulated. You know, it is a shared understanding because local council and the government have worked with those organizations from long time and they understand each other. That’s fine, but what’s better is for example in B., where they have a social value strategy, so they know, this is what we are aiming to deliver, and they create a shared understanding, because is a clear document that everyone can read and everyone can help to shape and that they can bid in for. Then, again, part of social value was, you know, I don’t think that local councils sit there just go … we are going to spend our money, we don’t care what we get for it, they do care, but lot of the social element – those environmental, social and economic issues, as inequality, environment, loneliness, demographic, isolation etc., they are just words that sit around the council and they don’t actually create a shared understanding and also a frame [… unclear] on how to deliver that. So again that’s what social value is…try to do it, to put that on paper and having it there so that the people can engage with it and create a shared understanding. And again, were have done that it worked, where they haven’t done that, it hasn’t worked.

CM So, B. is one of the cases…

IE Yes, B. is a great one; K. is an excellent one; I think what is interesting about, this is the think about the different approaches to talk about evidence and impact. So K. for example, which is outside L.. they come with a very quantitative mathematical approach to social value, so their strategy has a lot of targets, performance indicators and they are quantifiable about the number of the jobs opportunities, reaching a certain number of people, engaging some of the volunteers; they have done a very mathematical approach to it. Where, as I’m understanding a place like D. they have got for a much looser definition, so I think is based more on case studies, or more kind of engagement and analysis directly with citizens. And I’m not saying that one is best than the other, I mean, clearly quantitative approach is easier to measure and to compare and to track progress, whereas a more qualitative approach obviously, maybe you are good *at a better understanding (unclear)* of what is going on but is harder to evidence.So, yes.C. as well*,* exactly,has a bit of a more qualitative (*unclear…quantitative*) approach… So, I’m not saying thatone is better than the otherbut at least having a framework for measuring it is easier, and knowing what you expect, which again, if you don’t have a plan for measuring and tracking performance you are never going to implement it effectively. And that’s been a barrier.

CM It is about the framework of outcomes. You refer to that?

IE Yes, exactly, a framework of outcomes. And again you can get a shared understanding what the measurement that should be as well, because you know, if you are a very small area with small organizations, you can say you want to have really quantitative big data approach but if the people cannot use, providing the data is useless….so you know, if you got issues with engagement where, you know, where you might be working with lot of diverse communities, you know, you aren’t going to respond to a survey every 6 months. There is no point doing it that way. You going to get something else. So, you know, engagement has to be shared as well in terms of what works and tailored to the needs of the local area. That’s way, the Act is so broad, because there is a recognition of every public body (e.g. school, hospital, council, a central government department) they all will have different priorities and different geographical reaches, you know, they need to shape in different ways, so it has to be broad in that sense.

CM To leave creativity and innovativeness in the approach….

IE Yes, but the big criticism of the Act is had repeatedly in the government just produced guidance […unclear], but is kind of more of series of case studies approach and how they like social value, but the big criticism is of course, we often always used to call it starting like… (unclear)….tell me how to do social value, how do I do it in my commissioning exercise, and it kind of gone like, well…I cannot tell you how to do it, I can tell you what we are aiming to achieve and then you should go and think what’s the best way to achieve that in your local area. But there is no…, people always ask, ah, can you give me a toolkit, you know, can I have a social value toolkit so that I can go into my commissioning exercise and I can just tick the box, and kind of doing this way. And actually no, the point is, you need to develop your own toolkits, and this needs to be based on the democratic priorities, an engagement with the VSOs and everybody else and coming to a shared understanding on what you are trying to achieve. And people didn’t liked that, because it is work, it is effort and they do not have time and money to develop it, and they often ignore that, that’s way they went for things like, oh, we ask people to deliver apprentices, oh you know, you are probably going to spend so much money in the local area, so we are promising to hire some of the local people, you know, things that are easy that you can just, easy to measure, easy to say than other things (unclear…) like combating loneliness, or something where you need to be a little bit more of a discussion and a framework on how to achieve that locally, …, we are not interested in that so much, but those are missed opportunities because, basically what happens is that the economic bit of social value….

So, social value is in three parts: economic, environmental and social. The environmental bit has happened a little bit, so let’s say is 50% there, the economic bit is a bit further there, let’s say 60% -70% there, and the social bit hasn’t even left the ground ‘let’s say it has been 10%-15 %. People really have ignored the social element, or social value ironically, because it is the hardest to measure and to understand.

CM How do you articulate and define social value?

IE So, for me, and I take the Act as the articulation of that, is the additional environmental, social and economic benefit that can be created through the delivery of the service. So, what that means is, you know, take the examples of the wheels and meals service, by me giving/providing service to you, I’m delivering value to you, that’s the general value that I see it. That’s just the value of doing the thing that we are engaged in doing. The aim of Social Value was to recognise that the way how I deliver it, might create value on top of it, so for example, you know, let’s say for delivering that service I get a volunteer to deliver the meal to you, and when they have the meal with you they sit down and have a conversation with you and they interact with you and they become a friend, or a mentor or something for you as well. Now, doing that creates additional social value, because you are creating volunteering opportunities, you are reducing social isolation, you are giving people new opportunities to develop new skills, that kind of thing, that’s is the additional social value of it; but there are other ways in which can happen, so again an example of the meals and wheals service, you know, I can deliver you a meal and wheal service that’s is you know, just pre-packaged food, which is, you know, processed in some factory and maybe in Eastern Europe, or something like that. Or you can use locally produced environmentally sustainable organic food to deliver it. Again, that’s the additional value, the additional environmental and social value, because by choosing to deliver that way, we are helping the environment, we are helping local communities, we are helping healthy lives [unclear] and that has other benefits. So, social value is not, I think we get confused, so some people think that social value is anything good that I do is social value. So, for example, providing a meal service to somebody, is just social value is at least a good possible social outcomes; well, *yes it is, but that’s no social value in the sense of what the Act is trying to deliver, because all point* the additional. Because anyone can give somebody food in a lunch service and deliver a good social outcome, the question is what’s additional in the way how you deliver/ it delivers social benefits. So, people forget the additional bits of it. I think, then there is issue about the kind of range of things that are covered by it, and again, some people are assuming it is just about just jobs, just about helping local, economic growth, and is not get the environmental element into it; you know is covers everything from – saving the planet, inequality to isolation, integration of communities, everything really, everything that matters in life.

CM Soft outcomes…

IE Yes, well, I don’t like the word soft outcomes, just sounds really like they are not important. You get the soft outcomes and then hard outcomes. The hard outcomes are the good ones and the soft outcomes are the luxury items, you know. But in the local area, sometimes the things like integration, I mean look at, B. and places like that, where we get the best communities, sometimes what is the most important thing in that area is *integration, getting people to live together and work together, and be neighbour and friends with each other.* Now, is hard to measure, but that is better. I mean a hard outcome in the sense it is really important. Just delivering food in an environmentally friendly van might be the soft outcome in that sense. It is easy to measure but actually it means very little to the people in Brixton, because are there are more other activities to play.

CM Would be more correct to use nontangible outcomes?

IE I would neither say nontangible. I think is just question of quantification and measurement you know, there are various things from easy to measure too hard to measures, and social value was trying to get things like hard to measure integrated into the commissioning, rather than just focusing on the easy to measure. Financial cost is the easiest thing to measure, if you say a service is 500 pounds and somebody say that can deliver for 600 pounds, you get refund 100 pounds. If you see the quality is the same, then you give out to the cheaper option, so we always measure things on the basis of the financial costs because is easy but doesn’t mean we should measure it, but it is easy to do. So, yes, the easy [unclear] to measure and you try to expend the range of things that would be measured.

CM It is there a more focus on price and quantification than on the other aspects?

IE Yes, absolutely, and it is about the capture of the social value process, which it is so important, because when the market starts to shape social value, it obviously tell you what it can deliver most easily, so like apprentices, you know, is easy for a construction company to deliver apprentices because its training its staff anyway so if you can just put a package on what already does and say, that’s social value, then that’s what the market will give you, and that’s way have been a more focus on quantifications, because it seems that the existing providers to talk in those terms, but the VSOs and the people that are outside the commissioning landscape and social enterprises they will be much more comfortable of talking about those wider issues, but they are harder to quantify, and as they are not shaping the market because they are not in it at the moment, or if they are they are in very small parts of it, they get overpowered by the bigger players, and obviously they have bigger systems, bigger data and they are able to be much more quantifiable and they will say things like …yes, we will boost environmental sustainability…you know, we will ….80% of our money that we generates will sustain the local community and you know, that’s the benefit. And they can do that kind of data analysis because they are bigger and also again they are pushing on that to the commissioners. So commissioners [unclear… ] *are coming we want to get more in the local area, although the Preston is an example that they are using the local to do that*, but so, there are some examples where that is happening. But most of the time is, ohm you know, the average tender will be 60% on price, 30% on quality and 10% on social value. And for the social value element of it they will say, tell me how you do social value, it is not this is what social value is for us – it is, you tell me what it is – and obviously that encourages the business to say, well, the social value is what we do, you know and that creates the system.

(…) And then the commissioner end up looking at is –ohm, that’s sounds nice – I will have that but do you need that, like the apprentices for example, I don’t know what the problem with the apprentices by the way, that comes up all the time, but, you know, ok, you may generate 5 thousand apprentices in your local area, do you need them? Because if you got a low unemployment, virtually high employment, virtually high skill force, maybe that was not the biggest priority, maybe the biggest priority is crime in your local area, maybe the biggest priority is the environment that you are living in, pollution, but you know, I see a lot of irrational decisions were goes – you didn’t know what you wanted, and you just took whatever they gave you and said oh, that’s what we wanted. Is like you are saying to me, you know, what you want to eat ...you know, we go for lunch and then you say, well I bought you this sandwich and the say oh, that’s what always wanted, I wanted this sandwich … did I really?; I mean, better of me doing it would be for me saying – this is the sandwich I want, and you got me the sandwich I wanted. Or better, we talked about what sandwich would be good and then we decided, that that would be the best sandwich.

CM What you can tell me about the working relationships with the VSOs in the commissioning?

IE Yes, I don’t know, I mean I don't know I suspect ultimately I'm not too worried about commissioning having too much power through the service and contract they always have the power and in a kind of democracy the Community should shape the market not the market [unclear] providers, they should have the power because they have the interests to get obviously the services provided what they want. What we need is that initial exercise and before we start commissioning anything, you know what the local council are defining their strategies in 5 year plans and I have seen them, they're not doing them in a very democratic way you know, they go and produce a document and then put it on the website and are asking for comments and they are five weeks to respond to it something. They put a leaf letter box but it's not real engagement there is a kind of pretending engagement (is more consulting). So I think before we go into co-production, what we first need is that kind of conversation about what we actually do we need locally, and that should be with citizens, VSO also those which are not delivering the services or those that are delivering but with their community representatives hat on, and they service deliver hat on, you know, businesses, other local private bodies you know a proper democratic exercise that shape what that look like. And then you can go to the next stage which is co-production, but there is co-production on the tones of the community so is, yes, we want to talk to you about delivery, you know mental health services locally but we want to talk about this in this terms, so this is the outcome that we want to achieve for the mental health service, this is the other objective that we have to cover locally and that we want to deliver, how do you put these two things together and as you say take the mask off, have an engagement process and then create together, but the power should rest with the community through the commissioners and untimely the commissioner should be the ones bringing back to- yes but this are our objectives you know, so do not get by the market, but the problem is the commissioners has no understanding on what they want to achieve or if they do understand what they are trying to achieve there's are not too confident in that, so they let the service provider to shape for them because they don't have something which they feel confident it; and the ability you know, we talk about market stewardships, you know, what they should be doing is stewarding their resources, so what should be doing they should be looking at all their providers and making sure there is a balance and taking their views on board but that's also means them growing and nurturing the kind of organisations they want in their local area. If you want those organisations which boosts jobs, volunteering, help with social integration etc. you have to grow this kind of organisation, not just say I want something that [unclear] but that's, the commissioners what they do they just expect those organisation to turn up magically [unclear]

CM A process of social value creation?

IE Yes, you can create social value at, personally I think there is two aspects. So there is an engagement process, if you don't invest in engagement and understanding communities you are going to have bad service at the end of it; so, to get quality you need to invest to invest in the research, the understanding of the local community of the local area and its need so you ned to do that bit, and then as you said, how you do that, can create additional value so if you do engagement with VSOs and community, and citizens you may actually boost identity, help social integration, create happiness and wellbeing, mental health, everything around that, empowerment, all the things around this, that we know are really important. And yes, absolutely, there is a kind of narrow commercial reason for doing it because if you want a good service you need to engage and if you want to procure and use your money effectively you need to know what your priorities are, but there is a social value element to that, so you can apply social value to the process of social value.

CM So, it will be correct for my part conceptualising social value - ok, is about outcomes, but social value is also about processes?

IE Yes, because that's what the social value is; I mean social value, to be honest, it is about the process. You can employ social value to anything. Yes, you can employ to this conversation that were having for example. You know, we could have had it over telephone but actually by seeing each other and interacting in this way we probably creating more social value then we could have done by the phone. And similarly, in commissioning lunch service, how you do it can create social value, and [unclear] the engagement process- how you do it can create social value. So, yes, social value is about, is a method, it is about the method and is the methodology for understanding what's the best and most effective process (or way to delivering) or achieving an outcome. It is not just about the outcome itself, those things are important, and those priorities are important but the social value as the Act sees it, and how I have always seen it, is the additional (on top of) benefit that you get from something, because otherwise is tautological, it is just becomes - oh, well I deliver meal, therefore I generate social value, but that's what we're doing anyway, so you are not doing anything different, and it just encourage people just to say - that's what charities do, you know, we reach different people locally and we deliver 500 lunch for the school children. Ok, but how you can improve, what’s the next step, what special by the way how you do it, because to be honest a company that is coming to deliver 500 meals to local school children, what’s special about you?, and while the argue for the charity, they probably have volunteers, they engage with the local community, they do extra stuff for the children on top of the meals, that’swhat special about charities is the how (…) and this what social value is supposed to be about ..is the how..

CM It is correct to think that stakeholders (citizens, service providers) are the critical pillar in creating social value?

IE The citizens. My core is, I always think is the citizens. Stakeholders are important because they provide the technical expertise *and how it* could be achieved. But in a democratic society the citizens is the primary pillar. You know, it is to us to decide what we want our community to look like, and then we engage technically with the stakeholders, to then say how we do turn that in the reality. I mean, yes of course, you want, you will have those stakeholders engaged as citizens, as part of the community, but we all have to be careful about it, it is obviously- if I produce something, I’m always going to tell you that what you should want is what you produce, that’s how I do business. So, even for charity, if you deliver a service with beneficiaries locally, you will always say that this is the most important thing that we should focusing on, because that’s the reason you are here. So you got to be careful that you do not end up polluting [unclear] because actually they could help to shape in the way that they want to.

CM How the cuts and austerity affected these relationships?

IE Very much because it reduced the capacity of the council and public bodies to engage. They cut back on services…. They focus more on price because they have less money, so they have to, got certain legal obligations they have for certain services. So now the name of the game is *how do I pay for all those things*, and it is not enough money to pay for all of them. So you junk quality, you junk social value and you focus on price, so is massively affected everything.

So is less time for engagement, is more focus on price, the contracts are getting bigger, charities cannot make them and VSOs cannot make the margins they used to, can’t make the surpluses that they used to, so they are becoming more financially unsustainable so it affects everything. The small local organizations are the most negatively affected. Large charities actually are doing better now than they were before austerity was introduced. They are bigger, they have more contracts and greater value than these too. So large charities have done ok, but the small ones have done badly.

This also impact on the commissioning for social value because they are less able to engage with the process, because they have less resource, they are more focused on delivery. So a practical example, again, I know a number of charities where, you know, the managers of those charities, they were the people who used to engage with the council, public bodies, NHS hospital, the school and whatever. They will go out and meet them, they will be part of this engagement processes. But now they are delivering front line work so they have no time to go to meet these people because there is less money around. So, organizations are becoming, what I will say, they got holed out [… unclear], so they are delivering everything but the core of them is not there anymore, because that core has been taken away to spend on delivery those services locally, so is massively difficult.

CM Thank you.

IE Thank you.