



Developing effective partnerships through Local Area Agreements

Transcript of a speech by Phil Hope MP, Minister for the Third Sector, to the New Local Government Network (NLGN) Local Area Agreements Conference, London, 6 November 2007.

I'm delighted to be here today. As you may know, this is Compact Week, a week dedicated to raising awareness of what the Compact is, what it does and why it exists. And the Compact is crucial because it lies at the heart of the Government's partnership working with the third sector. You and I know it is the agreement that is designed to improve and protect the relationship between government and third sector organisations that delivers benefits to both sides and ultimately to the wider community. For me, the Compact is all about delivering a good, constructive, healthy and sustainable *partnership*.

So I want to speak to you today about what these benefits are of that relationship, what an effective partnership is and what it delivers.

And I'm going to start with an important question:

'How do we get partnership working right?'

And this is not just a question for you here today – it's a question relevant to everyone involved in service delivery; local government, central government, third sector organisations and private sector organisations. It's an answer that we have to get right because without good partnership working, it will be the end-user, the ordinary person in your local areas who suffers, which is not what anyone wants.

So today I want to say to you is that Government sees a growing partnership role for voluntary and other third sector organisations both in the design and

delivery of local services through Local Strategic Partnerships and Local Area Agreements.

The new framework for local government is, as you know, based on a profound insight that the best way to identify local priorities and develop effective responses is to use local knowledge that's drawn from a wide range of sources.

Within that wide range, third sector organisations working in local communities are clearly a key source. What that means for you is that establishing good partnerships with the third sector should be an important priority for local authorities. That's why the Compact forms a great starting point here. It's the Compact that lays the groundwork for effective, more equal partnerships between government and third sector organisations.

And it's the principles of the Compact that recognise that each side has different strengths, but that these strengths can complement one another. And it's my belief that by working together we can achieve more, in partnership, than by working separately. I want to see this become an obvious statement of fact and something that no longer needs to be pointed out.

And we're making good progress. It's very good news that nearly every local authority now has a Compact. Two councils already have Beacon status for their work with the third sector – Birmingham and Croydon – and their status is well-deserved.

In Birmingham, for example, the Compact is strongly embedded in the current LAA. Each block in the LAA has explicit voluntary sector priorities, and the third sector is very much involved in the commissioning processes, with a wide range of responsibilities that ensure its role is active, not passive.

If you want to get an idea of what Croydon's up to, they're hosting an open day tomorrow at which they'll be showing how the community is playing an effective role in making decisions, and what's being done in the way of

capacity development in the third sector. I think it promises to be a great way of sharing some practical experience of building effective partnerships.

The Partnership Improvement Programme (or PIP) is one of the ways we're trying to build up knowledge of what works and what doesn't in partnership building. It's run by the Improvement and Development Agency and funded by the Office of the Third Sector and by Capacitybuilders.

As everybody knows, good partnerships don't just happen. They take a lot of hard work and a long-term investment of trust and openness. But it's my belief the payoff makes the investment worthwhile.

Someone described the Partnership Improvement Programme as marriage guidance for LSPs. They are teaching Local Authorities and third sector organisations to see things from one another's perspective, clarifying misunderstandings, identifying barriers to progress and working out ways round them.

And, as in marriage, I have to say the process isn't always easy. Third sector organisations are not state organisations. They're independent, they're used to campaigning on behalf of their clients, and they are accustomed to having the freedom to point out the failings of the state where their clients are concerned.

I think that independence is a key part of the strength of the third sector. It's really important that government does nothing to stifle its voice because it's only by listening to those voices, both critical and positive voices, that we learn. Partnership mustn't ever be seen as a way of buying silence either. Where proper trust and openness are established, these partnerships can be a way of developing a grown-up engagement that taps continuously into third sector knowledge and it keeps service delivery focused on areas of real need.

Now I've been a Minister at ODPM [Office of the Deputy Prime Minister] in my former life, and I've been a borough and county councillor, and now as an MP,

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I've learned in all those roles to value local community groups making themselves heard – using their local knowledge and local understanding to campaign for changes to local policies. I see nothing wrong with local people holding local government to account – and indeed central government to account too.

Where the lessons of the Partnership Improvement Programme are being put into practice we're seeing some encouraging results. Two councils, Waltham Forest and Bassetlaw, who took part in the pilots last year, reported some improved partnerships and positive impacts on the development of their LSPs, as well as on improvements to this procurement and funding practices. And in the North East, for example, the programme is proving useful in dealing with the challenges faced by authorities moving to unitary status.

In terms of the Local Area Agreements, we know that partnership plays a really important part in achieving good results for local areas.

I know that partnership offers local authorities some grip on that most difficult of arts – being an effective commissioner of services. This isn't easy, and I know that being a good commissioner of services that meet all the requirements is actually quite hard to do.

But one thing is very clear. An effective commissioning process has to start with the closest possible understanding of the individuals you are striving to serve.

The government's approach to service provision is now driven by the belief that effective services can only be built by concentrating on the needs of those who use the services, not those who deliver the services.

That's easy to say, but quite hard to do.

People need different services delivered in different ways at different times. One size does not fit all. Communities present complex webs of needs that

have to be unpicked before a viable commissioning strategy can be put together.

And this is one area where the third sector can actually be of real help to you.

Whatever else the third sector is, one thing above all defines it: it's close to the people it serves.

The third sector, at its best, has a close-up view of the needs of its clients – and its clients are often hard-to-reach groups, those who are most doubtful and mistrustful of the state. Third sector organisations offer a ready-made reservoir of knowledge for commissioners to tap into when trying to define community priorities. It's also a ready-made source of expertise when it comes to designing services to meet those priorities in the most effective way.

It's not only in consulting and in designing services that the third sector is important. The third sector can also play an important role in providing some of those services. The third sector can deliver services that combine innovation, close targeting of particular needs, and measurable outcomes – and they do so in ways that meet financial as well as social targets.

Because we do know the third sector does things differently. It likes to experiment. It's innovative. And it's good at coming up with new solutions – and that includes financial solutions. Smarter procurement is one of the paths local authorities are being asked to follow to make efficiency savings. The third sector's ability to approach old problems with fresh eyes and to have an appetite for innovation can help deliver new ways of working that are more cost-effective, but avoiding the trap that third sector organisations are somehow a cheap alternative, which they are not.

Local Strategic Partnerships are designed as a framework to enable fruitful partnerships to flourish, and they create an expectation of third sector involvement.

I want to see third sector organisations involved in all parts of the commissioning cycle. They should be full partners in the Local Strategic Partnership. They should be fully involved in deciding local priorities and agreeing the Local Area Agreement. And they should have the opportunity to bid fairly for contracts and win commissions from Local Strategic Partnerships to provide services. The Compact principles, when applied as they should be, allow for a much more level playing field when bidding for those contracts.

I want to emphasise it's not about giving extra privileges to the third sector but it is about creating this level playing field where the third sector can compete with both private and public sector providers. So bidding processes have got to be fair and open, and third sector organisations should only win if they can demonstrate that they can fulfil the contract as specified – meeting financial as well as any other targets.

Which is why the government is putting a lot of effort into demolishing some of the barriers to third sector involvement in delivering public services.

We're about to start a big programme to improve commissioning practice across the public sector. It will train some two thousand commissioners and include raising awareness of what the third sector can offer.

We've drawn up a set of commissioning principles setting out the steps local commissioners can take to ensure they create opportunities for the widest range of suppliers, including those from the third sector. The principles were set out in our action plan 'Partnership in Public Services' published last year.

They include:

- using third sector expertise to develop an understanding of the needs of communities
- working with the third sector to establish priority outcomes
- mapping out the fullest possible range of providers

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- thinking about investing in capacity-building in those potential providers – especially those working with hard-to-reach groups
- ensuring contracting processes are fair and transparent
- and seeking to offer long-term contracts.

In addition, we're working on ways to reduce red tape, and we want to find ways to make it easier for small third sector organisations to partner with larger organisations to deliver services.

On the financial front, we are tendering for a new contract to manage the next phase of the Futurebuilders programme, which assists front line third sector organisations to build their capacity to increase the scale and scope of their public service delivery.

The Futurebuilders fund, which will stand at £215 million by 2011, will be opened up to third sector organisations working across all public service from spring of next year.

We also have a new initiative, launched just a few weeks ago, called the Innovation Exchange.

This is an online venture designed to foster innovation within the third sector and to improve relationships between third sector social innovators and public service commissioners and investors.

It will begin by focusing on two areas – young people and adult social care – areas where the third sector has a vast amount of untapped knowledge and creativity.

So as you can see, what we're trying to do and doing in central government is working hard to make it easier for local authorities to plug into the expertise, experience, and reach that the third sector can offer.

I want to see local authorities, as they develop their new commissioning role in the provision of public services to make the most of that third sector resource. And I want to see the examples of Birmingham and Croydon replicated across the country.

I really think the third sector offers some big opportunities for local authorities seeking to transform service delivery: to deliver nimble, tailored and responsive services that meet local needs – and do so in the most effective ways.

We all know the Compact is important, but if we are to really make it a reality – to make sure that Compact principles are at the very core of government working – both local and central – then we need to work together to help bring about the cultural change on the ground. Only then can we make sure that we get full Compact implementation.

So, I suppose in this Compact Week, my challenge to you is to take this opportunity to examine your understanding of the Compact and how you can use it more effectively on behalf of the communities you serve to make those partnerships work.

We've made some real achievements already, and there are some good examples out there. But I wouldn't be doing my job properly as Minister for the Third Sector if I didn't say there's a lot more we can all do together. We need to keep up the momentum, and a closer understanding of the Compact to make that happen. Thank you for listening.

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