

Launch of *Partnership in Public Services* and *The Future Role of the Third Sector in Social and Economic Regeneration: Interim Report*

A speech by Ed Miliband MP at 11 Downing Street

6 December 2006

CHECK AGAINST DELIVERY

In the last few weeks the Charities Bill has become a Charities Act, the Social Enterprise Action plan has introduced the next phase of government support, the Local Government White Paper has introduced new commitments on third sector empowerment, and today we have two more important steps forward: the third sector interim review and the public services action plan.

It is appropriate that both are published today because they cover the long-term and more immediate steps we are taking to strengthen the relationship between state and sector.

So I am going to say a few words about

- The immediate steps we are taking now, in the public services action plan.
- How this draws on the consultation so far.
- And the next steps towards a ten-year vision.

Public service delivery

As the third sector review makes clear, the third sector plays a range of critical roles in our society, including building community, social enterprise, campaigning and voice and public service delivery.

Let me be clear: some third sector organisations will not want to deliver services – and that's fine. Some will want to help re-design them and not deliver them—that's fine too.

Grants, alongside contracts, have a crucial continuing role and should be used where they are more appropriate, particularly in relation to small community groups

But I think the third sector will play a greater role in public services over the coming years because of your user focus: your ability to engage.

As one person told me, who was involved in a drugs project in Leeds called Multiple Choice:

“Before Multiple Choice everyone else had told me they would solve my problem. They were the first to convince me I had the resources to solve my problem.”

And we now realise in a whole range of services – not just drug treatment but long-term care, education, neighbourhood management – that without the active involvement of users, of street-level experts, services will fail.

And it is to bring those experiences into more services that we are launching the public services action plan today.

This plan brings together a huge number of areas where there are new opportunities for third sector involvement – from working with offenders to employment training, children’s services, parenting and relationship support to audiology.

And we want to make sure that third sector organisations are able to take advantage of these opportunities – which is why we have introduced the Commissioner for the Compact; Capacitybuilders, providing £70 million for infrastructure support; and Futurebuilders, a £125 million investment fund.

But what we have learnt is that opening up these areas is not enough on its own; we also have to get the end to end process right so that every step of the way, role of the third sector is understood.

We need to improve commissioning, procurement, learning and accountability. Our actions are based on what we have heard from the sector. Let me say a few words about each area.

Commissioning

Too often I have heard that commissioners don’t understand the needs and potential of the third sector. We need to train them to do so.

So to improve commissioning further, we are announcing today a new national programme to enhance the skills of 2,000 key public sector commissioners. A programme director will be in place in early 2007, establishing the programme in the first quarter of the next financial year.

We also know that third sector organisations feel that contracts are often short term, often at too short notice. The commissioning process can fail to recognise the way third sector organisations can redesign the service, fail to consult, and don’t meet basic requirements.

So we are announcing today that the government is committing itself to eight commissioning principles, covering not just early consultation, but also the need to invest in the capacity of providers, facilitate sub-contracting and

consortia-building, and seek feedback from users and others. The five key departments have committed to reflect these principles in commissioning processes.

Procurement

On procurement, the short term nature of funding and contracts is a particular problem. That's why earlier today Gordon Brown announced that, as part of the 2007 Comprehensive Spending Review, the Treasury will work with departments to make 3-year funding for the third sector the norm not the exception.

And sometimes with services this will mean more than three years – we welcome the fact that in some circumstances, third sector organisations are already securing contracts of seven to ten years in length.

And we are stepping up our drive on full cost recovery. Over the course of 2007, we are developing template contracts in children's services, education and training, employment services and prison and probation services, which will help commissioners define and respect fair prices, so public services are not subsidised by third sector organisations.

The Office of the Third Sector and the Treasury is drawing together a cross-government group to encourage progress on full cost recovery monitor, benchmarking performance against the four Gershon principles.

Too often, the balance between accountability and front-line flexibility is not right.

So to reduce the monitoring burden, government departments are committed to publishing plans to measure the burden by April and reduce it by October. The plans will cover housing corporations, the LSC, Jobcentre Plus and PCTs.

To reduce duplication of the assurance process – the way third sector organisations show they are able to deliver contracts – we can announce today a new group to streamline processes for providers working with multiple departments. It will be led by the National Offender Management Service on behalf of government and the Prince's Trust on behalf of the sector. Full details and membership will be announced in early 2007.

Too often commissioning is beset by risk aversion and overly narrow definition of public benefit. So we are moving forwards our work on social clauses, to embed the wider benefits of third sector work in the contract – we will be developing templates and identifying best practice, ready for publication in summer 2007.

We also recognise the important role of small organisations. That means we need to worry not just about the relationships between the state and third sector organisations that win contracts, but between those that win contracts

and their subcontractors. So we are announcing today a review of sub-contracting arrangements, to strengthen consortia-building and ensure the principles of fair contracting reach right down the supply chain. The report and recommendations will be published by June.

Lessons

The third area on which we are focused is the need to ensure *lessons* from the best of third sector practice are learnt right across the third and public sectors. This is something the public sector has traditionally been bad at: I have seen in visits across the country fantastic new projects and ideas that could benefit from being rolled out. And part of the problem is about providing opportunities for the public sector to connect to the third sector.

So we are announcing today a new “Innovation Exchange” – a website through which third sector innovators can connect with one another and with providers of investment, contracts and research resources. This will be operated at arms length from government and we will be seeking a partner for it in the next three months.

Accountability

Finally, we are working to improve the *accountability* of public services. We are creating tools for third sector organisations to shine a light on services they believe are failing. The Local Government White Paper has a clear national framework, but we are also giving communities the power to demand bottom-up accountability. With community petitions and the Community Call for Action they will be able to demand a service is publicly scrutinised. Through a stronger role for Local Strategic Partnerships they can make sure their views are heard.

But to ensure continuous improvement, we need rapid feedback systems that provide a clear picture of progress in both procurement and commissioning.

So we are announcing today that the State of the Sector panel will be simplified, to provide rapid feedback on the experience of procurement and commissioning from different public sector organisations. And the Office of the Third Sector will work with the five departments to identify ways of strengthening channels through which the sector can hold public services to a greater level of accountability, and we will simplify

CSR review

These are the immediate and important steps we want to take in the next eighteen months – steps on commissioning, procurement, learning and accountability.

However, across the board we are aiming to create the conditions for a cultural change in how the state interacts with the third sector.

Our aim in the Spending Review is to develop a vision that looks ahead in the next ten years.

That takes me to the third sector review.

Today's document reports back on what we have heard, working towards a final report in the spring to feed into the Comprehensive Spending Review.

It outlines what some of the most consistent messages have been in the consultation.

What did we hear?

- There needs to be more respect for your diversity. The activities of the third sector cover campaigning, community building, faith, and a whole range of other areas not related to public service delivery.
- Small organisations need more attention, and feel their voice is not always heard.
- Aspirations and actions at the centre are not always lived up to on the ground.
- All organisations need more stable funding.

We are taking some actions now. Gordon Brown today announced a £30 million Community Assets Fund, to be established by April 2007, to offer support to partnerships between community-led third sector organisations and local authorities.

He announced that for 2007-8 DCLG will allocate an extra £6.5 million to help local community groups participate in decision making, as part of the Safer and Stronger Communities block of Local Area Agreements.

And he announced the expectation of multi-year funding that I referred to earlier.

But the next stage of the review will construct a road-map for the next ten years.

Where will we be?

How will we get there?

Today's document narrows down the issues for the next stage.

In ten years, I think we will see a sector doing more of what it does best.

- We want you to play more of a role, not less, in campaigning, and enabling more voices to be heard. So I need you to tell me, for the next stage of the CSR, how we can strengthen the voice of the citizen, extending the commitments in the LGWP.
- We believe the sector has a critical role to play in community-building, bringing together diverse groups. So how can we strengthen the

support given to small community groups, and continue to build on the base of increased volunteering?

- We want more social enterprises. What are the skills needs of social enterprise leaders and employees, and how can we strengthen evidence base?
- And we want you to be able to play in transforming public services. How can we commit to this but also maintain independence and distinctiveness of third sector orgs?

These are the building blocks for a fairer, more just society, with citizens empowered and interacting on the basis of equality and respect.

We have taken significant steps forwards today to enhance your role in public service delivery.

Now we have to work together to make sure these actions happen on the ground.

Ensuring a successful Review, with a shared vision.

Overcoming the obstacles in our path.

Working together across the whole range of your work.

Thank you for your help so far in making this consultation and this report possible.