REALISING THE POTENTIAL OF THE THIRD SECTOR FOR LEARNING, SKILLS AND EMPLOYMENT

SEMINAR REPORT

PURPOSE AND ORGANISATION OF THE DAY

This seminar, one in a programme organised by the Centre for Public Policy Seminars for the Learning and Skills Council, was held at the Royal Commonwealth Society in London on 20 November 2006. Its aim was to examine the contribution of the Third Sector (voluntary and community organisations, social enterprise, credit unions, faith groups and others) to the economy, the contributions the sector can make to learning, skills and employment, and the most effective ways that it can be financed in order to realise its potential. The seminar brochure posed four questions:-

- How Can Voluntary and Community Organisations Best Develop Skills and Equip Disadvantaged People for Employment?
- How Can Government Strategy Best be Implemented?
- How Can VCS Organisations Best Develop their Own Skills, Capacity and Performance?
- Where should funding come from?

The day, which was chaired by Shirley Cramer, a LSC National Council member and chair of its relevant committee, was divided into four sections. The first contained two presentations. One by Ben Jupp, Director of the Office of the Third Sector in the Cabinet Office, examined the overall role of the third sector in British society and economy, and the UK Government’s agenda and expectations in relation to this. The second, by Cheryl Turner of the National Institute for Adult Continuing Education, looked at the challenges, opportunities and pitfalls in developing the role of the sector in delivering excellent learning and skills.

The second session, again in two parts, looked analytically at how the third sector can make a real difference to local learning and skills deficit. The first contribution by academics Tony Chapman and Judith Brown of Teesside University looked with empirical examples at whether the sector is ready to make that contribution. What are the real differences with SMEs? What is needed to sustain credibility, confidence and capacity? The second contribution, by Richard Williams, Director of Rathbone, a national organisation based in Manchester, looked at what is being achieved and what more needs to be done to increase attainment. He argued that all national initiatives since the 80’s had failed and what was needed was a paradigm shift by Government to meet the needs of those not in employment, education or training (NEETs), involving a shift from institutions to community, more involvement by the third sector and more engagement by the LSC with the needs of the hardest-to-reach.
The third session, after lunch, and again in two parts, examined achievement on the ground by two successful third sector bodies in contrasting parts of the country, and what lessons can be learned from their experiences. First, Claire Dove, Chief Executive of the Women’s Education and Technology Centre, based in the heart of Liverpool, looked at how women (black and white) in deprived, multi-racial parts of the city had achieved major individual and group success in developing their skills and gaining employment through the range of learning and social enterprises in Blackburne House. Then, Tim Ward, Chief Executive of the Learning Curve in the highly contrasting area of Wiltshire, looked at the major achievement there and, in particular, at how mainstream funding was secured. What can be achieved in Wiltshire can be achieved elsewhere, but there needs to be more consortia working and a broader approach to funding and support.

In the final session, the seminar chair outlined some of the major challenges highlighted by the day. The Minister for Skills, Phil Hope MP, then examined the various roles of the sector, its relation with Government, where the next few years are likely to take us and what were the challenges that lay ahead.

There was highly engaged debate involving a large number of participants at the end of each of the sessions.

RESPONSE TO, AND VALUE OF, THE DAY

The response to the seminar, both on the day and subsequently, has been most positive and encouraging. The chair of the LSC sector committee says: “I thought all the presentations were excellent, high quality and pertinent. I thought that the panel discussions were extremely effective. It was good to have such an interactive day. The real issue is getting the right people to the event, particularly from Government departments and it is significant that they often send very junior staff. This probably reflects where the VCS sits in the pecking order. However I did think it was really useful to articulate our arguments and to get input from those who attended. It was excellent to be able to confirm some really key issues that we need to take forward.”

Cheryl Turner from NIACE, whose role was to look at the challenges, opportunities and pitfalls, said: “As I understand it, the purpose of the seminars is to generate high level debate around key issues with a view to influencing policy development. ... the feedback I had over lunch was extremely positive; people remarked on how stimulating and challenging the morning had been. Personally, I found the mix of presentations and contributions from the floor very thought provoking - together, we touched on a range of important issues and I had plenty of ideas to take away. Always a good sign. In terms of influencing policy, perhaps more participants from government departments might have been useful but a seminar of that nature is arguably part of a wider, longer-term process of change based on the development of ideas and a deeper understanding of the context - both of which took place!”

Of other participants, the representative of the Department for Culture, Media and Sport said: “The seminar was very worthwhile and it was good to meet you.” The representative of Arts Council England, a Lottery distributor, commented: “It exceeded my expectations. The range and quality of speakers was excellent. It really developed my knowledge and the debate was very useful. Reassuring to know that we share so many concerns/issues.” The executive director of a social enterprise involved with mentoring, said “I was most impressed by the balance, breadth and depth of the delegates. Excellently prepared and run.”

SHOULD LSC BE RUNNING SUCH DAYS?

The Learning and Skills Council were keen to discover whether it was thought useful for them to be involved in running this form of gathering. The response on this was most positive, posing challenges for LSC :-

“Yes - Contact with the sharp end is vital to effective policy making.”
“Yes - As part of their Working Together strategy.”
“Yes - It brings organisations across sectors together.”
“Yes, in terms of sharing information and ways of consultation.”
“Yes - Needs stronger links with VCS.”
“Yes, or at least a strong presence to respond to issues raised.”
“Yes, please.”

Some comments, while positive, posed challenges for LSC:

“It seemed beneficial for the LSC to engage with their stakeholders - some forthright opinions were expressed and (apparently) taken on board. I had an impression that this was a fairly open exchange - but it depends on whether it had any impact at LSC.”

“Yes - But a national event should be the end product of a series of local and regional seminars - TOP DOWN DOESN'T WORK!”

“LSC came over as somewhat condescending. VCS organisations have the skill, capacity and level of performance needed. LSC and Government have locked out VSC from funding, eg., VCS is not “increasingly important”; its role is vital.”

“I feel that the LSC should itself be less of a silo. There are things here very relevant to HEFCE + universities, and a more wide-based discussion would have been better.”

THE DAY IN MORE DETAIL

THE CHAIR’S OPENING REMARKS

Shirley Cramer said that markets were opening up to a range of providers across health, social services and education. Government had a new Office of the Third Sector. There were large new opportunities for third sector bodies both in public service delivery and more broadly. Lord Falconer had said that the “whys” of going forward had been answered. One now needs answers on the “hows”. Good intentions do not always lead to action. There was need for robust implementation.

The third sector could help LSC meet its targets better. The easy-to-reach come forward themselves for more learning. This will not happen with the 5m illiterate. The third sector can reach the hard-to-reach and those with difficult needs.

A major challenge is for funding streams to be fit for purpose. We have an uneven playing field and unrealistic levels of risk. We need to break down barriers systematically and strategically. The hope is for the seminar to provide answers to the “hows”.

THE CABINET OFFICE’S PERSPECTIVE

Ben Jupp said the issues are relatively simple. There had been big advances in the role of the third sector in the past 10/15 years and in the support it received. Public funding had gone from 27% in the early ’90’s to 40% today. Charities had increased in number from 120k to 170k. Volunteering had increased in a similar way. The civic space for the not-for-profit sector was opening up.
Similarly, social enterprise was growing, with 55k social purpose businesses today. Social entrepreneurs have become a major force in society. Fair trade and other ethical markets are ever more pronounced, with spending on them now rivalling charitable giving.

In providing services, the sector creates greater choice, variety and innovation. But the sector still accounts for only 2% of public service provision and 9% of employment.

The sector was not just a service provider. Its role in empowering people and “giving a voice” is equally important. Its attributes are vital to improving communities and individual lives. It encourages parental involvement in schools, patient engagement in health and worker participation in employment. The notion of “co-production” is developing. The third sector comes out of communities and civic society. Research shows that it commands more trust than public bodies amongst the disadvantaged. The campaigning work of groups like Stonewall and Making Poverty History has achieved major changes in public policy.

The role of the sector has been considered in the Treasury's Spending Review and the work of the Prime Minister's Delivery Unit.

Government’s strategy is to ensure there are opportunities to allow the sector to achieve its potential. The potential role is being developed in areas like childcare and offender management. The Compact is a strategic agreement with Government. It needed to be developed and not just left as hot air. The new Commissioner, John Stoker, has an important role. Longer-term funding, getting away from a 3 year norm is an important step. Capacity is being developed through organisations like Futurebuilders. DWP, DH and DfES are putting in new capacity. The Cabinet Office is about to run out a strategy across services.

The skills and capacities of commissioners need to be built up. OTS will be supporting 2k commissioners to develop their role. Commissioning and procurement need greater standardisation and consistency across sectors. Markets need to be developed to allow third sector involvement.

There were three other challenges in taking forward policy:

- How do we measure impact when finance is far tighter than in the past? The level of evidence required now is far higher.
- How do we avoid people becoming too focused on outputs and outcomes? A third sector strength is its breadth of involvement. How do we keep the focus broad?
- How do we prevent organisations becoming detached from their connectivity with community when they become providers of services?

THE CHALLENGES, OPPORTUNITIES AND PITFALLS FOR THE THIRD SECTOR IN DEVELOPING LEARNING, SKILLS AND EMPLOYMENT

Cheryl Turner opened by saying the seminar was immensely timely at a time of change and challenge.

The third sector has to respond to change in Government approach. There are many opportunities and challenges, but also pitfalls. The sector has to be clear of its own nature and variety. It consists of a wide range of NGOs that are value driven, which primarily reinvest in social, economic and environmental objectives. It ranges from local, membership-led community groups to international £m charities. It includes voluntary organisations, community groups, charities, social enterprises, co-operatives, mutuals and others, with a range of formality. Needs and potential contributions vary greatly and should be better recognised and understood.
The profile of the third sector in learning and skills is growing, but it is limited by both quality and funding. There is a growth in consortia, which NIACE has mapped. While there is great diversity, there are common factors: advocacy, information sharing, capacity building and support, and quality standards.

The “Working Together” strategy sees three overall roles of the sector: providing learning, providing employment and providing sources of expertise. While providing only 2.2% of the national paid workforce, there was rapid growth in part-time workers, particularly women. There are 1.1m fulltime unpaid volunteers, and 13.2m monthly ones. There are great challenges in workforce development.

The third sector has clear opportunities right across the policy landscape of several Government departments, particularly after Leitch. Eg: “Raising Skills - Improving Life Chances”, “Improving Services, Improving Lives”, “Reaching Out - an Action Plan for Social Exclusion”, “Strong and Prosperous Communities” and “Together We Can”.

LSC’s annual statement of priorities: “Raising our Game” has a clear focus on PSA targets across the range of target groups, which provide numerous opportunities for third sector bodies. It puts employers centre stage as an imperative. Improving the skills base of the public sector remains a priority. NEETs, offenders and those with disabilities and learning difficulties are other target groups, all of which the third sector has great skills and experience to deal with.

At the local level, positive relations with local government are vital, with LSPs and LAAs playing crucial roles. Poor local services are a continuing source of social exclusion. The third sector has a major role to play in working with local people. The Local Government White Paper and the “new localism” recognise the role of the third sector in achieving more cohesive and empowered communities

However, there are potential pitfalls. Identifying the sector’s niche contributions could lead to ghettoising. The sector had an historic disadvantage in capacity building, a lack of sustained funding and no guarantees on contracts. In funding, contestability can work in both ways, the third sector has difficulty in developing an investment strategy, there is inadequate ability to plan within multi-agency funding, and the overall funding climate and procurement processes provide many hurdles at which to fail.

The challenges for the sector, if it is to succeed, require coherent thinking and planning, nationally and locally. There has to be better communication across the whole third sector, across the learning and skills system and between services. The independence of the sector has to be safeguarded to meet the “Margaret Mead Test”: “Never doubt that a small group of thoughtful, committed citizens can change the world: indeed, it’s the only thing that ever does.”

DISCUSSION

Central and local government cannot drive the third sector. The momentum needs to be bottom-up. But regulation and funding policies pull the other way. There is a danger that development will be driven by Government and by funding. The German system is different, where taxpayers choose how much to contribute to the voluntary sector, thereby bypassing Government. How possible is this in the UK?

The Cabinet Office recognises the tensions. There will be variations. Some third sector bodies will wish to Compact with Government. Others will want greater independence and a community base. It probably should be local government and Foundations that fund greater independence and civically-engaged roles.

Not all the voluntary sector can engage in social entrepreneurship. Some will continue with a local niche role. They will not all achieve the learning outcomes sought by LSC or work within official structures of accreditation. However, they need funding, some of which can be channelled through consortia. Some groups can take the risks and go for big funding; others can not. Opening up markets brings in private companies with venture capital, which can squeeze out the VCS. These are challenges for all stakeholders to address.
The procurement process often means small local organisations have to tender for notions dreamed up by people in remote places, not related to local needs. Again, with smart private sector involvement the third sector can be frozen out. The Cabinet Office believes the answer is in good commissioning. We need more individualised budgeting and not centralised procurement. Pathfinder innovation is interesting here. There should be a central framework and then local flexibility.

LSC possibly needs a more open-ended costing structure. It can be cheaper to avoid all the many hoops small organisations have to jump through. Competitive tendering sets people who should be cooperating against one another. Contract monitoring needs to be got right to address this. We need to capture soft outcomes, which the third sector is good at, and point the way to service development.

The Cabinet Office believes that the crucial level for joining up is local government, through LSPs and LAAs. These need to think more about soft outcomes which the third sector can provide.

Many voluntary bodies which spend time and effort to get into consortia find that proper professional monitoring does not exist at LSC or RDAs. VCS can go through all the hoops, meet all the deadlines and take all the risks only to find no reciprocation by commissioners. The Cabinet Office experience is that voluntary bodies believe they have enough monitoring and don’t need more. Excellent commissioning will need to have a lot of soft monitoring; and a range of funding sources is required to meet the needs.

LSC recognises these issues and is working on them. There is a genuine commitment to get it right from their end. There is appreciation of the need for more flexibility, but all change takes time to get right.

**WHAT IS NEEDED TO ACHIEVE AND SUSTAIN CREDIBILITY, CONFIDENCE AND CAPACITY?**

Tony Chapman opened his presentation by saying that while all stakeholders - national, regional and local - often used the same words, the meanings and understandings of different sectors were often different, which caused confusion and misunderstanding. There were also different interpretations, eg of whether the third sector was ready to do the job that needs to be done and on how large the social economy really is. In this situation, how can we really achieve trust and confidence across sectors?

The Teesside University work is based at the Social Futures Institute and the Third Sector Development Unit. The material for this presentation was drawn from three contrasting studies in North East England. 37% of the sample organisations provide primary support services (eg training and childcare), 48% provide secondary services (eg advocacy, advice and guidance) and 12% tertiary support (eg campaigning and research).

The third sector claims it is better at reaching the hard-to-reach, it has soft as well as hard outcomes and it makes a real difference to poor communities. How justifiable are such claims? Research shows that some of the most excluded people in the most multiply deprived communities have not even heard of initiatives like Sure Start. More affluent people in such areas are easier to reach and often better catered for, even by the third sector. Where programmes aim to bring people from different class backgrounds, those who are closer to the middle classes can intimidate the more excluded and widen rather than close inequalities.

The commonly used dichotomy between “value-driven” and “profit-driven” when describing third sector organisations and businesses is often a false one. Neither is it true that one sector is necessarily more efficient than others. Many SMEs are not driven by money but more by an aversion to working for other people and a huge enthusiasm for what they are doing. In this sense, they can have more in common with voluntary groups than with larger business.
Similarly, voluntary groups like to be driven by themselves and not by government, central or local, but they might still be efficiently run. Economies of scale lead to greater bureaucracy, which is disliked by both the third sector and SMEs.

17% of 400 third sector organisations in the North East are actively bidding for contract work, 20% are not aware of the opportunities and 18% are not interested in bidding. Primary suppliers are more likely to want to be part of contract regimes than tertiary ones are.

All organisations need to be clear on their position on independence, sustainability, whether to work in partnership, how to innovate, leadership and people management, professionalism and business-like practice. Few third sector organisations really want to work together. Most work within a local government footprint, however LAAs can make it even harder to work together. Champions can be very defensive about their ways of working. Leadership is frequently poor and room for leadership and related training large. Often, much needs to be done to achieve the credibility, confidence and capacity necessary for third sector bodies to meet the challenges effectively.

TRANSFORMING OPPORTUNITIES FOR YOUNG PEOPLE : THE NEED FOR A NEW PARADIGM AND THE POTENTIAL VOLUNTARY AND COMMUNITY SECTOR CONTRIBUTION

Richard Williams underlined that the third sector has much to contribute to the LSC agenda. Staff at the top of LSC are working to make this happen. But will adult and younger learners really get a better deal? The answer is “no” unless people at all levels in the LSC are able to engage reciprocally with the sector. A serious policy re-focusing is necessary in LSC if the third sector is not going to provide yet more of the same.

To be fully inclusive, the LSC agenda must engage with hard-to-reach groups who don’t see skills attainment as the way forward for them. The Social Exclusion Unit assessed those not in employment, education or training (NEET) at 1m. Numbers have not decreased in the last 10 years.

If we take a long view, we see the 1980’s as the period of vast increase in the staying-on rate. Numbers in education and training have remained static since then despite the plethora of initiatives. There is the same pattern of attainment, particularly at the bottom. Aggregate attainment has not risen in 15 years. Highest and lowest attainment remain undented. Children in receipt of free school meals are still most likely to truant, leave early and not attain. As each wave of reform has failed, we have seen more new ones and even less attachment to reality.

Nuffield research shows that the achievements in the ‘80s were due to the collapse of the youth labour market and initiatives like YOP, YTS and TVI meeting new needs. The new offer to young people was central to the education process. It was not a golden age, but there was a paradigm switch in what was on offer to young people. Since then we have lived of the legacy of the ‘80s and had various remouldings of what has stayed essentially the same.

There has been too little thinking on the need for a new paradigm switch. Focus on a new approach should not be institutionally-based. This is too problematic and unattractive for the hard-to-reach. Instead, we need to focus on the potential of community provision though the VCS and social enterprise. However, the third sector cannot respond to the new challenges without an increased and more sustainable approach to funding.

New policies might change under-participation and under-attainment of under-16s? New specialised diplomas and related initiatives should go some way to achieve more attractive alternatives for the NEETs. Extended schools should have some impact. Terminally dispirited young people might like the new approaches.

More radically, education, social services, advice and advocacy need to be integrated in the community. There has to be greater recognition of the total needs of the hard-to-reach - housing, health, family, etc. We need to move swiftly away from the concept of multi-service to a more unified, coherent and strategic approach. Annual PSA targets cannot
work. We need longer-term, longitudinal approaches within LSPs and LAAs. We need more capacity moved to the third sector from mainstream education. The disengaged need to become enabled and empowered individuals.

**DISCUSSION**

How can we measure effectiveness? Connexions had a good database. Some areas were delivering well longitudinally; others were not. Would the third sector be better?

We need to rethink the commissioning process. For example, while most mentors work voluntarily, they need professional coordination, which is very difficult to fund. East Mentoring is developing a set of measures to evaluate success of mentoring.

Off the Street and into Work (OSW) has conducted much analysis on the cost of a learning-based approach to one of just providing hostels. Data is provided to all policy-makers and funders. Sometimes it is taken notice of, sometimes not. Government, central and local, does not respond adequately to effective third-sector initiatives. It takes a great deal of time to see change. There needs to be a two-way process with Government. The contract culture does not provide this, but tends to be all one-way.

But the third sector is not always good at sharing information. Nor are academics.

DfES has conducted research on the cost to society and individuals of young people being NEET in their late teens. The price of helping people can be costed longitudinally over a whole lifetime and would be a valuable approach.

How do we provide capacity in over-burdened organisations? How can we fund third-sector managers to get leadership training? How do we enable and give confidence to leaders to delegate and take their hands off the tiller? How do we get the third sector to be less dismissive of “professionalism”?

Private sector companies tend to have stronger organisational/leadership cultures to enable success. They are able to be more responsive to market demands. The third sector can be slow to respond. Some see the private sector as being more effective in supporting people into employment. Commissioners are often more comfortable procuring from them. However, analysis by the Worklessness Taskforce in the North East showed that the private sector tended to take on more engaged and able candidates while the third sector tackled the most disengaged.

The governance structures in the third sector have both strengths and weaknesses. How can they evolve to become more effective? There can be lessons from the private sector, but these should not be over-stated. More engagement is required all round to achieve this.

Much more capacity building is needed. There is need to give strength and support to small VCS bodies to network and think forward. Work is being undertaken on this with ethnic minority organisations in Yorkshire. Small organisations are often too busy at the “doing” to think strategically. There is need for much more infrastructure funding. SRB used to provide this to a greater extent than now. Funding streams need to close the gaps which exist.

Loans could provide a significant solution. Foundations, like Northern Rock, say third sector bodies are keen to take loans. However, few third sector bodies have the equity to enable them to borrow. Also, while the private sector is able to take risks and make mistakes, the third sector cannot afford to. The sector needs a bubble environment where it can take risks to drive innovation.

There are pitfalls in the third sector being seen to be cheap. The market has changed so much that the sector must change too, so as to reposition itself and be seen to be of high quality and worth being listened to.
We need strategic forward-thinking on the potential third sector contribution to learning and skills based on sound research. Birkbeck research on the values of learning, for example, is not filtering through to the third sector. There are challenges to HE to address such shortcomings in communications. There is need for the academic community to step out of ivory towers to engage more with the real world.

The third sector needs to constantly ask itself how relevant it is to today's world and to keep renewing its approach in order to make the maximum contribution in a constantly changing environment.

**HOW CAN LOCAL ORGANISATIONS MEET THE CHALLENGE AND ACHIEVE EXCELLENCE?**

- **a. THE INNER CI TY PROGRAMME FOR WOMEN**

Claire Dove opened by saying that the third sector has to be able to respond swiftly to demands for new services. It has been able to get applications in quickly. The 70s to 90s had seen major growth in the sector in cities like Liverpool, but this could not be sustained because much funding had dried up. ESF, for example, had provided many opportunities for growth, but it was also a potential death knell when its funds ran out. Therefore, the lessons for the sector must be flexibility, non-reliance on any one funding source and ability to change quickly.

The sector had been in the forefront of educational provision in Liverpool and elsewhere. FEFC funded external organisations in its strategy to combat social exclusion. Relatively long-term funds had allowed longer-term planning for the first time. But the VCS was not paid at the same rate as FE colleges. It could not get capital finance nor money for staff training. Also, some colleges top-sliced funds available. Neither FEFC nor AoC would allow heads of third sector organisations to attend Principals’ meetings. A two-class system operated, which largely persists today.

The Liverpool Women's Education and Technology Centre was founded in 1984. It provided non-traditional skills for women, especially those from deprived, multi-racial, inner-city districts. Early on, it saw the possibilities of ICT and capitalised on them, aiming to provide new careers for women. Funding came from the City Council, ESF and FEFC. But with changing financial regimes it became a victim of its own success.

The move to Blackburne House raised the profile. It was now in a prestigious heritage building in the city centre and was able to provide excellent services. But contract finance would not pay for capital costs nor for running costs of the building. The challenge had to be to run the businesses successfully, to provide quality education programmes for women rather than spend on the building, for which money had to be found in other ways. There are also blurred lines on funding, eg between LSC and the local PCT on providing training for women with mental illnesses.

Money for capacity building is vital. Small sums come from LSC; more comes from partnerships with other organisations. The role of employers is key. Blackburne House has worked with employers to drive up skill levels and to become an obvious place for recruitment. Women who are trained are not transient. Highly trained women provide a major economic resource for Merseyside and for inward investment.

Getting women well trained is also a major psychological boost for themselves, their families and their communities. A woman who came on a course as a cleaner is now a deputy head. A team of local girls has beaten a public school team in a competition. Of the 100 staff at Blackburne House, many are ex-students.

Social businesses in Blackburne House support the educational work. They help with the curricula and supply up-to-date materials. Social enterprises are used to drive up skills levels. There are now construction courses for women, with an aim of founding a construction company to work with housing associations. Heritage skills are being developed to enable work on listed buildings. Work with the Merseyside Partnership is driving up a range of women's skills and entrepreneurship. Blackburne House has achieved Beacon status.
People are only hard to reach if you can’t provide anything worthwhile to attract them. Other organisations which Blackburne House include Positive Impact, which works with young black men, which is doing excellent work but has difficulty in achieving funding for its programmes.

The third sector can achieve success only if it can work in a sustainable, planned way. It cannot have sustained success if it is always seen as a cheap option or funded only for the short-term. It needs to look at a range of models for capacity building. But so much capacity building is of low quality. It really needs to be kite-marked. It is important to get into the mainstream, with the role of Futurebuilders being important. There needs to be a comprehensive new approach to loans.

But, above all, the sector must be driven by values and there should be no limits on choice.

- b. SUCCESSFUL PROGRAMMES IN A COUNTY AREA

Tim Ward started by stressing that The Learning Curve had been successful in achieving mainstream funding for the third sector provision in a fairly average county area without any of the indices of multiple deprivation. If it could be achieved in Wiltshire, there seemed to be little reason why it could not be achieved anywhere in the country.

The sector can be a quality provider of services to the community, meeting all the standards required. But to do this it must take responsibility for itself to ensure that it does achieve.

The Learning Curve provides learning and workforce development for the voluntary sector and community-based learning. It has been seen as a mainstream provider since 2003, receiving the same funding as FE colleges. It provides 1.6k learning opportunities and receives £0.5m FE funding. Administrative efficiency is very important. Unlike some colleges, the Learning Curve returns error-free audits. The Adult Learning Inspectorate have been unable to find fault. Beacon status has not yet been achieved, but it is well on the way.

Increasingly, third sector bodies need to work together in Learning Consortia. These have to planned, owned and managed by the sector and not be LSC constructs. Working together enables voluntary bodies to develop expertise as an equal partners to influence the learning agenda and to develop the range and quality of provision. While the public sector talks about partnerships, the third sector has needs greater power if it is to grow in a sustained way. Consortia enable this and make it easier for public bodies to work more effectively with the sector.

The LSC remains a vital partner for consortia to work with. Its footprint has shrunk and it has become more focused. This has advantages but also leaves gaps. The third sector working in cooperation across boundaries has a major agenda in identifying local needs and addressing disadvantage and exclusion, developing governance, staff, volunteers and active citizenship. There is great potential in developing partnerships with higher education.

There is all to play for. The Learning Curve had to lead LSC to get the Voluntary Consortium agreed. It is important for the third sector to work closely with LSC to ensure both sides deliver. It is important for the sector to be independent from LSC, with LSC as one of several funding partners. While working within the LSC contract, the sector must be driven by meeting local needs. The sector has considerable potential power, which it should use more effectively.

DISCUSSION

Is it possible for projects which are successful in one area to be effectively replicated in other areas? How much success depends on the impact of individual personalities? Much of success is replicable and transferable, but personal factors are obviously also key. Marks and Spencer has had to largely reinvent itself to make itself more relevant in a changing world. The third sector will often have to do much the same.
With contestability coming in, it is important for the sector to gear up to compete with local colleges. At the same time, a good relationship with a local college can be crucial. Competition and cooperation are both important.

Similarly, there will often be need for both competition and collaboration with the private sector. But there remains a danger that private business will cream off both the money and the more straightforward work, leaving voluntary partners to tackle the hard-to-reach.

Government says that the sector must work on a level playing field with business organisations and not expect special favours. Small voluntary bodies are expected to work together in larger consortia. But is this always right or fair? Should not the third sector often have special contracts to work with niche markets?

There is possibly over-emphasis on the procurement agenda. Commissioners often tend to favour private businesses which can be easier to deal with. How can the third sector meet this challenge? How should Government and the LSC deal with it?

How can the sector engage better with the range of Government departments?

WHERE IS ALL THIS TAKING US? WHAT WILL BE THE ROLE OF GOVERNMENT?

The Minister for Skills, Phil Hope, stressed his empathy with the third sector. He used to work for the NCVO and has chaired the relevant All-Party Group in Parliament.

Government sees skills development as key to our national future. Skills at all levels from the most basic to the highest are crucial for the individual, the community and the nation. Countries like France and Germany are investing highly. China and India provide growing, major challenges. The UK must maintain and grow its world status.

The third sector has a vital role in this agenda. It is able to engage with so many groups that the State is unable to and has an unmatchable ability to innovate. So much of the Welfare State has been developed initially by voluntary bodies.

There needs to be an effective partnership between Government and the third sector to take forward the skills agenda. Government is aware that voluntary and community bodies are often too busy delivering services on the ground to think strategically, so means of enabling fuller performance are necessary. Effective partnership should lead to better procurement and contracting and to reduced bureaucracy, both of which are necessary. The cross-Government action plan is aimed at increasing the third sector’s role in providing services. In this, there is an inevitable tension between collaboration and competition, but it just has to be made to work.

Leitch says we have to be world class. There are likely to be benchmarks for Government, Local Government, the LSC, the third sector and all other stakeholders. Leitch is likely to say that the third sector has a major role to play both in developing basic skills and in social regeneration. This provides challenges for us all.

What is important is to ensure that all work we are all engaged in provides clear pathways and not roundabouts for individuals and communities to progress.

FINAL DISCUSSION

The Chair posed a central question, knowing the policy framework, of how do we move to the “how”? How can the third sector compete successfully with the private sector. In a world of contestability, the private sector is backed by venture
capital. How can the third sector compete with this? American experience suggests that the market does not favour organisations without capital and potential for investment.

The Minister was wary of saying that we can have contestability on the one hand but also give voluntary organisations a guarantee on the other. Ring fencing could just result in driving down quality. Added-value is the key, not just in financial terms but in quality of services. The way forward should be better and clearer procurement which can openly recognise the third sector's strengths.

There is a need to be able to discriminate better between those organisations that are good at ticking boxes and those with real experience and skills. We have to have effective partnerships between voluntary bodies and voluntary bodies, between voluntary bodies and colleges and between voluntary bodies and business to achieve the goals that each have.

How should commissioners acknowledge the added costs involved in reaching the hard-to-reach? How should we recognise that the private sector will take profit out of the community for personal gain, while the third sector invests it back into the community. Large contracts will always tend to give major advantage to large private companies. How can we best recognise and meet the specialist, niche provision at which the third sector excels? How can the procurement process best address these issues?

The Minister thought that it was important to demonstrate that what was achieved was a pathway, not a roundabout. We have to demonstrate ways of measuring relative value. The private sector argues that voluntary bodies have unfair advantages through tax and rate relief, free or low rents, etc. How can we best show surpluses and profits transparently across sectors? Is it desirable that we should do so?

The Chair believed that there was much high-level agreement on the desirable direction of travel, but the problem often lay with the procurers and gatekeepers who did not understand the value of the third sector. The sector needed to have greater support from Government to achieve a level paying field and to overcome the difficulties of not being able to raise capital or loans. It was also difficult to achieve a level playing field in partnership with the private sector or colleges, who tend to top-slice.

The Minister believed the answer lay in good procurement which can recognise the value of the third sector, eg in providing local employment. At the same time, the sector has to move out of comfort zones and little boxes to play a bigger game. But the whole process, with all players across sectors, needs to be transparent and justifiable.

**Sydney Roper**
Director
Centre for Public Policy Seminars
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