



The role of the third sector in transforming public services

Transcript of a speech by Phil Hope MP, Minister for the Third Sector, to the ModernGov 07 Conference, London on 30 October 2007

[Thanks for introduction]

I'm delighted to be here this morning. As Minister for the Third Sector, the theme of this conference: 'Transforming Service Delivery' is something that's very close to my heart.

'Transforming' is quite an ambitious word.

It implies top-to-bottom radical change and improvement. That seems to me unlikely to happen if we just do some minor upgrading here and there but basically carry on as before.

Transformation will only happen if we come at the problem from a different direction.

I believe the third sector provides a different direction. The essence of the third sector is doing things differently. I think if we're serious about transforming service delivery – about really transforming delivery not just transferring it – then the third sector has a great deal to offer.

The third sector is not a panacea. It's not a silver bullet for all the problems of transforming public services. But it does have a great deal to offer. And I want to see it playing a bigger role. That's what I want to talk about this morning.

[Pause]

This all starts with the recent local government white paper.

As you know, the big idea at the heart of the white paper is a decisive shift in control of service provision, away from central government and towards local government and local communities.

It's a big change.

The reasoning behind this big shift in control is the recognition by government that strong centralised control is not a very good way to deliver the services citizens really want.

What people want are services that are nimble, responsive, and tailored to meet individual need, not bureaucratic convenience.

Central government is just too far away from the front line to be able to respond effectively to those demands. Only locally-based and locally-empowered providers can do that.

The new performance framework for local government embodies this recognition.

The framework is based on the premise that using local knowledge (drawn from a wide range of sources) is the best way of identifying local priorities and finding the most effective ways to meet them.

So that's the starting point: local answers for local needs.

But that's not the whole story of the white paper.

It also lays out a big change in the role of local authorities where the provision of services is concerned. The white paper makes clear that the role of local

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authorities will increasingly include being a commissioner of services, not necessarily just as a provider.

This is another big change, and it calls for new thinking and new skills from local authorities.

Being a good and effective commissioner of services isn't easy. Being a good commissioner of services that meet all the requirements is actually really hard.

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 whole thrust of the government's thinking on the issue of service provision is that services have to be built around the needs of the individual user, not around the needs of the organisations who deliver the services.

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

Individuals are – well – individual. They're different. They need different services at different times delivered in different ways. One size will definitely not fit all of them, even the ones it's relatively easy to cater for.

Getting to grips with that complex spaghetti of individual needs and untangling it to provide the basis for a viable commissioning strategy is hard.

But this is where the third sector may be able to help.

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

This gives it a real fingertip feel for the issues that matter to its clients. This means that when local authorities are thinking about commissioning services,

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the third sector is likely to provide a ready-made well of expertise and knowledge about some key areas of need in their communities.

So there is clearly a role for the third sector in working with local authorities to establish priorities for a particular community, and in helping to design the right services to meet those needs in the best way.

There is an important role, too, for the third sector in providing some services. There's now a lot of evidence that the third sector can deliver a range of services that combine innovation, precise targeting of need, measurable outcomes – and also admirable efficiency.

Last month I visited Hartley House in West London. It's a residential rehabilitation centre run by the social enterprise Turning Point for people who have been dependent on alcohol and who now want to make changes in their lives to free themselves of their dependency.

Local authorities can pay for the service on a case by case basis or 'block purchase' so many beds a year if they plan to refer a large number of clients, which can often be more cost effective.

The added value of Hartley House is that it can provide some follow-on accommodation to residents who have successfully completed their rehab. This helps people sustain the gains made during rehab – with the support of the staff that they have already got to know. Back-up support from former residents is also available.

What is striking here is that local authorities are buying this service for their residents from a third sector provider, not primarily because it's a third sector provider, but because it offers a good service at the right price and offer the best outcomes for its clients.

This is an important point. As Minister for the Third Sector I'm obviously going to say good things about third sector organisations. But I want to make clear

that the aim of the government is not to support the third sector for good or bad, the aim is to improve services to the citizen. The third sector can help deliver that improvement – and that's why the government is supporting it.

The example of Hartley House points to another advantage of third sector organisations. They're good at getting to individuals the state finds it hard to reach. This may well be because the third sector is not the state. So its interventions don't raise hackles and trigger suspicions.

Third sector organisations are good at winning the trust of their clients. They are on the ground, living the reality that their clients live, dealing with the issues their client deal with.

The trust that third sector organisations build with their clients is a strong bridge over which services can be delivered, even to the hardest to reach.

That's a very big plus and one that local authorities should take full advantage of. Third sector organisations should be seen as key partners in localities. They have an extraordinary reach into communities which are sometimes closed to all levels of government.

[Pause]

Now, as I've just said, the third sector is not the state. It's not the government. It's independent and it must remain so.

Its independence is a great source of strength. It encourages innovation. The third sector can look at problems with fresh eyes and think of solutions that don't have to take account of vested institutional interests – ideas that challenge us all to rethink traditional ways of doing things.

Independence also means third sector organisations can play a valuable campaigning role. They can highlight pressing areas of need, and play a vital

role in the process of holding public authorities to account for the quality of services delivered.

In embracing the third sector, government must never stifle that campaigning voice.

Charities shouldn't have to operate in a climate of fear when they consider whether to campaign politically or not. We want them to feel confident in their role of giving voices to the voiceless, the marginalised and excluded – we want them to be able to argue for changes to government policy and laws.

At the local level, in my former role as a borough and county councillor; and now as an MP, I regularly see for myself the wide range of local community groups – with their local knowledge and local understanding – campaigning for changes to local policies, making themselves heard.

And, they are best placed to speak up, best placed to campaign for what they need locally. Local people campaigning about local issues. I don't see anything wrong with that – holding local government to account.

Think of these national examples:

The RNIB – campaigning for higher levels of Disability Living Allowance and delivering health and social services to the public;

Barnardo's – campaigning on the effects of the immigration and asylum system on young people, whilst receiving nearly £100 million from the public sector to provide services;

And the Refugee Council, again, campaigning to improve the immigration system, whilst themselves being vital to its very success through their support and children's services.

Three well-known third sector organisations – all continuing to be strong advocates for their constituencies, campaigning for improvements to government policy and for changes to the law, whilst delivering essential public services.

Not everyone will agree with what a particular charity has been calling for, but I think that is what a healthy, mature democracy is all about.

Government and the third sector have different strengths. Working together, we can achieve much more than if we remain aloof. The trick is to find the right framework for a fruitful partnership.

The Local Strategic Partnerships outlined in the white paper are designed to provide that fruitful partnership, by placing on local authorities the duty of drawing on the expertise of the whole community: public, private, or voluntary, in commissioning local services.

There is clearly an important place for the third sector here in contributing its local knowledge and experience.

The new Local Area Agreements, also outlined in the white paper, will set out the priorities for each local area – agreed between central government, the local authority, and the local strategic partnership. These agreements are, in effect, the performance contract.

Once those priorities are agreed, it's up to local partnerships to work out the best way to meet those priorities, and they will have the flexibility to build local solutions for local circumstances.

Again, there is a big opportunity here to draw on the expertise of the third sector in designing, improving and delivering services – and in holding local authorities to account.

On the government side, we've been working hard to demolish 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 also 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.

We're also working on ways to slash red tape, and looking at how we can 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 voluntary and community 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 young people and on adult social care – areas where the third sector has a vast amount of untapped knowledge and creativity.

So as you can see, 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, making the most of that third sector resource.

If that's to happen, then third sector organisations need to be involved as early as possible in the process.

They should be full partners in Local Strategic Partnerships. They should be fully involved in deciding local priorities – and in setting Local Area Agreements. And there should be a level playing field allowing them to bid fairly for service contracts in open competition with other suppliers.

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 cost-effective way.

The great thing about the third sector is that it thinks big, but it acts small.

If we're to transform service delivery, that's the kind of thinking we need.

I hope you have a great conference. Thank you for listening.

[Ends]