

Briefing Paper 60

Third sector partnerships for service delivery: an evidence review and research project

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Introduction

The increasing emphasis on partnership working and collaboration in and with the third sector in the UK has been reflected in a growing academic literature. This paper provides a brief overview of this literature and outlines the research that TSRC is undertaking into this theme.

Partnership working has been driven by the policy of the last Labour administration, which for the long decade up to 2010 aimed to make the third sector more coherent, efficient and aligned to the delivery of a range of public services. This was partly driven by the need to co-ordinate public services that had been fragmented by a generation of outsourcing and the break up of large public providers.

However, there have been deeper trends at work – indeed, there has been a longstanding interest by government in promotion of partnership and 'networked' forms of governance across the public sector and public services. Since the 1980s there has been government concern to involve what were then called 'voluntary and community sector' partners in both governance and delivery of public services. Externalisation, both to private and third sectors, has been a continual theme of 'reform' of public services, which, for example, has seen over half of social housing services transferred to third sector providers in just over 20 years, widespread outsourcing of social care to the 'independent sector' since the early 1990s, and more recently greater 'diversity' of provision in health. Public-private partnerships have also been a long-standing feature of certain areas of public service delivery, sometimes also involving third sector partners.

Since the election of a coalition government in 2010 these drivers have not lessened but have been re-asserted. In particular, interest in externalisation has been reinforced by the drive for efficiency in the face of restricted resources, made more pressing by the financial crisis, deficit reduction programme and resulting public spending cuts in 2010-2011. The current government has been in many respects radical in the development of its approach to service delivery, with the promotion of a 'Big Society' involving new and expanded roles for third sector organisations (TSOs) in public service delivery, expanded roles for mutuals and co-ops (particularly in health), and the 'community right to challenge'. It has also moved quickly to implement new forms in welfare to work policy, with TSOs envisaged as having a key role in 'supply chains' in the new Work Programme. Commissioning and regulation have become even more important drivers for collaboration than under the previous government. These all have implications for the way in which TSOs enter into partnerships for service delivery, with each other and with public agencies and private sector organisations.

Consequently, the Partnership project is exploring the following themes:

- the forms of partnership working that exist between third sector organisations with public and private sector organisations;
- partnerships, strategic alliances and mergers within the third sector;
- innovation and learning from partnership working, and evaluation of third sector partnerships.

The third sector and partnerships – the evidence base

There has been much academic work on the partnership agenda in the UK public sector, mainly since the rise of ‘partnership rhetoric’ in the 1990s, but partnership working is complex and difficult to define. There is a difference between the positive rhetoric around partnership working often presented in policy debates, and the reality of why and how organisations and sectors collaborate and with what impacts.

Research on Public Private Partnerships (PPPs) in the same period suggest that many PPPs, especially those within the Private Finance Initiative rubric, have essentially been conventional contracting relationships ‘dressed up’ in partnership clothes. Moreover, the literature is torn between studies which report that PPPs (whether or not ‘real’ partnerships) have been cost-effective and studies which reveal major deficiencies in either the conceptual framework or the operational working of PPPs. This is not simply a UK phenomenon – several recent summaries of the PPP movement across the world have concluded that there is little convincing evidence for or against the cost-effectiveness of PPPs, and the evidence available is conflicting.

Much writing on the third sector has focused ‘inwards’. For instance, in considering the increased reliance on public sector contracts, it has been argued that this has problematically made many TSOs into instruments of the state. From a ‘normative’ perspective, this inward-looking tendency has focused more on perceived threats to organisations within the sector, for example contrasting ideas of ‘good’ collaboration with ‘bad’ competition. While valuable, such research has sometimes neglected to inquire whether these TSOs performed distinctive or valuable roles within the overall system of which they form a part.

Moreover, it is problematic only to focus on the third sector, because it misses important changes in the overall public service delivery landscape – shifts in the ‘mixed economy of welfare’. Indeed, the third sector and key organisations within it may be instrumental in shifting policy, practice and perceptions of the wider public service landscape, rather than simply being passive recipients of top-down change.

A wider (and more historically grounded) view is afforded if we begin with an interest in the governance of public services and how the greater involvement of the third sector is an

instance of ‘governing beyond the state’. The key insight developed from the governance literature is the difference between hierarchical, market, and networked forms of governance. Here, partnership working is seen as a key form of networked governance.

Co-ordination challenges are particularly apparent in networks where no single organisation is in control – this calls for different forms of leadership, greater recognition of the motivations of partners, and the need to build a common vision and to negotiate joint outcomes with ‘something for everyone’. Equally, power dynamics are important within networks, which rarely comprise a partnership of equals, and special attention is usually needed to enable smaller and less well resourced partners to contribute effectively.

The inter-organisational studies literature draws attention to issues of trust, collaborative advantage, transaction costs, commissioning and contracts and the reasons why organisations come together and in what forms. This literature questions strongly the wisdom of overindulging in ‘partnerships’, given their demands in terms of time, commitment and trust. In the words of Huxham and Vangan (2005) - if you are thinking of collaboration, ‘Don’t do it, unless you have to’.

Another important message from the network governance literature is that there is an issue of ‘good governance’ and accountability - it suggests that new forms of network and partnership might need to be grounded in democratic structures. This is likely to be particularly pressing for new approaches involving TSO partnerships in public service delivery.

What is needed is a better understanding of the key forms of partnership for service delivery within the sector, how the sector interacts with the state (and, increasingly, the private sector). Our research approach and questions reflect this.

Our empirical approach to partnership

The project has three main elements:

- Scoping interviews with key national and local stakeholders (Autumn 2010)
- An in-depth set of case studies designed to explore the research questions in more detail in a wide range of relevant contexts (May-August 2011)
- Testing and disseminating findings in national workshops and conferences (September 2011 onwards)

Messages emerging from stakeholder interviews

There was wide agreement on the potential for wider involvement of the third sector in partnerships focused on delivering outcomes, particularly to specific client groups – indeed, many saw this as the core mission of TSOs and prided themselves in their innovation around this area. However, there remain doubts about how practical outcome-based commissioning really is.

Virtually all interviewees commented that it is hard to demonstrate that partnership working leads to savings – the effects remain hard to quantify. This is partly because there is no activity-based costing in the public sector, nor any rigorous accounting mechanism for partnership working. Consequently, it is difficult to know which partner contribution has affected a particular output or outcome. It would be valuable to have a framework for making a good business case for partnership and collaboration, but this is difficult.

In spite of the longstanding claim by many in the third sector that TSOs are especially effective at innovation, several interviewees commented that specifications for public services tend to be determined by commissioners who often don't want or recognize innovation. Where innovation is in order, the specification approach is difficult and commissioners find it difficult to know how to respond.

Generally, there was agreement that the need for partnership working would remain in the future but acceptance that many current forms of partnership may prove unstable and that a rather wider range of collaborative approaches may emerge, each of them fit for specific niche markets – but therefore not easily developed or promoted by national or even local policy makers.

Another key debate was whether TSOs were losing their independence, since 'you only get paid for what the commissioner wants,' or whether TSOs are able successfully to balance contract-based funding with resources coming to support their wider missions (particularly donations and volunteering).

Case studies: research questions and methodology

The study will examine the following research questions:

Context:

- What are the key forms of inter-organisational collaboration in service delivery involving TSOs?
- What are/have been the main drivers and rationale for collaboration and partnership?

Partnership processes and relationships:

- What issues have arisen as barriers or downsides?
- What are the relative advantages of different types of collaborative arrangements in terms of e.g. service outcomes, accountabilities, efficiency, cost?

Learning, innovation and evaluation:

- How has innovation and inter-organisational learning been enhanced in collaborative and partnership working, and by merger?
- How can partnerships best be evaluated?

Case study methodology

The case studies have been chosen to provide in-depth insights into different research questions and to exemplify different forms of partnership in a range of sectors. While each case study is freestanding in that it will explore most of the research questions to some degree, each case study will be used to drill down more deeply into particular issues, where its context and way of operating makes it particularly revealing.

Case studies involve a set of interviews with key players involved in different forms of partnerships, although in most cases there is a core organisation at the heart of the partnership where the bulk of the interviews are being carried out. Some case studies have been designed to update earlier work or to sample current developments in partnership thinking and activity across a sector rather than at a single partnership level.

Case studies currently include:

Housing association mergers in England, by David Mullins

The main focus is on mergers between housing associations in England, seeking to illuminate drivers, structures, process and outcomes. It will involve housing sector level analysis of secondary data, stakeholder/expert interviews and sampling at organisation level based on a) new mergers to understand current drivers, forms and process; and b) revisit mergers completed a few years ago to focus on post-merger process and outcomes.

Housing partnerships and consortia in Northern Ireland by David Mullins

The focus is on partnerships and consortia between housing associations and Supporting People providers and seeks to understand the impact of commissioning and regulation on forms and operation of partnerships within the housing sector and between housing and support sectors in Northern Ireland. Analysis is at the sector level with stakeholder/expert interviews and sampling at organisation level.

Royal National Institute of Blind People by James Rees

This is a case study of a single, new organizational entity, the RNIB/Action for the Blind association structure, which was formed through a 'merger' in 2009. The focus is on the benefits of this organizational form for the various service delivery activities carried out by the group.

Turning Point Connected Care by Helen Dickinson and James Rees

The interest in this case is on the partnership working between the charity Turning Point, a range of public sector agencies and their facilitation of communities to input into service commissioning strategies, and will look at a specific case of the Connected Care approach in Hammersmith and Fulham.

Employment services prime contractor by Tony Bovaird

There is in-principle agreement with a major prime contractor in employment services to conduct this case study which will focus on the management of the overall supply chain, and the exploration of the working of consortia of both third sector and private sector organisations, delivering niche services within the Work Programme.

Partnership working – emerging lessons from case studies in the 'Real Times' qualitative longitudinal research study by Rob Macmillan

Overall this study investigates over time the fortunes, challenges, strategies and performance

of fifteen case studies of third sector activity, including various dimensions of partnership working. An examination of existing data from the study, as well as ongoing research in the next wave, will inform the partnership working report.

Emerging questions and next steps

The recent spending cuts have heightened the urgency for local collaborative working in order to preserve local services, by reducing duplication and sharing back office functions. An interesting aspect of these rapid changes has been the extent to which partnerships have preserved or strengthened a horizontal 'localist' dimension or have been scaled-up into more vertical 'supply chain' arrangements, less susceptible to local influence.

Other key emerging issues and questions include:

- What are the impacts of regulator/commissioner imposed partnerships on motivation and effectiveness?
- What are the main financial (lenders) and political (local authority partners) drivers and barriers to mergers and post-merger integration?
- From the process perspective, is it possible to identify the points at which partnerships need to move to different stages in their working, including preparation for partnership closure?
- Are TSOs surviving in new supply chains, e.g. in the Work Programme – and who wins and who loses in consortia involving TSOs?
- Are consortia an effective response for smaller TSOs to scaling up of contracts?

The Service Delivery stream's Employment Services project will begin later in 2011 and will build directly on this project by focusing on collaborative working in the employment services field in more depth.

We will hold at least one reflective learning policy seminar in October 2011, to which research participants and other stakeholders will be invited.

The Partnership Working report will be published as a TSRC working paper soon after.

This paper is part of the Third Sector Research Centre – Briefing Paper Series see www.tsrc.ac.uk for more details and a copy of the full Working Paper 60 when available.

The support of the Economic and Social Research Council (ESRC), the Office for Civil Society (OCS) and the Barrow Cadbury UK Trust is gratefully acknowledged. The work was part of the programme of the joint ESRC, OCS Barrow Cadbury Third Sector Research Centre