

Choice and Voice –

The Unique Role of the Third Sector

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Third Sector Leaders

acevo

‘We want utter unity on the essentials and utter freedom on matters of debate. But in everything there should be courtesy and charity’.

St Augustine

‘We can demand that a service be promoted in the public interest without wishing that Government manages that service.’

Gordon Brown

This paper draws on a presentation made by the author at a Joseph Roundtree Foundation and acevo symposium on sector service delivery held in September 2006. The paper sets out a view on the current debate on public service reform and how the third sector is ideally placed to take advantage of change. Many acevo members are directly involved either delivering public services or as advocates for clients or communities.

I argue that we have a distinct contribution to make both in providing greater choice for citizens and as a voice for consumers and for excluded citizens or communities. And all acevo members have a powerful interest in securing reformed public services, whether involved in service delivery or not.

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1. Our history and our role

All good stories should start at the beginning. In this case 1273, when the Hospital of God at Greatham was established to look after returning crusaders. Still going strong, led by acevo member David Granath, it provides housing and residential care for older people and grant making to other charities in the Hartlepool area. Charities have been providing services to the public for centuries. This is, and always has been, core to the charitable task. Most of what we now know as 'public services' were once the sole preserve of charities.

In education and in health, charities were the main provider for centuries. Internationally renowned centres of excellence like St Thomas' Hospital or Barts were operating for centuries as charities but only for 60 years in their post-war nationalised form. The charity trustee was often indistinguishable from the local authority alderman, MP, or Mayor. Typical of an English town in the 17th to 19th century, Abingdon in Oxfordshire, was run by two organisations – the charity Guild and the town council. The charity provided the hospital, free library, park, almshouse and grammar school. Anyone who was appointed as Master of the Guild almost invariably became the Mayor.¹

AJP Taylor writes:

“Until August 1914, a sensible law-abiding Englishman could pass through life and hardly notice the existence of the state, beyond the post office and the policeman.”²

The probation service originated with Frederick Rainer, who set up the London Police Court Mission. It was not until 1938 that the Home Office assumed control of what had by then become known as the probation service. The Rainer Foundation who work in this area is 200 years old (and had its first Government contact in 1835, which took 20 years to sort out!)

The boundaries between a public and a charitably run service are not clear cut. In this country the lifeboat service is provided entirely through public subscription. In other countries it is provided by the state. In this country animal protection is provided entirely through

¹ “The English Town”
Mark Girouard, 1990

² AJP Taylor, A History of
the Twentieth Century.

a service run on voluntary subscription. This is because the RSPCA was established in 1824 when its founder set up the first uniformed protection service – a few years before the foundation of the first police service. If the then radical MP who established the RSPCA had not taken this course, would the responsibilities for protection of animals have simply been assumed, at some stage, by the police or local authorities?

Hospice provision was developed through the pioneering work of Dame Cecily Saunders. It is still a service that is provided two-thirds through funding by the public. If it had not been for the pioneering work of Dame Cecily would the health service itself have come to recognise the need for a separate stream of health care provision for those suffering from terminal illness.³

The historical context is important but is not intended to denigrate or attack the role of the post-war welfare state settlement. As Robert Hill⁴ argues in a recent publication:

‘Context and history are always important in understanding change.’⁵

The Welfare State

It had become increasingly clear in the inter-war years that the vagaries and inconsistencies of charity provision did not meet the demands of a modern and industrialised society. For example Attlee writes of his days in his first career as a third sector leader⁶ and recalls the work of the Charity Organisation Society who believed in poor law principles of deterrence: a parson advocated giving children only burnt porridge served at inconvenient times and places.

The development of the welfare state founded on principles of equity and fairness was essential and inevitable given the patchy nature of charity provision.

However it is not clear that the architects of the post-war settlement had in mind the development of a monolithic top down and centralised state sector. Indeed William Beveridge in his 1942 report⁷ was clear that in the establishment of the welfare state there were three guiding principles. The third of these was that:

‘Social security must be achieved by cooperation by the state and the individual.... The state in organising security should not stifle incentive, opportunity, or responsibility; in establishing a national minimum, it should leave room and

³ It can only be imagined what the response to Dame Cecily Saunders would have been if she'd been making an application for lottery or other grant funding from current day funders who would undoubtedly have rejected her on the grounds that she fell foul of the 'additionality' rule.

⁴ Robert Hill is a public policy consultant who worked at Number 10.

⁵ "The matter of now", published by Public, September 2006.

⁶ Earl Attlee, post-war Prime Minister began his career as warden of Toynbee Hall.

⁷ 'Social insurance and allied services' November 1942, often known as the Beveridge plan. The 1948 report was entitled "Voluntary Action."

encouragement for voluntary action by each individual to provide more than that minimum for himself and his family.’

In a later report on the voluntary sector in 1948 Beveridge reiterated this principle and in later years regretted what had become of much of voluntary sector provision.

It should also be remembered that the growth of a top down state model also crowded out vibrant social enterprises, self help groups, mutuals and co-operatives that had grown up in many working class areas. The rediscovery of the value of the mutual or social enterprise approach is a remarkable testament to the community instinct, now often opposed by the trade unions that once supported such movements.

21st century public services

This is not an argument for dismantling the public sector or designating the work of many dedicated public servants. As Ed Miliband has put it,

‘This is not about Third Sector delivery for the sake of it. I have got a lot of faith in the public sector’ ability to deliver in a lot of areas – there are millions of public servants....who are innovative and delivering to what we could describe as third sector characteristics.’⁸

No one, least of all acevo, is arguing for a wholesale transfer of services to the Third Sector. This would be absurd. However, in key areas like health, education, children and youth services, criminal justice and employment, our role in citizen focused delivery can and should be expanded. We should also play our part in campaigning for better public services and advocacy role on behalf of communities.

In establishing the welfare state there was also a desire to ensure a ‘public service ethos’ in the delivery of services centred around a sense of fairness, equity, universality and accountability. These are noble aims. And, as a country, we are justly proud of the achievements of our public services, such as the NHS. The question is whether that necessarily means the state also always delivering the service? And whether state delivery always stifles incentive and innovation and disempowers the citizen and customer of the service.

⁸ The Guardian, 20.09.06

2. Our proposition

The reform of public services is a key priority for government. It is not a matter of political party contention. This is largely a reflection of four factors:

1. The growth of consumerism.
2. The rejection of an all-knowing state and overbearing professionals.
3. A growing understanding that public expenditure cannot grow to meet all future demands.
4. The belief that citizens and communities need more power to control the direction of their services.

The Chancellor Gordon Brown put it succinctly:

‘In the next 5 years the role of Government will shift even more from the old directive and controlling to enabling and empowering voluntary action. Increasingly the sector will be empowered to play a critical role.... A clearer distinction is now being drawn between advancing the public interest and equating the public interest with state ownership, bureaucracy and centralised administration. We can demand that a service be promoted in the public interest without wishing that the Government manages that service.’⁹

As a result, the role of third sector organisations in delivering services has been growing significantly. We know from the NCVO almanac evidence that funding from state organisations is now the single largest source of sector income (at 38%). There is little doubt, whatever view one might take on this development, this growth will continue. Indeed, it is the argument of this paper that this growth is to be welcomed and encouraged.

However this paper argues that the strongest case for service delivery through the third sector is not a managerial case. This is not about delivering more services through our organisations for their own sake. It is about harnessing our strengths as value driven and connected organisations capable of challenging established views and articulating the voice of citizen and the community.

⁹ Gordon Brown, article, The Times, 11 January 2001

And this is not simply about an individual consumer agenda. As NCVO, argue, “public services provide not just a private benefit to consumer, but also a public good”.¹⁰

Civil renewal

There are two key reasons why we believe in an expanded third sector role. Through this role we can achieve:

1. modernised public services which provide more pluralism, variety and flexibility; and
2. Services which engage more citizens and communities directly in the process of delivery, and therefore support civil renewal and citizen and community engagement.

Our ambition, through the public sector reform agenda, is to develop a transformed relationship between the individual and the state. The networks and organisations that can enable this to happen are found throughout civil society.

In other words, this is not simply an argument about transferring employment services from Job Centre Plus but also about how, for example, we can empower communities to establish mechanisms and organisations that promote employment and training as well as healthy living, tackling addiction, anti-social behaviours and mental health problems- problems that get in the way of employability.

As a recent Joseph Rowntree Foundation publication puts it:

‘Extending the range of choices available is just one of the ways in which the third sector can contribute to building public value, not just as high volume provider of public services, but as an agent of civil renewal. While the technical issues that obstruct the operation of the market and cause difficulty for purchasers and providers alike are real and require resolution, the prize is a more dynamic, more responsive, effectively user controlled set of services. Achievement of this prize requires a cultural transformation of public services which goes beyond the introduction and development of a market of providers.’¹¹

The role of citizens

The need for individuals to play a bigger role in modern public services has been recognised in the recent literature on “co-production.” As Robert Hill put it:

¹⁰ “How VCS organisations can help transform public services” NCVO, June 2006

¹¹ ‘The Voluntary Sector Delivery Public Services – Transfer or Transformation? Will Paxton, Nick Pearce, Julia Unwin and Peter Molyneux’.

‘We all as individuals increasingly have our role to play as co-producers. The parent and student can further learn and study, we can promote our own health by diet and exercise and we can impact on the environment by our pattern of consumption.’

The current form of delivery of state services actively discourages such an approach and in some cases funding systems are a disincentive to them, as in health services; funded to support the consequences of ill health with disincentives for promoting healthy living.

So, NCVO have argued correctly that the third sector must play a role in transforming public services which includes identifying service needs, gaps in services or poorly designed services and campaigning for change.¹²

We can also play a role in ensuring improvements to existing public services and working with the staff in public services to improve their responsiveness to citizens. The idea of “co-production” is an exciting, if somewhat boringly entitled concept, which must be encouraged and explored.

The strength of third sector delivery has been proved in 3 specific areas where there has been a major shift of assets from the state to third sector organisations in social housing, mental health and learning disabilities.

David Miliband suggested in his speech at NCVO that:

‘Better health and education and lower crime and environmental sustainability cannot be achieved without citizens’ participation.’¹³

Our interest is therefore both in providing more **choice** and enabling and articulating the **voice** of citizens and communities. This is an agenda that should involve us all in the sector whether as direct providers or campaigners, small community organisations, social enterprises or large national charities.

¹² NCVO June 2006
Blackmore *ibid.*

¹³ Speech to NCVO
Conference, February
2006.

3. Our public value

Much has been written about the ‘value added’ of the services provided by third sector organisations. Margaret Bolton’s work for NCVO set this out well,¹⁴ as did Will Hutton who wrote:

‘third sector organisation; independence, local accountability and ability to innovate are distinctive and compelling advantages in service delivery.’¹⁵

The most compelling advantages of third sector organisations are:

- **Passion and commitment.** The real, though intangible, extra value that is achieved through the motivation and commitment of staff and volunteers, who may join because of their attachment to a particular cause.
- **Joining up.** Often because services are focused on individuals and their needs they will operate across a wide range of institutional state barriers. The state finds it more difficult to be client-, not organisationally-focused because of its upward accountability to Ministers and civil servants.
- **Entrepreneurship and innovation.** For example many of the advances in child care, mental health and disability services, have been developed in sector organisations. Harnessing the talent for networking, flexibility and different approaches and ideas is a core strength of the sector.
- **Hardest to help.** Many of our organisations work with the hardest to help sections of the community who may be shunned by communities and find difficulties in coping with state intervention. The work of the sector in tackling homelessness and championing asylum seekers or drug addicts are prime examples. Some citizens do not look to ‘the state’ as a source of help or support, rather as an alien force seeking to control.

¹⁴ Bolton, M (2003) Voluntary Sector Added Value, NCVO.

¹⁵ Hutton, W, article in Replacing the State? Acevo, 2003.

- **Flexibility and lack of bureaucracy.** Al Gore's indictment of state bureaucracy rings true for the UK today:

'The problem is not lazy or incompetent people; it is red tape and regulation so suffocating that they stifle every ounce of creativity. The federal government is filled with good people trapped in bad systems: budget systems, personnel systems, procurements systems, financial systems, information systems.' (Al Gore)¹⁶

- **Social capital.** The involvement of so many citizens, users, carers, and volunteers has built large social capital in a way that the state or private sector could not achieve. The growth of volunteering in communities builds cohesiveness and participation. It promotes healthier democracy where increasingly citizens turn from political parties to community action and involvement.
- **User, client or carer control.** Many mental health charities, for example, have been set up as a consequence of demands by people with mental health difficulties or their carers for a service that is centred on their needs and empowers them. The response to AIDS was led by third sector bodies of people with HIV/AIDS, who rejected an institutional state led approach.
- **Autonomy from excessive professional control.** A range of health charities has evolved through a rejection of an overly professionally controlled service. Doctor does not always know best!
- **Social change.** Organisations prepared to challenge established norms, state controls or bureaucratic idiocies have helped build a better society. This has been so wonderfully put in that oft quoted phrase:

'Never doubt that a small group of thoughtful committed citizens can change the world. Indeed it is the only thing that ever has.' (Margaret Mead).

¹⁶ Gore, A, Creating a Government that works better and costs less, Report of the National Performance review, New York Times Books, 1993.

4. Is our 'independence' threatened?

There is no doubt that our freedom to campaign and our ability to deliver services determined by citizens rather than government is not simply a huge strength of the sector but is fundamental to our existence. A healthy democracy requires a vibrant third sector as a counterpoint to Government and the market. As Lucy de Groot, Director of the IDeA put it

'we need independent, robust, passionate and challenging third sector bodies.'¹⁷

A number of commentators have argued that increasing service delivery threatens independence. However NCVO has pointed out, 'in many respects independence is a myth'.¹⁸ Ann Blackmore's report argues that voluntary organisations individually and the sector as a whole are dependent on many different groups. Their independence of action is constrained in a variety of different ways by different bodies and this has always been the case.

'There never was a golden age when the relationship between the VCS and other sectors was perfect.'

Independence, whilst undoubtedly hugely important is in reality a relative concept. For example those involved in running charities in Russia or China would marvel at the freedom enjoyed by our sector. A willingness to be collaborative and to work in partnership with Government is not lack of independence. Indeed many acevo member organisations would argue that increased service delivery has also brought with it an increased role in policy setting and influence.

Decisions clearly taken to work collaboratively or to compromise on certain issues in order to deliver on other objectives is not evidence of a loss of independence. It is evidence of pragmatism and, often achievement of gain for beneficiaries. There is no value in being oppositional for the sake of it. What is better for a homeless person: a brilliantly run campaign or a house and a job?

¹⁷ Ditchley acevo - JRF Symposium September 2006

¹⁸ Standing Apart Working Together – a study of the myths and realities of VCS independence, February 2004, NCVO.

Accountability

This debate can be crowded by self appointed polemicists who aver that independence is under threat. Those same polemicists warn of the dangers of mission drift. Yet many of the organisations delivering services have a mission to do just that¹⁹.

As Victor Adebowale has said:

‘The idea that we should turn our backs on those who need a service in order to maintain an ideology of independence is not only misguided but unpalatable.’

Whatever the imperfections of our political system we live in a society with a democratically elected government and local authorities. Stuart Etherington has argued,

‘Independence is more than just our relationship with Government.’²⁰

It must also be about our own governance arrangements and our ability to genuinely speak and represent citizens.

Charity Finance magazine²¹ summed up the need for balance:

‘... There will always be a need for organisations which serve those beneficiaries without reference to the latest Government fad, and increasingly these will have to accept that they are not going to enjoy the encouragement showered on those more willing to toe the state line. They will see that as a price worth playing, because to them independence is both desirable and important. But does it have to be the top priority for all voluntary organisations? A charity’s obligation is to its beneficiaries, not to itself. If those needs are better served by going along with the Government agenda, we should be thankful that there are organisations willing to do that too.’

The relationship between government and the sector is both more subtle and more complex than the arguments around independence give credit for. If more service delivery provides greater influence and power for third sector organisations and for their beneficiaries, then this is both central to the third sector task and essential to the growth of civil society. As organisations develop and increase service delivery, their power to influence and campaign will be enhanced and voice increased.

¹⁹ In a recent article in the Times Public Agenda, charity involvement with delivering public services was bizarrely described as ‘a sordid affair’ by the Directory of Social Change, an information and training body.

²⁰ Foreword, NCVO Report on the myths and realities of independence, February 2004.

²¹ Editorial, February 2003.

Of course, we must always retain the ability to “speak truth to power” as Julia Unwin has argued.²²

The assumption that their ‘evil’ Government corrupts those with whom they treat does not accord with the reality of mature partnerships where government knows that when it buys into sector delivery, part of the value of the deal lies in our very independence.

Supporting independence

There must certainly be continued support for the ability of organisations to act independently and to maintain a values driven approach. We must ensure independence is underpinned and supported by effective long term funding and contract regimes that maintain stability, with an effectively policed and supported Compact. The capacity and infrastructure of the sector needs support in order to bolster its ability to maintain its values and credibility in challenging Government or the market where that is needed.

There is one more significant danger in a much enhanced delivery role and that lies in what is termed ‘incorporation.’ Our organisations develop or take on the bureaucratic forms of the public sector and become less interested in innovation and less able to respond flexibly to new challenges or unmet need. In a sector that is now rightly becoming more professional, we must ensure continued emphasis on what the Prime Minister recently described as ‘self-perpetuating innovation.’²³

Whilst the move of social housing to third sector organisations from local government has increased tenant and community involvement and encouraged innovation and joined up services, it has also come at the price of heavy regulation. The level of regulation has sometimes hindered innovation and damaged credibility, as Kate Davies of the Notting Hill Housing Trust reported at our recent Symposium.

²² Speaking Truth to Power, 2004 acevo and Baring Foundation publication by Julia Unwin.

²³ Speech at Progress Conference, 9 September 2006.

5. The challenges we face

- To ensure that public service reform isn't seen simply as a managerial agenda of contestability and lower costs. Public service reform must also be driven by a desire to empower consumers, citizens and communities. Opportunities to transfer assets into third sector bodies, social and community enterprises or new community interest companies should be actively pursued. Gordon Brown's recent call for "community ownership of local assets" and community petitions is a positive development.²⁴ In this context decisions taken, for example, on community aids shouldn't be simply be seen in a contestability context but by a desire to empower the very organisations representing the users of those aids.
- To move from niche to core. Translating our expertise from delivering specialist services into user focused mainstream provision.

Barriers and capacity

- To remove the range of operational and organisational barriers which hinder expansion. acevo has detailed these at length in other publications.²⁵ It is not my task here to outline these but it is clear that unless the barriers that surround funding, contracts and commissioning are removed it will not be possible to secure the expansion of service delivery that both sectors wish to achieve. Changed contracting behaviour can open up access to capital and growth, including private sector alliances and investment.
- To grow the capacity in the sector. Evidence from Australia and the outsourcing of employment and training services might demonstrate that the sector is capable of stepping up to the challenge of a much bigger role.²⁶ There is undoubtedly a more severe lack of capacity (for example in research and development, strategic planning and evaluation) than in public or private sector organisations. This is an issue both for Government and for sector organisations. Indeed it could be argued that only with strong infrastructure and stable funding can "independence" be truly guaranteed as we expand.

²⁴ Councillor's speech to Labour Conference 25.09.06

²⁵ Notably Surer Funding (2004) and Full Cost Recovery.

²⁶ In Australia the provision of employment and training services (in the UK provided by Job CentrePlus) is split almost 50/50 between third sector and private sector organisations.

Broader thinking

- Broader thinking about how to empower private/third sector partnerships either through joint ventures or through long-term contracts e.g. building prisons and schools. Interestingly the Government's LIFT programme in the Department of Health is specifically a partnership between the public and private sectors and yet this is working in an area where the third sector could play an important role. The recently announced prison programme ignored the chance to encourage private/third sector partnerships.
- To achieve a major step-change in delivery may well require support and encouragement for new models of ownership between the three sectors, or between public/third sector and even third sector/private. The lack of interest in developing such partnerships contrasts with the attention given to, for example, PFI. There is considerable support for notions of "co-productions".
- To counter the oppositional tendency in some sector organisations who see the provision of services as alien to 'what the sector does'? This has sometimes been expanded in the ill-baked notion that those who take Government money should be hived off into a 'charitable plc' sector leaving the true voluntary sector untainted by the unpleasantness of running services paid for by Government.²⁷ The fact that a large number of charities both act as advocates and campaigners as well as service providers renders this argument impracticable, as well as undesirable.
- Divisive arguments on large versus small, national versus local which ignore the diversity and richness of sector organisations and play down the role that national bodies play in local communities, or specialist organisations (often representing "communities of interest") that provide services that cannot be provided by local bodies or clients not welcomed by communities. Rather an approach that encourages partnerships and franchises and commissioning approaches that draw on the strength of local and national is the way forward. Some of the most exciting opportunities for growth are for community organisations and enterprises that can make a reality of the notion of 'double devolution'.

²⁷ A recent Centre for Policy Studies report mistakenly argued that charities were becoming remote and that the link between Government and charities on service delivery should be broken. August 2006.

Accountability

- Our governance structures and arrangements for transparency are underdeveloped particularly in comparison with the public sector. Our systems for customer complaints are often rudimentary. Whilst the public has a fairly clear view of where to go to complain about a public service (their local councillor, MP, etc), they would have a much more confused notion of how to complain about a charitable service. Acevo's recent remuneration survey²⁸ showed that 94% of sector Chairs were white and only 30% were women, with only 35% of Chairs saying they knew of the sector's Code of Governance. Not exactly a clear advertisement for our accountability arrangements!

²⁸ acevo Remuneration Survey 2006, published October 2006.

6. Thinking wider, thinking fresher

Thinking about expanded service delivery by Government has tended to be limited to the margins of existing services. So for example a bigger role is envisaged for the sector in social care but not in acute hospitals. In prisons and probation the sector is seen as making additional contributions but with a significantly smaller role than the private sector. In employment services the sector is seen as playing a role in pilot areas looking after the disabled or in deprived communities but not yet mainstream job centre provision.

So we need to move from current plans to increase delivery to a step change by outsourcing and asset transfer where that will provide a better service. At the Ditchley Symposium, many Chief Executives argues that what was needed was a radical approach that looked at what a “deconstructed” service might look like if it was reconfigured around the citizen or community. The current debate on the Comprehensive Spending Review should address these fundamental questions.

The Health Service: promoting health, not sickness

Some of this would undoubtedly require a sea change in the thought processes in Government departments. For example, the Department of Health is dominated by the interests of acute hospitals where encouraging healthy eating, exercise and action on smoking is seen as ‘alternative’ and less exciting than the work in acute hospitals. Community based services are not regarded as mainstream.

However the establishment of health centres, dental practices, care facilities and the like which are run by either existing third sector organisations or newly established ones (e.g. community interest companies) ought to be seriously considered as a way of engineering long term change in patterns of ill health.

The financing of the health service currently incentivises bad health and prevents alternative strategies on provision. Indeed the DH cannot even accurately cost its own provision which leads to absurdities

like penalising hospitals that cut the length of stay in hospitals even though this is better for the patient, and cheaper for the NHS.

Yet broader thinking could unleash huge potential. Community hospitals or health centres that are run by community organisations with health and local authority input could provide a crucial answer to the health needs of rural or isolated communities. Empowering and funding housing associations to work with charity and community groups to provide a range of care from simple health testing through dentist support, straightforward operations to elder care coupled with effective community health promotion and action to tackle addictions is a long term but potentially hugely beneficial way to encourage healthy communities. Third sector organisations could be encouraged to move into dentistry provision in deprived areas where access to NHS dentists is now becoming unattainable.

Hilary Cottam,²⁹ Designer of the Year 2005, has called for fresh thinking. She suggested a major redesign of the service. Instead of measuring achievement by filling hospital beds, a 21st century health service would concentrate on, and be funded to provide, disease prevention. The process would begin not with a hospital asking how it can reach the public but the other way round with individuals asking how they wanted to live their lives.

‘You organise the system around being well and prevention and have a safety net for cure when you need it.’

Education: expanding real choice

More progress has been made in education with the move to academies (where many acevo members are extremely active) and the encouragement of new partnerships and trust schools has advanced choice. The Government could move towards enabling children’s trusts (which ought to be sector led organisations) to establish schools where there is local demand. Housing and community associations should be empowered, encouraged and financed to work across health, education and job boundaries.

Child and youth services

The third sector is already playing a major role in the provision of children’s services and in the Youth Service. There is more scope to expand this role and provide more joined up services.

²⁹ Quoted in article, Guardian, 17 May 2006, Jonathan Freedland.

Employment: really tackling worklessness

Job Centre Plus needs radical restructuring and transformation, with a clear split between purchasing and provision. There is very clear evidence from Australia on the effectiveness of this measure. 2.7 million people are on incapacity benefit and of these, 30% have mental health problems. The obvious lesson to draw is that third sector organisations will be better at placing such people into employment and training. An interesting innovation pioneered by Tomorrow's People placed job advisors in doctor practices. This type of radical approach could help transform this service.

Crime: genuine alternatives to prison

It is well known that the majority of crime is committed by people who have already been inside prison. 60% of prisoners are reconvicted within two years of release. Re-offending costs £11 billion a year (released prisoners are responsible for at least 1 million crimes a year). And yet of the £370 million allocated to the Youth Justice Board in 2004, 70% was spent on the youth custodial estate rather than community intervention.

However, in the US since 2000, a massive reduction in prison spending has coincided with massive falls in the crime rate as alternatives to prison have been actively pursued.

A re-adjustment of financial priorities towards supporting organisations that work with ex-offenders and those likely to offend is more likely to achieve crime reduction than building more prisons. Police stations in churches, crime prevention units in health centres; work on addiction, support for housing and employment and training are areas that need support in order to really tackle crime. Will we ever see a third sector prison? Unlikely but joint ventures could offer entirely viable models for containment and rehabilitation. Indeed, one of our acevo members, CFBT, has a joint venture to run an education unit within a privately run youth offender institution.

Social and community enterprise

Social (or community enterprises) are an exciting way to expand citizen and consumer driven services. The Development Trusts Association has argued that community enterprise involvement in public service delivery and an expansion of that role can deliver high quality services in local communities that have been badly served by a state run public sector.³⁰ A large expansion of funding for investment in these bodies, together with initiatives to open up access to commercial capital markets can pay a large social dividend. Social

³⁰ It Takes Two To Tango, DTA, April 2002.

enterprises should be encouraged in the health service and even in prisons. In Italy Silvio Palmero, a reformed terrorist, leads a social enterprise of young ex-prisoners who design and make t-shirts under the 'madeinjail.com' brand.

The Chancellor's report calls for a community right to acquire assets is a radical approach which offers communities an opportunity to control their own assets and services.

Growing asset bases

A review of opportunities for divestment of assets from public bodies into newly established CICs or existing organisations and the investigation of community ownership of assets could offer an exciting way of revitalising local communities and improving services. The current Quirk review on right to acquire community assets.

The scope for private/third sector finance initiatives and joint ventures is undeveloped. However the opportunity for a long term finance initiative between commercial and third sector bodies could open up a new way of providing services and enable expansion especially where capital investment is needed – in health centres, youth clubs or residential care homes for example. Prisons could be run on a three way public, private third sector venture basis where commercial sector managerial skills are allied to third sector people management and rehabilitation expertise. Acevo is working with the CBI to establish a Commission to review opportunities to develop private-third sector partnerships. Short-term contracts have effectively excluded third sector organisations from accessing investment capital. The Government could kick start this as it did with the PFI programme.

Sticking plasters

This paper can only touch on the possibilities and potential but a mind shift from sector providers as a 'sticking plaster' to mainstream has to be the way to reinvigorate 'public services' for consumers and communities.

Conclusion

A greater role for third sector organisations in public services is both inevitable and desirable: both to provide citizens with choice and to increase their voice. But as Will Hutton has said:

‘This will be determined both by political necessity in Government and by growing self-confidence and assertiveness in the third sector itself.’³¹

There is a narrowness in the current political debate on public service reform which often revolves around a managerial or ‘accountancy’ mind set. This restricts the range of organisational possibilities through which politicians and practitioners can identify solutions. Radically different models of service delivery, organisations and values are required. This will involve both new methods of service delivery and new ways of delivering as well as a transformed public sector.

So by greater sector involvement we can act, as David Miliband has suggested as:

‘the supplier of power to individuals and communities.’³²

At their best third sector organisations have compelling advantages in public service provision. They focus on service users not institutions, they put user involvement ahead of staff interest and have the flexibility to innovate, promote change and work across government silos. And most compelling for Governments seeking to empower communities we build social capital and inclusion, increasing the power of citizens to hold public institutions to account.

³¹ Replacing the State? acevo, 2003.

³² Speech to NCVO Conference, February 2006.

About acevo

acevo is the professional body for the third sector's chief executives, with 2000 members. We connect, develop and represent the sector's leaders, to increase the sector's impact and efficiency. The UK's broad not-for-profit sector now employs the full-time equivalent of 1.5m staff, with a collective annual turnover of £46bn.

We promote a modern, enterprising third sector, and call on third sector organisations to be:

- **Professional and passionate** in achieving change and delivering results
- **Well-led**, with a commitment to professional development, training and diversity
- **Well-governed and accountable**, with robust and fit-for-purpose systems to protect independence and enable effective decision-making
- **Enterprising and innovative**, taking a businesslike approach to funding issues and striving for continuous improvement and sustainable development

For more information, visit our website, www.acevo.org.uk

About the author



Stephen Bubb is Chief Executive of the Association of Chief Executives of Voluntary Organisations (acevo) where his work on leadership, sector funding and public service reform has radically shifted attitudes and policies. He is described by the *Financial Times* as a leading proponent of boardroom reform.

He has been in major national roles in the TGWU, NUT and the AMA and was a Founding Director of the National Lotteries Charities Board. Much in demand as a speaker and media commentator both here and abroad, where he advocates a radical role for the country's Third Sector.

He is currently an Independent Assessor for government appointments a member of the Honours Advisory Committee, a Council member of the Public Management and Policy Association and Governor of Guy's & St Thomas' NHS Foundation Trust. He is a member of the *Sunday Times/YouGov* Think Tank of the country's top strategic thinkers and influencers. Stephen is to lead a European Leaders Network, having steered its set up and has recently become Chair of the Adventure Capital Fund – a major investor in community enterprise.

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