

## **CHECK AGAINST DELIVERY**

### **SPEECH BY ED MILIBAND, MINISTER FOR THE THIRD SECTOR THE THREE SECTOR SUMMIT LONDON, 22<sup>nd</sup> JUNE 2006**

#### **Introduction**

I am delighted to be here today and I want to pay tribute to the Future Services Network and Acevo, including their Surer Funding report, and to the CBI and the NCC, for their work and their commitment to improving public services.

It is a sign of the seriousness of intent of the government and the important work done over the past months that we have four government ministers and the Prime Minister here today talking about further progress. In particular, as we heard from Ivan Lewis this morning, with his work on community equipment, we are taking significant steps forward to using the skills of the third sector to improving services for disabled people.

I want to use the opportunity of today, six weeks into my job as the first minister for the third sector, to talk about how the new Office of the third Sector in the Cabinet Office will tackle some of the barriers to public service delivery by the third sector.

But today is not simply about individual announcements, important as they are. The chance and indeed obligation for government at occasions, such as this, which bring together such distinguished people from third, private and public sector is to do more than that. Our work, our announcements only make sense if they are viewed in the bigger frame: a narrative of how each of us represented here, but in particular the third sector, fits into a larger vision of society.

So I see my challenge at this important event today as explaining how government views the attributes, skills and value-added of the third sector and how we intend to enable those attributes to be used to the full.

My argument then is as follows:

--- first, the third sector is helping transform the landscape of our society and challenging both private and public sectors on a range of fronts from service delivery to campaigning for social justice.

--- second, there are new challenges we face today which call for the skills of the third sector and to deploy those talents to the full, we need clarity about the respective contributions of private, public and third sectors

---third, the sector can contribute to public service improvement in three clear ways: in partnership with the public and private sector, helping mainstream lessons back into the public sector and as a source of voice demanding improvement in public services

--- fourth, my role in government, in the new Office of the Third Sector, will be determinedly to break down the barriers that exist to the third sector fulfilling its potential to contribute in these three ways. This will lead to an Action Plan in the Autumn.

## **A New Phase For the Third Sector**

Let me start with the role of the third sector in our society. In a speech I gave to ACEVO earlier this month I talked about the “driving power of social conscience”, Beveridge’s phrase first used in his 1948 Voluntary Action. It unites the social entrepreneurs, innovating charities, and extraordinary community groups I have met in the past few weeks.

What interests me about the people I have met in the third sector since becoming a minister is their confidence about what they are doing. Confident not just because they are doing good things, but because of a sense of society being behind them. I detect a reason for this: Ten to 20 years ago, the heroic leaders of the third sector seemed to be swimming against the tide of history, today they are not.

From the power of the millions of people who supported Make Poverty History, to the drive of the emerging environmental movement, to the social conscience of the increasing numbers volunteering ---now above 20 million--- to the awareness that people display in their consumer habits, to the people setting up businesses for a social purpose, those in the third sector know they have citizens on their side in their commitment to social justice. As a result they rightly feel able to challenge public and private sectors.

What is the nature of that challenge?

The public sector is being challenged: challenged in its political decisions by groups of citizens, pressured to change government policy and challenged in public service delivery by users groups and alternative providers who are suggesting new ways of delivering.

The private sector is being challenged too. Social enterprises up and down this country, 55,000 of them, are putting ethical and environmental concerns at the heart of what they do and challenging other businesses to learn the lessons. New citizens’ organisations, such as TELCO representing East London citizens, are challenging the private sector on wages and conditions. And international NGOs are challenging the practice of private business here and around the world.

My concentration today is on the relationship with the public sector. I hope, as has been clear from other speeches today, we see the growing influence of the third sector as an enormous force for good in our country. And while my focus is on public service improvement, it is important to recognise that this is only one part of what you do.

## **The Challenges we face**

Today's Conference is important, however, and this takes me to the second part of my remarks, because we confront new demands in public services which precisely call for the driving power of social conscience.

There are new needs in the shape of services not anticipated at the time of Beveridge---from childcare to mental health. There are rising expectations in the sense of demands for services that are shaped by the user both individually and collectively. Perhaps most importantly, there is an understanding that for services to be effective, the individual's engagement is essential. As those gathered here know so well, preventative healthcare can only work if the individual is engaged in the process, youth services will only be effective if young people themselves shape the service and drug rehabilitation will only happen if the individual is persuaded to be an active partner in the process.

So how can we respond to these challenges? It must be based on an understanding of the attributes of different sectors and how they can complement each other.

The private sector has shown in various ways its ability to contribute its skills, know-how, expertise and efficiency.

The public sector can deliver universality and equity and provide accountability by virtue of the elected status of national and local politicians. Many public services are delivered with innovation and dynamism by public servants with an ethos which goes far beyond the call of duty. They too show the driving power of social conscience.

As for the third sector, it has shown a particular capacity to innovate and to engage and understand the needs of users, often the most disadvantaged: from social enterprises employing the most excluded to small community groups which campaign on local issues to national charities increasingly delivering across service boundaries in drug treatment, youth services and rehabilitation of offenders. Sometimes the public sector finds this hard to do because of its inherent status and power, sometimes because of the large scale on which it operates and sometimes, as far as voice is concerned, for the obvious reason that government cannot campaign itself.

For the public sector, this means we must appreciate and understand the third sector's capacity to contribute to the development of public services, and at the same time avoid a particular danger. Government must never abdicate our responsibilities to adequately fund services by transferring responsibility for that task to you. It would be an exploitation of your innovation, dynamism and social conscience. It would cast the third sector as just a cut-price alternative to government. This is something we will not do because it would return us to some of the worst aspects of the pre-1945 welfare state.

For the third sector, as I know from many of the leaders I have spoken to, it means that your success should be measured by the level of improvement in public services, not by a battle for territory as to who provides the service. Our priority, together, must always be about the outcomes we produce not on the means of delivery.

## **The Contribution of the Third Sector**

Given this context and this is my third point, how can the third sector contribute to improved services? There are three areas where I believe the third sector can make a particularly important contribution.

First, working in partnership with the public sector to deliver services directly to people where the sector is best suited to doing so, particularly in highly specialised areas. It is important to say that this is already happening the length and breadth of Britain. We all know of the fantastic work that third sector organisations do in helping young offenders, for example through organisations like Turning Point, in employment services, in sure-start centres around the country and working with local government.

This is not just about delivering existing services in a different way but about doing things which were not previously recognised as an important part of public services, working in partnership with people: so-called co-production of the service. A great example of this is the new Expert Patient Panel, set up by the Department of Health, a social enterprise, which is harnessing the expertise that individuals often have about their own illness to manage their own health.

Second, the third sector can innovate so that the public sector can learn the lessons in the services it provides. Services for autistic children have been transformed in this country because of the small beginnings of parents getting together because they were unhappy with the services, and then the public sector learning from these examples to provide better services itself. This is one of many examples where the public sector is to be applauded for raising its game and showing it can learn from the third sector. The challenge this provides for government is how we can find ways of replicating this successful learning in other public services where the third sector can show the way forward.

Third, I believe the third sector has an essential role to play as a source of voice for users---an essential part of driving up the standards of service. For example, the campaigning done by charities working on HIV/AIDS in driving up the standards of care and treatment in this country. I want to send a clear and unambiguous message that amid the talk of the increased public service delivery of the third sector, it is important for government not to downgrade this important function that you have.

### **Delivering in Partnership**

To help *deliver in partnership*, over the coming months, my focus will be on working with other government departments as they look at areas where the third sector can contribute. Much of this is about getting the basics right.

In many areas, the government, particularly at local level, is already commissioning a range of providers: from children's centres to social care. From work already done within government, we know that this only delivers the best services when we commission effectively and contract effectively.

That is why this year, across government we have stepped up our efforts to tackle the long-standing problems that exist. In particular, the work of the Department of Health Commissioning taskforce bringing together government and third sector has been a very important innovation. And today we are taking this further. DfES will establish a Children and Young People's Third Sector Forum to promote the involvement of third sector agencies in the planning and delivery of children and young people's services. This will be jointly chaired by the DfES Minister with responsibility for the Third Sector, Parmjit Dhanda, and third sector representatives. And in a moment, I am delighted to say that Phil Woolas will be saying more about activities in the DCLG in this regard..

My role will be to work directly with my ministerial colleagues to ensure that commissioning frameworks accord with best principles for enabling the third sector to contribute to better public services, including work to ensure commissioning takes place at the right level. We will report further progress on this in the Action plan.

Getting commissioning right must go hand in hand with appropriate contracting arrangements. The four principles laid down by Sir Peter Gershon in his 2002 Review of Public Sector Efficiency and by Acevo in their *Surer Funding* report are: the need for multi year contracts; full cost recovery; streamlined monitoring, regulatory and reporting requirements; and appropriate assignment of financial risk between statutory bodies and third sector providers.

Let me say what I will be doing over the coming period on each of these issues.

I was in the Treasury in both 1998 and 2004 when three year funding cycles for both central and local government were introduced. The intention behind these changes was not simply to give stability to central government departments and local government. It was to give stability to the organisations funded by and contracting with government.

That is why I want to look, working with my colleagues, at how we can make multi-year funding the norm, not the exception by building the value-for-money case for this being the way forward. We must change the presumption on which third sector organisations are funded, whether it is from central or local government. I also recognise that in the context of some public service provision, we should be prepared, in the right circumstances, to be open to longer-term funding

I know also that full cost recovery remains an outstanding issue which needs to be dealt with. It is a positive sign that the number of grants being awarded on the basis of full cost recovery has risen from 25% to 42%. However, there is clearly a long way to go. So the new Compact Commissioner, jointly appointed by government and third sector representatives is to be tasked, working with me, to driving out bad practice, and ensuring full cost recovery becomes the rule.

Contracts are too often too complex and bureaucratic with excessive reporting requirements. I can announce today that we will be working with colleagues in

other departments to develop standard contracts for some key service areas. As part of the Action Plan, our aim is to begin to change the culture and streamline regulation requirements.

The Action Plan will also specifically address the barriers faced by social enterprises in gaining access to opportunities to compete for existing contracts. In many areas, social enterprises have shown the way forward for local services, notably on recycling and community transport. It is critical that procurement processes recognise this and I will be working with the Office of Government Commerce to ensure this can happen.

### **Public Sector Learning from Best Practice**

These steps to break down the barriers to public service delivery are necessary but not sufficient to transform public services because the kind of services we want to see will only be delivered if the public sector also learns from the third sector in its direct delivery of services. Part of the opportunity here is to build a new ethic of co-operation between public and third sector, sharing ideas and know-how.

There are outstanding examples of the public sector delivering innovative community-focussed services, such as in our most effective primary schools or hospitals. This shows that the public sector can deliver services close to the user which are innovative and flexible. But we also know that in some cases, services have not engaged users sufficiently and it is here that our new understanding of what makes services effective, in particular user engagement, means the public sector should be able to learn from the approach of the third sector.

Within the new Office of the Third Sector, I will be establishing a new Public Service Innovation Team which will work with IDeA, the centre of best practice in local government. The recent IDeA pilot Partnership Improvement Programme is a step in the right direction. The innovation team will be an intelligence bank of third sector good practice on which the public sector can draw, it will learn lessons about public sector innovation and it will also learn the lessons of international best practice.

Building on the Chancellor's Budget announcement that the next round of the Invest to Save Budget will be focused on the third sector, I am also pleased to announce that the Office of the Third Sector and the Treasury will work together to develop this round with a particular focus on disseminating third sector innovation and developing stronger partnership working. We will be looking to support this further.

### **Voice and Activism**

Finally, the voice and activism role of the third sector is also an essential driver of improvement in public services. For this government, your campaigning role is absolutely consistent with the service delivery role that some third sector organisations will play. But I understand the anxiety and tensions in some parts of the sector on this point.

As the public service reform document published last week says, change and improvement in services doesn't just come from mechanisms like contestability and individual user choice, but also mechanisms of voice. Empowering citizens, often through third sector organisations, to improve services at local level will, I know, be one focus of the forthcoming Local Government White paper.

But it will also be a focus of the Office of the Third Sector in our strategic partnerships with third sector organisations. Our new strategic grants programme is a recognition of the essential policy and voice role that you play. But in addition, one of my objectives for the spending review is to look at whether there are other ways in which this part of the sector's work can be strengthened.

So one by one therefore, we are assembling the building blocks for this new phase of the relationship between government and the third sector.

- With multi-year funding the norm where appropriate, standard contracts to reduce administration, commissioning at the level most appropriate for the service, and embedding full cost recovery;
- With the new Public Innovation Team, to spread best practice from the third sector to the state;
- With our strategic grants programme to strengthen the vibrant, independent voice of the sector;
- And with an action plan to be published in the Autumn.

## **Conclusion**

Let me end where I began. The third sector is changing Britain in extraordinary ways. But as well as a challenge for public and private sectors, this process creates challenges for it too:

To keep on innovating and finding new ways of engaging the hardest to reach

To stay, flexible, innovative and close to the user

To retain its activism and voice as it works with government.

To always judge its success by the outcomes that jointly we create together not by a battle for territory.

Forty years ago this month, Robert Kennedy gave a speech in South Africa in which he said the biggest danger faced in society was the danger of futility "The belief there is nothing that one man or woman can do against the enormous array of the world's ills: against misery and ignorance, injustice and violence."

The people gathered here today debating and discussing how to make our country more just answer the danger of futility. And I think that we should have confidence:

That the driving power of social conscience that we see in the third sector is shared by millions in whatever sector they work.

That these values are back at the heart and soul of Britain.

And that they can be mobilised to do great things for our country.

As a progressive politician, I feel a great sense of privilege to be working you.

I look forward to meeting our shared challenges and delivering a more just and fairer society.

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