

## THIRD SECTOR COMING FIRST

**A new initiative aims to link up ideas people from the Third Sector with public sector commissioners, expert advice and financial support. Innovation Exchange director John Craig tells Ruth Keeling what it's all about**

The Innovation Exchange came about because Ed Miliband, while Third Sector minister, was disheartened by the number of letters he got from people who had great ideas about how to solve social ills, but did not know how to make it a reality.

Depressed by repeatedly forwarding such requests to a civil servant for reply, he felt it would be much better if there was a way that Third Sector innovators could access the help, the finance and the contacts they needed themselves.

So, in October last year, with £1m-backing from the Cabinet Office, the Exchange website was launched as a community for people with ideas, for public sector commissioners, as well as financiers, philanthropists, policymakers and anyone else with an interest in new ways of solving old problems.

John Craig was appointed director in January and, having had to hit the ground running, he spent the first few months busy preparing for the Exchange's first public, face-to-face events – two 'festivals of ideas' held in April and May.

The events were well-attended and popular, using an 'open space' approach to help participants connect around projects of mutual interest. They have sparked a range of new connections and collaborations, which Innovation Exchange is working to support.

Craig is well qualified to run the Exchange, having made innovation and the Third Sector something of a specialism during his time, first at think-tank Demos, on secondment to the Office of the Third Sector, and finally, as head of innovation at the Office of the Third Sector in the Cabinet Office.

"Having got to the heart of government, I realised that what I really wanted to do was to run that thing they were creating back at the Office of the Third Sector called the Innovation Exchange," he explains.

The move from policy to delivery was "fascinating", he says. "I reflect on my time in government and I'm sure I used phrases like 'the system' – 'we're going to change the incentives acting on the system'.

"But, of course, what you discover is that that is a fictional idea. You change things by phoning people up and meeting them one by one, and slowly convincing them," he says. "It's more inspiring than the vision I had of government but it's also more time-consuming."

And the time is ripe for such work because, as Craig puts it, “politicians of every stripe are queuing up to say what a good thing the Third Sector is”, as government moves towards personalised and adaptable public services.

While the Third Sector is “learning to take advantage of that”, Craig is keen not to patronise, and emphasises that the sector has been producing clever and successful solutions for a long time.

“Many of the best innovations have been around for decades, it was just that no-one listened,” he explains.

As a first step, the Innovation Exchange is focusing on just two areas – excluded young people and independent living.

“We wanted to choose areas that were high political priorities, realistic market opportunities in the medium-term, areas where the Third Sector was already doing some work and where there was a real need for innovation,” he explains – areas where the opportunity for innovation might be missed without intermediaries like the Innovation Exchange to bring people together, spark collaboration and take some of that risk.”

Craig believes that they picked the right areas, and he says he has been “chuffed” to find that people are not jealously guarding what they have and are willing to share their ideas online. He is also pleased with the engagement the organisation is getting with public service commissioners, who, he says, “have been given such a pivotal role in our democracy”.

“They do understand the challenge they face, they recognise that the old story of commissioning – buy what you bought last year plus or minus two per cent – is no longer good enough,” he says.

“Certainly, the best of them are looking for opportunities like Innovation Exchange through which they can work differently and work in partnership with Third Sector organisations – and it’s fantastic for us.”

But, for Craig, the Exchange is not just about connecting people. “It’s not as if, if we all had one another’s phone numbers, we’d all be living in utopia,” he points out.

In partnership with the National Endowment for Science, Technology and the Arts (Nesta), the Exchange has a £200,000 fund to be distributed to the best ideas that come out of the Exchange’s two festivals of ideas.

Craig and his team will also be providing help and support for innovators to develop and sell their ideas. “That will be practical help, but it will also take us

into some of those really difficult issues around Third Sector innovation”, Craig predicts.

“What do you do about intellectual property? How do you balance risk between funders and providers? How do you innovate at the same time as looking after vulnerable people every minute of every day? You can’t just stop for a week to develop a new service.”

Craig adds: “I want to make a practical difference to those projects, but I also want to have a legacy for the Third Sector more generally, by creating some success stories where innovation is a sustainable business for the Third Sector but also really helps to change our public services.”