

ACEVO Annual Conference

Thursday, 5 November 2009

Checked against delivery

Introduction

It is a joy to be here.

I have been in Government for nearly 13 years, but this is not as long as the time I worked in the third sector, mostly as Assistant Director for Mind and then for the Joseph Roundtree Foundation.

I have enormous gratitude to the third sector for what now I know. And now, my personal challenge as a Government Minister is to remain true to that inner voice of the third sector from so many years ago.

Today I would like to set out what I see as the future of the third sector, and its relationship with the public, with Government, with the private sector and how it will continue to develop over the next ten years.

I would have liked to have had the opportunity to debate with Francis Maude before he left.

A strong partnership with Government

Over the past ten years we have established a new way of working together recognising the relationship you have with people across the country, particularly with the most vulnerable, and the unique nature of the services you provide.

I think we have a relationship which values your role as innovators and pioneer- and so places you at the centre of broader reform of the delivery of public services.

On his famous blog, Stephen refers to President Clinton's accolade that the British third sector is "one of the best organised sectors in the world", and that its relationship with the Government is the major factor for this.

Part of the reason that this relationship is successful is that we have always been willing to listen to each other.

From the Deakin review, through the Third Sector Review – the largest ever sector-wide consultation – to the current debate on the role of the sector in public service delivery, this Government has, I hope, taken great care to find out what you have to say.

I think it is also fair to say we have responded with action.

Responding to your needs

First, you told us that you needed more influence at the centre of Government.

And we responded by creating a Minister of State and Office for the Third Sector – a driving force in the heart of Government to embed the principles of the sector across Whitehall and beyond.

You told us that you needed more investment.

And we responded by more than doubling Government funding from £5.5 billion to £12 billion as the budget for the third sector stands now.

And you told us that you wanted to be able to compete better with the private and public sectors for delivering public services.

And we responded by understanding that the test for Government should be the quality of experience for the person using the service and not the sector which delivers it.

And that is why we are investing in building the capacity of the sector— helping you to gain the skills, access to funding, and businesses support you need to compete at the level of your ambition.

So that by the time the current spending period comes to an end in 2011, we will have invested a total of £515 million on strengthening the foundations of the sector.

And we provided a package of recession support of close to £60 million – including a more than £16 million Hardship Fund for those with cash-flow difficulties and a £16.5 million Modernisation Fund to promote greater efficiency.

We are also working hard to refresh the Compact and to develop the Social Investment Wholesale Bank – the first of its kind anywhere in the world.

And while we recognise that you would like to see further reform to Gift Aid, it is important that you recognise in turn that the changes already made were worth over £891 million to charities last year.

Accelerating the pace of change

So, working in partnership, we have been able to make great progress towards our shared goals.

As we look to the decade ahead and the challenges that we now face, it is clear that the pace of change must accelerate if we are to continue to match the level of our ambition.

But the recession has, of course, dramatically reshaped our economic environment. There are heightened pressures on public spending and an enhanced level of scrutiny extending to the third sector.

Over the past year or so, and despite overall support remaining strong, public confidence in the nature and role of the third sector has obviously also been significantly challenged.

People now want and need to know more about how the money they donate, and the money invested by Government, is spent.

And this comes at a moment when people are starting to act more directly to further the causes that they believe in.

- Taking individual and personal action, for instance to tackle climate change and making more responsible consumer choices, often by way of very public pledges;
- Relying less on the charitable sector as the vehicle through which to practise citizenship, and more on the activist power of digital media.

And it comes at a time when – as revealed by ACEVO's own poll – the wider public's understanding of what the third sector does is not necessarily as clear as we would like.

For example:

- More than 60% of the public believe that charities spend more than 20% of their income on overheads. You know it is significantly less.
- And nearly 50% underestimated the number of registered charities in England and Wales by 100,000.

So realigning understanding with facts of the third sector is obviously very important to buttress public confidence.

Investing in public confidence

So let me set out three challenges for which I very much see us as partners.

So the first challenge I have for you today is this:

To make sure the public is on your side you must reshape and renew the relationship you have with them – with your donors and volunteers, with your campaigners and the public at large.

Being open and not resistant to change; that is the way to modernise successfully.

A truly modernised third sector

That is why a truly modernised third sector must respond to the current economic and fiscal realities by demonstrating to the public that it is capable of delivering more efficient services- and very often for less.

By demonstrating the third sector is not overly dependent on state funding, and that it is capable of diversifying into new, and in some cases more sustainable, funding streams.

By demonstrating that it is not undermined by any undue duplication of services or unacceptable variations in quality.

By demonstrating the highest standards of transparency and accountability – publishing accounts online as a matter of principle and working to show that trustees are really representative.

So, that is why I so strongly support ACEVO's 'transparency manifesto' as a means of explaining the work that you do, and proving that you are doing it to the public.

Blurred sector boundaries

But another major factor that the third sector must respond to are the increasingly blurred boundaries between the sectors.

We only have to look at how Cadbury's has shifted its chocolate over to fair-trade to see that the values that have traditionally marked out the third sector are more and more becoming identified with private companies.

Firms such as 'Innocent' drinks are adopting the look and feel of the third sector, while charities such as the RNIB are advising supermarkets on how to serve their customers better.

In the post-banking-crisis world, businesses too recognise that they must rebuild the trust of the consumer in order to be profitable.

And 75% of the public believe that it is either very important or absolutely essential for companies to act in a socially responsible way.

Nearly two-thirds would recommend a brand that supports a good cause and importantly this is up from just 50% in 2008.

So, just as we know that the public wants to support charities that meet private sector standards of efficiency- businesses know that people want to support companies that act ethically and in the wider public interest.

Third Sector leading the way

So this is therefore a moment of real opportunity – a chance to demonstrate the full extent of what businesses have to learn from the third sector and to push them to become consistently and sustainably responsible.

So, this is the second of my challenges today:

I would like to see you lead the way in combining the best of the third sector with the best of business – establishing a new ‘social innovation’ model as the future for the delivery of goods and services.

A model which brings together the efficiency and value for money of much but not necessarily all of the private sector, with the reach of the public sector and the values of your own to create a new kind of public service organisation.

Charities such as Hackney Community Transport are already helping to break new ground – blending social and businesses objectives and capitalising on the increased appetite of the public to support social enterprise.

I am pleased that a new social enterprise identifier is set to be launched: a “fairtrade” mark that will enable social enterprises to identify and market themselves better and help to boost ethical businesses.

And, because evidence suggests that many of the tax incentives available for corporate giving are underused or poorly understood, I am pleased to be able to launch today the Government’s ‘*A Guide to Giving for Business*’ which lists together all the ways businesses and corporates can take advantage of these tax incentives.

Maintaining a distinctive role

But if the traditional sector boundaries are breaking down, what does it mean for the identity of the third sector?

So this is my final challenge for you today.

It is the consistency of compassion that defines the third sector: the self-confidence by which services are delivered with compassion and humanity sets you apart. Your values and ethos mean that you understand the needs of society's most vulnerable and offer services in a way that others do not, reaching them in a way that others don't.

So it is this principle of compassion that creates the possibility for you to become ever more involved in the delivery of public services.

Because the future shape of public services will demand a much greater degree of citizen empowerment – the transfer of power back to the person using the service in order to invest that service with more a personalised quality.

Fewer targets and a greater investment so that you can drive forward this in a way that shows the distinctiveness of the third sector.

As Stephen has pointed out, increased use of the third sector offers a way to ensure that constraint in public spending does not equate to cuts in services that will make the wider public and particularly the vulnerable the biggest victim.

And as you become an increasingly big player in public service delivery, you must do so in way that preserves and enhances the distinctive and inclusive quality of the services that you provide.

And I have been very much rewarded from my own experiences of what an age old principle that is.

Serco and Turning Point offer an example of a partnership which matches major ambition in terms of size with a determination to maintain the levels of personal service that are synonymous with the sector.

Now I said at the beginning that my great regret is that I could not debate all this with Francis Maude. But let me set out very quickly how the Government and the Opposition differ on the overall role of the sector.

First, the Conservatives appear to believe that there is a choice to be made between an activist government and a strong society; a belief that government crowds out the space for civil society to flourish.

They are wrong, wrong, wrong.

As I have already pointed out, the last 12 years show that an active state has in fact been the catalyst for a growing and strengthening charitable sector, not – as the Tories would have it – a barrier.

Second, I'm delighted that we now have a consensus between the parties that the third sector can, and should, do more in terms of providing public services.

But, unless you believe that the third sector's role is simply to pick up the pieces caused by under-investment in frontline services, this has consequences which the Conservatives appear not to accept.

A third of the income into the sector now comes from contracts to deliver public services. And it is obvious to me that if you radically cut back those public services in order to shrink the state in the hope of 'liberating civil society', you will in fact be shrinking the charitable sector whilst at the same time expecting it to deliver more.

This is a fundamental contradiction that needs to be answered by those whose anti-activist government dogma has blinded them to the sophisticated partnership between sector and government that we have forged together over the last 12 years.

The principle of a level playing field upon which the sector can compete for contracts remains paramount. But a truly level playing field exists if the sector is not only willing, but also able to take up those opportunities.

That requires us, as we have been doing, to invest in the sector's capacity to do so.

And it also requires us to accept that when third sector organisations sign contracts for delivering public services, they are not in some way compromised or muted. They are simply, and quite properly, showing that they will be accountable for delivering the service for which they are receiving the money. Another false dichotomy that the Opposition would have us believe.

Conclusion

So today I have set out three challenges – to be **independent**, to be **innovative**, and to be **distinctive**.

These are the characteristics that the public and the Government rely on you for. And they are the characteristics that mean that the relationship between us will always have constructive tension. A self-confident Government should accept this and so too should a self-confident third sector.