

In partnership with



Local Government/Third Sector Partnership:

Making change happen

An NLGN e-Pamphlet by **James MacGregor**



New Local Government Network (NLGN) is an independent think tank that seeks to transform public services, revitalise local political leadership and empower local communities. NLGN is publishing this White Paper as part of it's innovative policy projects, which we hope will be of use to policy makers and practitioners. The views expressed are however those of the authors and not necessarily those of NLGN.

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Summary

This paper presents the findings from seminars arranged by NLGN, in partnership with Futurebuilders England, that uncovered ways of improving local partnerships between third sector organisations and local authorities. It begins by examining the context and recent and future Government policy on the third sector. It goes on to outline the findings from a series of seminars, focusing on barriers to joint working between third sector organisations and local authorities and ways of surmounting these barriers. It then makes a case for extending partnership working between local authorities and local third sector organisations in pursuit of better outcomes for local people.

1 *Introduction*

Third sector organisations¹ have a lot to offer citizens. They are flexible, user-focused, have complex local knowledge and are generally viewed as trustworthy by citizens. As many third sector organisations share their objectives with the public sector, they can be ideal partners in design and delivery of public services. But despite their promise, partnerships could be delivering much more. Outcomes at the local level have often not lived up to the rhetoric. Further reform is needed to realise the full potential of partnership.

Local government is one of the most important partners to third sector organisations and councils are providing an increasingly large amount of funding: In 2000/01, councils were responsible for around £1.3 billion funding for local third sector organisations. By 2003/04, this had increased to 3.2 billion.² Engaging local government in the process of reform is increasingly important.

Over the last ten years, Government has worked to improve partnerships. It has introduced an extensive array of reforms that have improved the environment within which partnership take place: financial rules are clearer, funding for capacity-building is available and central government is encouraging the whole public sector to pass on financial stability to third sector organisations through longer contracts. It has also tried to introduce local concordats between the sectors through the Compact.

This enthusiasm for greater participation in public services for third sector organisations reflects changes over recent years in the way the state works. Rigid hierarchies have been gradually eroded as different kinds of

1 The third sector comprises non-governmental organisations which are value-driven and which principally reinvest their surpluses to further social, environmental or cultural objectives. It includes voluntary and community organisations, charities, faith groups, social enterprises, cooperatives and mutuals. The third sector is large and growing, particularly in the area of social enterprise, and plays an increasingly important role in both society and economy. (HM Treasury Review 2006)

2 Audit Commission, *Hearts and minds: commissioning from the voluntary sector* (July 2007), p16

organisations have become involved in the design and delivery of public services. No longer do orders necessarily flow down hierarchies to emerge as action at the bottom. Instead, networks of public, private and third sector organisations are, in some good practice cases, making operational decisions under the oversight of elected representatives.

The role of profit-making organisations in service provision has grown in recent decades. It is commonplace to have private sector providers delivering national and local public service contracts. But even though private sector organisations are most visible, it is not only private sector providers that are important to the operation of the modern state. The third sector also has a vital role to play.

The capacity of the state to deliver for citizens, especially in local government, has long been dependent on the abilities of charities and voluntary organisations in some specific areas. In community care, for example, third sector providers occupy the dominant position in delivering for citizens. The involvement of third sector providers in these areas is underpinned by their unique offer. They tend to focus on users' rather than institutional needs, have a detailed understanding of their users, are flexible, are not constrained by public sector structures and have the experience and independence to innovate.³ In an increasingly complex world, these are valuable qualities. The Prime Minister hopes that these attributes can help to deliver on his aspiration for more 'one-to-one engagement' in public service delivery.⁴

The recently published Third Sector Review has identified a need for further work to improve the quality of local partnerships. Government continues to invest in the Futurebuilders Fund to build the capacity of third sector organisations to deliver public services, work with commissioners to develop social clauses, build evidence on the value third sector organisations offer

3 HM Treasury, *Exploring the role of the third sector in public service delivery and reform: A discussion document* (February 2004), p 23

4 Gordon Brown MP, quoted by Ed Miliband MP, Minister for the Third Sector, speech to the Future Services Network, 25 June 2007

to public services and use surveys to build a more complete picture of local third sectors. There will also be more training for local public service commissioners and a new Innovation Exchange will spread innovative practice. The Compact Commissioner has been appointed to invigorate these voluntary local agreements.

The review reveals a shift in government focus. In the past, Government has been concerned with reforming the national framework. Now, the focus is on driving cultural change in organisations directly involved in partnerships; local decision-makers will to a large extent affect what happens on the ground. To gain a better understanding of the need for reform, it is necessary to develop an understanding of both what helps and hinders good joint working at the local level.

2 *Research*

Working in partnership with Futurebuilders England, NLGN constructed a short research programme to better understand local factors that affect partnership working. It involved desk research and two interactive seminars designed to uncover local understanding. The central aim was to reveal key success factors at the local level practical approaches to building partnerships with third sector organisations in the design and delivery of public services.

Attendees were predominantly from local government. Local officers were asked to attend to contribute their knowledge and understanding of what are effective approaches to improving the design and delivery of public services, and hence outcomes for local citizens, when working in partnership with local third sector organisations. The two seminars were held in different parts of the country; the first in Gateshead and the second in central London.

At both seminars were posed the following questions: What are the critical success factors in your areas, what can go wrong, how far can success in one council be replicated elsewhere, what is an ideal local strategy for working with the local third sector?

The seminars were broken into three main sections. The first section was intended for us to give information to participants. This involved presentations from Futurebuilders England on practical experiences on the ground and a policy and research overview from NLGN. The second section asked participants to break into small groups and discuss, with guidance, their own experiences of barriers to joint working and successful solutions that have merged in their areas.

The third presented participants with a near-future scenario in a fictional local authority. In this scenario, participants were asked to think of themselves as members of a senior leadership in a fictional local authority. In this role, they were charged with delivering on the Leader's and Chief Executive's shared desire to better harness the potential of partnership between the council and

the local third sector to improve public services. Each group was asked to produce a list of five practical actions that would deliver on the leadership's aspirations over the next 18 months.

3 Findings

The seminars helped to develop a better understanding of the barriers that exist at the local level and ways of navigating them. The barriers identified by seminar attendees can be divided into two categories; those that result from a poor environment and those that are the result of a lack of organisational skills.

Environmental Barriers

These kinds of barriers affect all joint-working in a local area. They can be dependent on the behaviour of organisations or completely independent of local circumstances. Environmental factors are like the 'weather', setting the tone for joint working.

The research highlighted a number of important environmental factors: a lack of trust and understanding between local authorities and third sector organisations emerged as the most important single barrier. Often past experiences of joint working have led to one sector seeing the other as inferior.

Channels of communication are also often inadequate. Senior managers from third sector organisations find it difficult to form professional relationships with senior local authority officers. For their part, local officers often find it difficult to find the senior people from the third sector with whom they need to speak. There often exists little data on the make-up of the local third sector.

Poor relationships can lead to a belief that third sector organisations are the junior partners when working with local authorities. This perception can be reinforced by a lack of understanding in local authorities of the offer of third sector organisations.

Poor channels of communication can reinforce a lack of trust and understanding. Without regular communications, perceptions of inferiority will persist. Poor communications are reinforced by the lack of a shared

language. Even when representatives think they are saying the same things, often they are not. Without understanding, it is hard for senior managers to judge how far working with third sector organisations might help them to improve the design and delivery of their public services. In such an environment, an understanding of the importance of the independence of third sector organisations can be lost.

Organisational Barriers

Barriers also come from weaknesses in the organisations involved in joint-working. Organisational weaknesses come in many forms; they can be weaknesses in systems, in leadership and management, or in organisational cultures. The seminars uncovered a number of organisational weaknesses that tend to undermine attempts at joint-working between local authorities and third sector partners.

Local authorities tend not to have data systems that capture detailed information about the nature of the third sector in the local area. As a result, when local authority officers want to work with a specific part of the sector, they do not know where to start.

In some local authorities, there exists a silo mentality that assumes citizens' public service needs will conform to defined boundaries. Delivering services to citizens in an increasingly diverse UK can be undermined by such an approach. A silo approach to delivering services contrasts with the outlook of most third sector organisations, many of which take a holistic view to the services they provide, placing users at the centre of the process and building a package of services around them.

There is also a perceived tension between commissioning from third sector organisations and building capacity. For some, building the capacity of small organisations to win contracts prejudices the procurement process. Also, once contracts are let, imposing local authority monitoring requirements can compromise the ability of third sector organisations to deliver on the contract.

Third sector organisations also have features that can hinder successful joint-working when delivering public services. Many third sector organisations lack the necessary level of professional skills. Administrative systems and processes are often not adequate for delivering on contractual obligations.

Managers in third sector organisations often lack the project management skills needed to manage service delivery contracts. Leadership also sometimes does not give the required clarity direction. Often third sector organisations lack the self-marketing skills required to make local authority aware of their presence and their offer. There is also a poor understanding of working of local public bodies and the role of the local authorities. Many third sector organisations are yet to develop the willingness to compete for contracts and wish to continue receiving grants. This can manifest itself in a lack of willingness to engage with local authorities that highlight the importance of contracting.

Making Change Happen

The seminars went onto address how these barriers that result from the local environment and from organisational weaknesses can be addressed. While it is not possible to replicate precisely particular approaches between areas, it is possible to draw lessons on effective local approaches to partnerships.

Capacity and Training

Improving local authority approaches to procurement and commissioning will help to surmount barriers. Commissioning and procuring from third sector organisations is a relatively new challenge for most local authorities. Ensuring that contracts pay for the full value of the service commissioned is an important part of letting successful contracts. Also, local authorities need to make clear the difference between procurement on the one hand and strategic commissioning on the other. Working closely with a third sector organisation in developing their potential to bid for contracts should not exclude them from the subsequent procurement process.

Council monitoring and evaluation systems can also be inappropriate for smaller third sector organisations for small-scale contracts. Local authorities should construct their monitoring requirements according to the scale and scope of the contract.

The capacity of third sector organisations to contract with local authorities is often undermined by their own organisational weaknesses. Addressing these weaknesses is important in ensuring that the full contribution of third sector organisations to improving outcomes for citizens is realised. Here, the local authority can act as a matchmaker; councils can help to foster relationships between capacity building funds and third sector organisations in need of assistance. Local authorities can also engage in their own capacity building, working with identified local organisations with the potential to help improve service delivery in a particular area.

Relationships

Improving relationships between third sector organisations and local authorities is a vital step in building partnerships. Good professional relationships between senior third sector and local authority representatives will lead to improved understanding of the desires and the understanding of each sector. These relationships are important in understanding the offer that individual organisations make to shared public policy objectives. Committing to establishing and maintaining key senior personal relationships is an important part of improving relationships between organisations.

Communications

Better ways of communicating were identified as vital in improving partnership working. In some areas, local authorities and third sector organisations have co-operated on producing a new cooperation and communicated this widely across third sector and public organisations. Considered use of language by local authorities in their dealings with third sector organisations is an important aspect of effective communication. Third sector organisations can be confused by the jargon and abbreviations

used in the public sector. Using plain English will help to close the gap in understanding.

Knowledge and Data

Local authorities need a detailed knowledge of third sector organisations in order to take advantage of their unique offers. However, in many local authorities this knowledge is incomplete. As a first step, local authorities need to build an accurate picture of their local third sectors. It could then be useful to match the offers made by local organisations to the needs of particular public services. What is often not clear is how working with the third sector can help public service managers to deliver on the performance targets and improve public service outcomes for citizens. Rather than being a distraction, effective joint working can often be at the heart of improvement.

There is also room for improvement in the ways in which third sector organisations present themselves to local authorities. An understanding of the needs of council officers and pressures upon them is helpful.

Coordination

Third sector organisations offer to improve public services across the public sector, not just in local government. But third sector organisations are not yet fulfilling their potential across the local state. Part of the reason is a lack of understanding of the modern state in third sector organisations. Local authorities can play a unique role as intermediaries between the whole of the local state and third sector organisations, removing the need for a complex understanding. On the one hand, councils increasingly work with other parts of the state to deliver on shared objectives. On the other, local political representation gives local authorities an intimate knowledge of their areas. Councils can combine these roles to make them useful intermediaries.

4 Map

At the centre of public service partnerships between third sector organisations and local authorities is improving outcomes for citizens. The below diagram represents the findings of the seminar with this goal at the centre.



