

Third Sector Research Centre

Working Paper 60

Third sector partnerships for public service delivery: an evidence review

Dr James Rees, Professor David Mullins and
Professor Tony Bovaird

January 2012

Abstract

This paper is based on a literature review which brings together networks and inter-organisational approaches, including mergers, to understanding third sector partnerships for public service delivery. It reviews recent drivers for partnerships and mergers in the third sector, and provides a more in-depth discussion of definitional debates about partnership. It considers the main forms of partnership working, partnership governance and accountability, and outcomes and evaluation. In conclusion it summarises the key implications for TSRC's research on partnership.

The paper clarifies the long-standing nature of partnerships involving third sector organisations (TSOs), for example in health, housing and social care. It highlights the impact of new public management (NPM), associated hollowing out of the state and the fragmentation of hierarchical public services. This provides a context for the more recent drive for joined up public services, public-private partnerships and local strategic partnerships under New Labour, and emerging forms of collaboration under the Coalition Government's deficit reduction programme and open public services agenda. It suggests that the key emerging directions are the growth of the commissioning agenda, an increasing emphasis on TSO/private sector partnerships in the context of supply chain management, and greater application of outcome-based approaches linked to payment by results. In this still changing landscape there seems to be a lesser emphasis on partnership governance, including democratic anchorage and citizen engagement and a greater emphasis on scale, efficiency and the commissioning readiness of TSOs.

A variety of insights are provided from the literature on network governance and inter-organisational relationships (IORs) including mergers. The dichotomy between competition and collaboration is found to be unhelpful in understanding complex IORs. The co-existence of market, network and hierarchical forms of co-ordination is apparent in partnerships based on contract, or those that are externally mandated. Partnership rhetoric often masks the reality of hierarchically imposed relationships between principals and agents and within supply chains. Mergers can be seen as part of a continuum of options to manage environmental uncertainty, resource dependencies and structural complexity, with group structures and partially integrated merged organisations forming a distinct solution to fully merged organisations. Inequalities of power, limited trust and collaborative capacity, and lack of legitimacy can give a dark side to partnerships. Interest in partnership governance and measures such as the Merlin standard to champion positive behaviours and relationships in unequal partnerships, such as supply chains, reflects these concerns. Despite a decade of attempts to evaluate partnership outcomes, the evidence of effectiveness is thin. There is growing recognition that the achievement of externally imposed goals can be a limited way of assessing partnership benefits. However, alternative approaches to evaluation based on joint interest goals that emerge from partnership working may place too great a weight on the interests of partners rather than the wider public interest. While many TSOs still prefer values-based consensual partnerships of equals, the reality they face is an increasingly sceptical results-orientated commissioning climate in which delivering narrowly defined outcomes at lowest cost continues to outweigh broader relationship based impacts which TSOs claim to offer.

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Keywords

Partnership, public service delivery, commissioning, network governance, inter-organisational relationships, mergers, third sector organisations.

Acknowledgements

The authors gratefully acknowledge the early preparatory work for this review carried out by Sobrina Edwards, and Rob Macmillan's careful and constructive comments on a late draft of this paper.

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 working paper provides an overview of this literature to set the scene for the research that the Third Sector Research Centre is undertaking into this theme.

Partnership working became an important theme during the Major administration of the 1990s but was driven particularly forcibly by the policy of the last Labour administration, which throughout the 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 breakup 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 (Rhodes, 1996). 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, employment services, youth services and within the criminal justice system. A particular form of partnerships, public-private partnerships (PPPs) has also been a long-standing feature of certain areas of public service delivery, sometimes also involving third sector partners, and often involving long term contracts, major infrastructure renewal and private financing (Bovaird, 2010).

Since the formation of a coalition government in 2010 these drivers have not lessened but have, to some degree, been strengthened. 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 the period 2010-2015. 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 TSOs in public service delivery, expanded roles for mutuals and co-ops (particularly in health), the 'community right to challenge' and the public sector staff 'right to provide' (through 'spin-out' organisations). It has also moved quickly to extend relatively novel organisational configurations in welfare to work policy, with TSOs envisaged as having a key role in 'supply chains' in the new Work Programme.

And commissioning has become an even more important driver for partnership working than under the previous government (HM Government, 2010). 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. On the other hand, there has been a counteracting tendency in partnership working, in that many Local Strategic Partnerships (LSPs) have decreased in importance, so that the

co-ordination of strategic commissioning of services at local level has been weakened and the role of the third sector, and civil society more generally, has often decreased.

The aim of this working paper is to suggest a number of revealing perspectives through which to approach and understand the rapidly developing partnership landscape. In particular it brings together networks and inter-organisational approaches to understanding third sector partnerships for public service delivery.

A key challenge of this review has been to sketch out a theoretical framework with particular reference to partnerships involving the third sector. The review seeks to clarify debates in the literature (relating to both recent developments in third sector-state relationships and more generally to partnership in the UK) because there has been a tendency in these debates for 'partnership' to be applied in a very general way, particularly as a shorthand for the relationship between the state and any other organisation, whatever the actual form of this relationship. A second point is that the partnership debate more generally has had a strong normative dimension, with a largely uncontested acceptance of the notion as positive. As this review brings out, partnership can have a 'dark side' and is not always to the benefit of citizens, service users or communities: we therefore address questions about governance, accountability, and the assessment of outcomes.

For the purposes of this research, our working definition is **partnership as “inter-organisational collaborative relationships”** – both horizontal and vertical – to achieve outcomes in service delivery. This means that in this review we have placed less emphasis on forms of partnership associated with citizen consultation, community engagement or community governance, but these latter clearly overlap with service delivery, as in the case of LSPs.

The structure of the paper is as follows. Section One reviews recent drivers for partnerships and mergers in the third sector, and provides a more in-depth discussion of definitional debates about partnership. Section Two turns to the diverse academic literature on network governance and the similarly broad literature on inter-organisational relationships (IOR), including mergers. Section Three considers the main forms of partnership working and the important issue of partnership governance and accountability. Finally, in a short concluding section we summarise the key implications for TSRC's research on partnership.

Section 1: Contemporary drivers and rationales for partnership and mergers in the third sector

Background

Public services in the UK were traditionally organised into large hierarchies of senior managers passing tasks down to the service delivery arm. However, this has changed in the last 25 years, with a strong move to giving greater autonomy to the independent operating arms of service delivery – hospitals, schools, Job Centre Plus units, Arms-Length Management Organisations (ALMOs) – so that they have more autonomy to do things differently and control their own budgets. This has been part of the new public management (NPM) paradigm. It has involved a purchaser/provider split and also allowed new providers to come in. While this has had advantages in terms of clarity of function, it has also resulted, in many public services, in a quite fragmented set of delivery organisations. This in turn has brought some problems in terms of fragmentation of professional expertise and has meant that some economies of scale are not being pursued. Consequently, we are now seeing the ‘integration’ phase of the ‘differentiation and integration’ cycle which characterises the dynamics of organisational processes (Lawrence and Lorsch, 1967) – namely, the bringing together of different provider organisations and the development of a valuable ‘eco-system of providers’, which accommodates both large providers and specialist niche providers. There is therefore no longer a single service system structure which can serve as a template. This ‘big picture’ serves to partly explain the increasing diversity of partnership working and collaboration involving TSOs.

Partnership working became a key theme in strategic management in the private sector in the 1980s, partially in the guise of ‘strategic alliances’ (Lorange and Roos, 1993), but in the public sector only in the 1990s (Balloch and Taylor, 2001). One of the earliest areas of third sector involvement in service delivery partnerships was in housing. Reid (1995) asserted that “local housing services are now planned and provided through networks of organisations, necessitating the development and maintenance of effective co-operative inter-organisational relationships” (p.133). She gave examples from five service areas including consumer involvement, which had previously been identified as a key area of partnership between social landlords and tenant associations. Other early examples were found in social care (‘Care in the Community’ after 1991 – see Lewis and Glennerster, 1996) and in environmental improvement (‘Local Agenda 21’ from the UN Rio Conference on Environment and Development, 1992 – see Evans and Theobald, 2003). Again this highlights the general point that partnership working is more prominent in policy areas in which complex and cross-cutting issues have seemed beyond the control of state organisations alone and there has therefore been a longer-standing interest by different governments mainly since the 1970s in the role of third sector organisations as niche or integrating actors. In health and social care in particular there has been a very long history of third sector involvement in the ‘mixed economy of welfare’ (Glasby, 2007).

Partnership working took on even more significance under New Labour after 1997 but was initially more focused on partnerships between public and private sector organisations (PPPs), with very limited involvement of TSOs and partnerships between public sector organisations (‘joined-up government’) (Glendinning et al., 2002). However, despite much general rhetorical emphasis, there

was relatively isolated real progress. Particularly as a result of the National Strategy for Neighbourhood Renewal (Cabinet Office, 2001) central government gave increasing weight to Local Strategic Partnerships (LSPs), encouraging their growth from the original 88 most deprived local authorities in receipt of Neighbourhood Renewal funding to all local authority areas, and eventually making them the locus of Local Area Agreements (LAAs) when they were formally introduced in 2006. From the beginning there tended to be third sector representation on LSPs and all their thematic groups. Sometimes this resulted in more involvement in service commissioning and delivery than might have otherwise been the case but often these arenas were more concerned with community representation and were sometimes dismissed as ‘talking shops’. The key point here is the distinction between partnerships to involve communities in governance, which were widespread after 2000, and (agency-based) service delivery partnerships which sometimes did and sometimes did not involve citizen representation. This distinction is perhaps most clearly seen in the growth of ‘public service boards’ in many areas, which brought together all public agencies responsible for commissioning and delivery of public services but usually had no representatives of third sector organisations.

In parallel with the area based agenda which spawned LSPs, some early initiatives were concerned with building the third sector role in public services and in particular with new forms of organisation such as social enterprises to fulfil it (HM Treasury, 1999). After 2002, huge interest in capacity building in third sector, particularly for service delivery, was sparked by the Treasury’s (2002), *The Role of the Voluntary and Community Sector (VCS) in Service Delivery: A Cross-Cutting Review*. This ultimately gave rise to the Futurebuilders and ChangeUp programmes which sought to build capacity for TSOs to deliver public services (Alcock, 2010). More recently, partnerships for Total Place (Mooney, 2010), which under the Coalition Government is often called ‘community budgeting’ or ‘place-based budgeting’; and between local partners for participatory budgeting (SQW, 2011) have also given TSOs more weight in local decision making – although again there is little evidence on the extent to which TSO contributions had an influence on final decisions relating to service commissioning and delivery.

The growth of the commissioning agenda

After 2004, there was a huge growth in commissioning and procurement models which explicitly sought to bring TSOs into the service delivery system (Macmillan, 2010; Bovaird, Dickinson and Allen, 2010). For example in the housing sector, in 2004 the Housing Corporation introduced its ‘Investment Partnering’ approach to the procurement of new social housing designed to achieve efficiencies by working with fewer and larger developing housing associations. This reduced the number of directly funded development partners from over 400 to just over 70, and stimulated the formation of consortia between Investment Partners and other associations wishing to continue to develop (CIH and Tribal 2005). This in turn was a key driver for an increasing number of mergers in the sector at that time (Mullins and Craig, 2005). At this point it is worth pointing out the distinction between procurement and commissioning as they have regularly been conflated. As Macmillan put it:

Procurement is the range of processes involved in purchasing goods and services from provider organisations, in whatever sector. Commissioning is a broader set of service delivery processes which involve consultation, needs assessment and service planning

and design. If procurement is about shopping, commissioning is about deciding what to buy and how (2010, p 9).

As the commissioning model grew in importance in public services, so the 'mixed economy of welfare' became a key part of the policy discourse, but was often resisted in practice (Bovaird and Downe, 2006). TSOs were often more congenial to local authorities (and to some extent to NHS health organisations) than private sector providers; and 'partnership' was seen to be a more congenial model than 'outsourcing'. However, looking at the issue from the TSO provider side, research in recent years has questioned the extent to which TSOs are 'commissioning-ready', that is, geared up to winning contracts for services. From this research, the key features thought to make TSOs 'commissioning-ready' include the ability to work in partnership, along with a good reputation; strong relationships with the local community; awareness of local needs; ability to achieve targets and outcomes; being trusted by service users; flexibility and awareness of new agendas (Packwood, 2007; Tanner, 2007; Wynne, 2008). Sector bodies such as ACEVO, for instance, have long stressed the need for increased 'professionalism' in the sector (Bubb and Michell, 2009).

But equally, there have been major concerns about the 'partnership-readiness' of the public sector side of the relationship. In spite of government reports on how it intended to improve its working relationships with the third sector in service delivery, the Charity Commission still commented in its study of public service delivery that "There is government recognition that there is also a need to build the capacity of parts of the public sector to work in true partnership with charities and the wider third sector" (Charity Commission, 2007, p 23). From 2004, following the Gershon efficiency reviews, there has been increased pressure in central and local government for 'efficiency savings', further reinforced since the recession in 2008 and the subsequent fiscal crisis of the state. Both these drivers have resulted in pressures for collaboration and co-ordination in service supply chains – and even, in some cases, in pressures for merger or the formation of formal consortia, through which public sector procurement functions sought to decrease their transaction costs (Bovaird and Evans, 2010).

An example of how this pressure can operate is provided by HACT's Collaborate project, which is a response to changes in commissioning arrangements that are widely seen as having disadvantaged smaller and specialist TSOs, for example in the social care and support field. The Collaborate Project set out to sustain the diversity of providers to include these smaller specialist organisations through collaborative tendering and clustering. Two main strategies were supported: clustering and sub-contracting. The first sees the grouping of a number of small and medium sized organisations into a consortium to bid jointly. The second involves sub-contracting to one or more smaller organisations by a larger prime contractor. The clustering project involved working with four clusters of small community-based support providers to share back office resources to increase their resilience. The project demonstrated that consortia cannot include all endangered providers, require considerable joint effort and planning, and provide no guarantee that they will win. Subcontracting requires the promotion and enforcement of good supply chain management to ensure that smaller providers are not exploited. Clustering also generated significant benefits for smaller providers and in some cases led on to consortium tenders for contracts (HACT, 2010).

The emergence of outcome based commissioning as a major tendency after the 2010 election has created a new climate for partnerships between the private sector and TSOs (Bovaird and Davies, 2011). Advocates of outcome based commissioning such as the 2020 Public Services Trust (Sturgess et al., 2011) have tended to be closely aligned to large scale private sector providers of public services. This is at least partly because systems based on payment by results (PbR) require contractors with significant financial capacity and raise new questions about the role to be played by smaller TSOs within public service delivery. Section Three of this paper returns to this question of 'supply chain management' and the position of TSOs within supply chains. Given this context there has been increasing interest by the private sector in working closely with TSOs, which may be driven by a number of factors:

- the efficiency drive (TSOs are expected to be lower cost providers within consortia and supply chains)
- the desire to bring on board 'niche providers' which offer higher quality for particular user groups or other market segments or sectors
- the desire to share the 'respectability badge' which TSOs are often thought to bring, because of their values and non-profit status.

A final driver of new forms of collaboration has been the advance of the personalisation agenda, particularly in the health and social care fields. Personalisation has been defined as:

the process by which services are tailored to the needs and preferences of citizens. The overall vision is that the state should empower citizens to shape their own lives and the services they receive (Prime Minister's Strategy Unit, 2007, p 33).

It has been implemented through a variety of mechanisms including direct payments and personal budgets to enable service users to buy services that achieve the outcomes that are important to them rather than being part of block contracts from commissioners. It is likely to have a considerable, but still uncertain impact on TSOs as service providers, advocates and campaigners and there "will be significant implications on the relationship between third sector organisations and their local public sector partners" (Dickinson and Glasby, 2010, p 21). From a partnership perspective these include the need for TSOs to find new ways to work together to share the increased transaction costs associated with 'micro-commissioning' and to manage fluctuating demand in an increasingly multi-provider landscape. However, there is increasing concern that the personalisation agenda may lead to under-emphasis on the social and collective, as opposed to individual, outcomes of social care. For example there are important social and public value reasons for promoting obesity programmes and environmental consciousness, but many people with individual budgets are reluctant to pay any attention to these issues.

Defining partnership

It has been commonplace in the academic literature on 'partnership' to bemoan the difficulty of pinning down a shared definition of the term (Powell and Glendinning, 2002; Sullivan and Skelcher, 2002). This is partly because it is the sort of term that has been deployed by many of its users to mean simply what they want it to mean – perhaps because of its strongly positive connotations in public discourse.

There is often the suspicion that it is a rhetorical device invoked to add positive overtones to a statement about organisational relationships which might be at least partially unwelcome, or to make more acceptable specific forms of relationship that on closer inspection may not be considered by most to be 'partnership' at all. At the meta-level it often seems to mean a general aspiration, voiced usually by national politicians, to see less conflictual, potentially synergistic relationships between the state/public sector, and both the private and third sectors. As Sullivan (2010) points out, it has strong normative appeal, making it difficult to challenge; but the exact nature of a putative partnership between state-third sector (and state-private) could mean anything and nothing. Some might even suggest that partnership in practice is impossible to define - certainly "use of the term has been promiscuous, albeit with positive moral overtones" (Powell and Glendinning, 2002, p 2).

At its heart though, partnership suggests at least two agencies with common interests working together, in a relationship characterised by some degree of trust, equality and reciprocity. The Audit Commission defined partnership as joint working involving otherwise independent bodies co-operating to achieve a common goal, involving sharing relevant information, risks and rewards (Audit Commission, 1998). Thus partnership is commonly defined in opposition to contractual – or indeed market based – relationships, where the latter have generally been conceived as 'principal-agent' relationships, generally assumed to mean adversarial relationships and low trust (see Powell, 1997). Sullivan and Skelcher (2002) also make a distinction between contracts and partnership in their discussion of the subject. However, research on contracts has shown that these can, in fact, foster shared ground and common interest, clouding the distinction between a contract and a partnership. There has been a rise of interest in more 'relational' contracts which exhibit higher levels of engagement and dialogue between actors, greater trust and reciprocity, and a longer term commitment – involving certain dimensions 'beyond the contract' (Coulson, 1998 in Glendinning et al., 2002; Bovaird, 2006).

Citing Thompson et al. (1991) Sullivan and Skelcher (2002) argue that all collaborative arrangements derive from one of three governance forms: contracts, partnerships or networks. Contracts are most associated with the delivery of public services by non-state bodies "[a] contract is a principal-agent relationship where decision-making about what to provide and the act of production are undertaken by separate bodies" (Sullivan and Skelcher, 2002, p 4). Networks meanwhile are created by webs of personal and informal relationships, involving boundary-spanning relationships that transcend organisational boundaries, and marked by obligations of trust and reciprocity that hold them together for as long as there is need and desire to maintain the relationships. In short, partnerships come together to do something, contracts specify what is to be done and how, and networks work in and through the interstices, a seemingly universal aspect of human behavioural interactions. The following section explores these distinctions in more detail through a discussion of the academic debates around network governance which, it is argued, helps to situate the discussion of third sector partnership with greater conceptual rigour than has sometimes been the case in policy debates around the subject.

Section 2: Academic perspectives on partnership

This section reviews a large social science literature focused on 'partnership'. It begins by discussing the recent 'core' third sector focused literature on service delivery and identifies a gap in relation to the framing of recent debates on partnership. These debates need to be framed within a longer historical development of partnership in and with the third sector, and a wider picture of changes in the governance and organisation of public service delivery. The section aims to address this by bringing together key insights from two parallel but related literatures on partnership and network governance, and inter-organisational relations (IOR). The aim is to strengthen our conceptualisation and discussion of third sector partnerships for service delivery. We also pay particular attention to merger as a distinct and important form of inter-organisational relationship.

Third sector partnerships for public service delivery

There has always been a mixture of state-market-voluntary sector provision, involving widely varying interactions with civil society (in the form of community-family-individual interests) in the provision of welfare services over history, both in the UK and internationally. Looking at social policy in particular there has always been a mixed economy of welfare (MEW) involving the state, private sector, voluntary sector and community/family sector, and a shifting frontier between them (Finlayson, 1994; Powell, 2007). Nineteenth century philanthropy (e.g. in the form of limited profit housing trusts) and mutual activity (such as the building societies) pre-dated state intervention on these fields and the eventual foundation of the welfare state (Mullins 2000). The interactions between the sectors is also complex and multi-dimensional, with relationships varying in terms of funding/finance, ownership and provision, and regulation and the role of choice. Perhaps the most important form of partnership historically has been that between the state and the voluntary sector, particularly in healthcare (Finlayson, 1994; Powell, 1997). Famously, the state and the Voluntary Hospitals co-operated to provide services before the Second World War, a system described as the 'new philanthropy' (Glasby, 2007); and Beveridge, closely associated with the 'classic' post-war welfare state extolled the close co-operation between public and voluntary agencies (Beveridge 1948, Oppenheimer and Deakin, 2011).

The MEW perspective implies in broad terms a 'vertical' partnership between state and voluntary sector, yet the actual interactions and relationships – loosely, partnership – are likely to be horizontal and local. Indeed the possible typologies are complex, as Powell's historical work on the health sector in the UK shows (Powell, 2003). Moreover, partnership relationships between sectors are not necessarily specified in detail apart from suggesting that it can be complex and highly variable, although there have been some empirical explorations. Powell and Glendinning (2002) point out that by far the most significant field for partnership working in the post-war welfare state – and subject of more empirical research – has been between the statutory health and social care sectors. But the analytical gap in understanding more specifically the state-third sector relationship appears to be longstanding:

The voluntary sector has always sought a partnership with the state, but its nature, in terms of funding, terms and conditions and the associated expectations of each party

have changed significantly over time... Neither the specialist third sector nor the generic welfare state literature has been particularly successful in addressing the voluntary-statutory relationship (Lewis, 1999, p 256).

Arguably this still stands and applies even more to partnership working and arrangements between organisations within the third sector. For instance, a problem with what Lewis might call the 'specialist' UK literature on the third sector's involvement in the public service delivery agenda is that it is relatively disconnected from this historical picture and that equally there is a contemporary 'bigger picture' which the third sector literature pays little attention to. As noted, the purpose of this section is to set the third sector debate within this wider historical context as well as the context of widespread changes to the governance and organisation of public service delivery.

Milbourne (2009) argues that recent public commissioning arrangements underpinned by competitive contracts and national planning frameworks have put pressures on the sector which militate against the sorts of collaborative work – tending to be more informal and trust-based – which she argues have been a feature of relationships between TSOs, and between TSOs and the local state, in the past. Similarly, it is argued that despite the fact that New Labour policy explicitly called for greater collaboration across service and sector boundaries, the effect on TSOs themselves of the gradual shift to public partnership working and commissioning has been heightened isomorphic pressures on TSOs, particularly the smaller TSOs, damaging the “flexibility and creative approaches for which community providers have been sought in providing innovative services to tackle entrenched social problems”; in addition to greater competition between organisations (Milbourne and Murray, 2011, p 76). Buckingham (2009), discussing research findings in homelessness services, concurs with this analysis, stressing how service tendering processes engender greater competition between organisations and militate against the types of informal personal collaboration which have helped to integrate services at the local level. Buckingham also highlights the differentiation between different types of TSOs on the basis of their responses to contracting, with the biggest division being between 'comfortable contractors' and 'community based non-contractors' (Buckingham, 2010, p 13). All of this echoes the long-running, and as Macmillan (2010) notes, somewhat unresolved debate in the literature on the 'contract culture'.

What we observe then is that third sector inter-organisational relationships within the scope of public service delivery have tended to be conceptualised as being in a dichotomy between competition and collaboration. The language of competition *versus* collaboration appears to have been employed largely as a result of insights drawn from the generic organisational and management literature (Harris et al., 2002). The commonality – and problem – with this perspective is to suggest a model that implies that these approaches are mutually exclusive or even antagonistic and builds on a tendency to place TSO organisational behaviour on an idealised dichotomy between competitive and collaborative behaviour. In contrast, Craig et al. (2004) demonstrate alternative tensions for TSOs of involvement in state-led policy agendas, highlighting that involvement can be 'partnership as influence' or 'partnership as co-option' (not their terms, see also Mandell and Keast, 2008). For our purposes the limited view of competition (bad) versus collaboration (good) is problematic partly because the landscape for service delivery from a third sector point of view has been developing, with new drivers and forms of

'partnership' becoming apparent, with the picture arguably becoming more complex. But the real problem with the competition-collaboration model seems to be that the two forms of relationship can be found co-existing in the same setting, suggesting that a normative distinction between the two is overly simplistic. This issue becomes clearer when discussion of partnership is set within the much larger literature on 'partnership' and network governance and accordingly the remainder of this section reviews this literature.

Firstly, however, and by way of background, the 'collaborative agenda' and the emergence of partnerships was a major topic of enquiry for UK and North American social scientists in the 1990s. Commentators pointed out the growth of collaboration in health and social care to address the inherently difficult interface between these major service areas and the growth of legislative and other initiatives in the 1960s and 70s (Glasby, 2007; Glasby and Dickinson, 2008; Rummery, 2006). Sullivan and Skelcher (2002) located the growth of the modern collaborative agenda in the refashioning and 'hollowing out' of the state in the 1980s, as government reacted to a perceived crisis in the bureaucratic and silo-ised welfare state by introducing *inter alia* new public management-inspired reforms. Hollowing out, they argue, resulted in greater fragmentation of the public service delivery landscape through the institutionalisation of the purchaser-provider split and the decentralisation of authority within state bureaucracies. Initially the contracting out of 'blue collar' services to arms length bodies or the private sector, and the growth of quangos were more significant (Entwistle and Martin, 2005) but there was also a rise in interest in delivery of services by voluntary organisations (Glendinning et al., 2002; Rummery, 2004).

Similarly in the housing field, Reid (1995) and Mullins et al. (2001) charted the growth of inter-organisational networks as a response to fragmentation of 'comprehensive housing services' associated with more hierarchical governance of social housing up to 1980. Nowhere was the need for such partnerships clearer than in the growing number of local authorities transferring their housing stock (but not their strategic and statutory responsibilities for responding to homelessness and meeting housing need) from 1988 onwards (Mullins et al., 1995; Pawson and Mullins, 2010). While fragmentation provided one important stimulus to partnership working in the public sector, Clarke and Stewart (1997) identified a further stimulus in the shift in political imperative in the 1990s towards cross-cutting 'wicked' issues that defied solution by individual public sector organisations or policy fields. New Labour's 'third way' responded and built on this but arguably placed even more rhetorical emphasis on partnership and 'joined up' solutions as a key part of its governing style. In an effort to make sense of this, Skelcher (2000) invoked a metaphor of the congested state in which "high levels of organisational fragmentation combined with plural modes of governance require the application of significant resources to negotiate the development and delivery of public programmes" (Skelcher, 2000, p 12). The institutional economics perspective suggests that fragmentation increases transaction costs for organisations, and that collaborative mechanisms can reduce these costs, (though developing these mechanisms will also have resource implications). In theory then, "the growth of collaborative mechanisms can therefore be explained as a response to the transaction costs that arise from collaborative working in a hollowed-out environment" (Sullivan and Skelcher, 2002, p 21).

Partnership in the governance literature

The 'governing without government' perspective contends that governing is increasingly achieved through networks of public, private and increasingly, for our purposes, third sector actors which are not necessarily controlled by the central state. Rhodes argued that governance is characterised by "self-organising, inter-organisational networks" (Rhodes, 1996, p 660), in the context of autonomy from the state because of the hollowing out or weakening of its sovereign position (see also Newman, 2001; Tenbensen et al., 2011). The markets-hierarchy-network model proposed by Williamson has been highly influential, envisaging these ideal-types as ways to conceptualise the increasingly pluralistic relations that make up governance rather than government 'modes' (Williamson, 1985). Growing recognition of the need for partnership also came from recognition of the complexity and longevity of societal 'wicked issues' which were beyond the control of any one sector (Stewart, 1998; Kooiman, 2002). In their influential work which deployed arguments from the governance literature in developing understanding of partnership working in the UK, Lowndes and Skelcher (1998) accepted the increasing fragmentation and network-like features of the governance environment:

Yet unlike the simple ideal-type market, these actors are necessarily connected through a complex web of interdependencies in which collaboration is required to achieve singular and common purposes (Lowndes and Skelcher, 1998, p 315).

Here, multi-organisational partnerships can provide a means to develop strategic direction and co-ordination within this 'networked' or 'polycentric' terrain (Lowndes and Skelcher, 1998). While acknowledging the notions of competition and collaboration as two poles of organisational or interagency relationships, which links to ideas in the resource dependency literature (Alter and Hage, 1993), it is important to enrich this understanding with the insights from the governance literature, which suggest more complex categorisations than simply along a spectrum. Lowndes and Skelcher (1998, p 319) suggest that, in the market-hierarchy-network modes of governance, partnership is most akin to network governance, where "interdependent relationships based on trust, loyalty and reciprocity enables collaborative activity to be developed and maintained." However, this does not fully reflect the differing roles which TSOs often play in lobbying, advocacy, commissioning and providing activities, which may each involve different networks and distinctive relationships between network members.

Lowndes and Skelcher suggest that firstly, the ideal types of market-hierarchy-network don't always correspond to empirical reality, and secondly, some features of market, hierarchy and network can be found even in settings dominated by one particular governance mode. This is a recasting of the argument of Hood (1991) that, in practice, every public sector organisational setting is an arena in which the old public administration, the new public management and other governance modes all exist and contend for dominance in different areas of decision making. Lowndes and Skelcher argue that multi-organisational partnerships are an organisational form that may correspond with but is not identical to the network as a mode of governance; but can be associated with a variety of modes of governance. Further, multi-organisational partnerships go through a lifecycle in which different modes of governance dominate at different times.

Davies (2002, p 303) also distinguishes between contract and collaborative relationships; and other authors within the governance literature have interpreted partnership differently. Skelcher et al. (1996) consider networks as the crucial underpinning on which formal or bureaucratic partnerships can develop. Stoker identifies three types of partnership: principal-agent relations, inter-organisational negotiation and systemic co-ordination. The first of these involves purchaser-provider relationships, or contracts; the second involves a higher degree of negotiation and co-ordination that may entail a bureaucratic partnership; the third entails an even deeper level of mutual understanding so that organisations can develop joint working that leads to self-governing networks. Stoker (1998) and Rhodes (1996) both characterise partnership as being most like genuine 'self-governing networks', exhibiting high levels of trust between participants in contrast to contracts which are low-trust mechanisms. In reviewing these differing views, Davies (2002), in contrast to Lowndes and Skelcher, argues that partnerships are a "distinctive mode of governance which fit neither the 'old' model of governance by government, nor the 'new' model of governance by network" (Davies, 2002, p 302).

More importantly, perhaps, Davies argues that not only are partnerships analytically distinct from network governance, but that they don't even reflect an 'out there' emergence of more networked forms of governance. Instead, he argues that partnerships mask the ongoing power of the central state to orchestrate and control through hierarchical mechanisms (Davies, 2002). This links closely to what Powell and Glendinning (2002) call external and internal rationales for partnership, or imposed versus voluntary, involving varying expressions of hierarchy or network. If Davies was suggesting that partnership represented a relatively subtle form of top-down control, a number of commentators have pointed out that New Labour tried to enforce or in some way mandate partnership working through for instance 'duty of partnership'. However, the literature has tended to argue that successful partnership does not emerge from such top-down direction (Challis et al., 1988; Sullivan, 2008); and furthermore that network governance is a response to situations in which there is no dominant actor and consent based collaboration is necessary to achieve mutually agreed goals (Kickert et al., 1997). The resort to external control has been interpreted by some as a genuine shift at the centre from optimistic to realistic views about collaboration, with discursive or rhetorical exhortations giving way to legislative and regulatory mechanism to encourage partnership (Hudson, 1999). It is also worth bearing in mind that although there is a general distinction between the voluntary, collaborative nature of partnership on the one hand and 'hard' contractual relationships on the other, the same attributes associated with the former can emerge in the latter (Coulson, 1998 in Glendinning et al., 2002).

Powell and Exworthy (2002) offer a partial way out of this problem by suggesting that partnerships in the social policy field can be understood as 'quasi-networks'. They accept that hierarchy, market, and network are analytically useful as stylistic descriptions of broad shifts in governance approach, yet are bound to be oversimplifications. Following Le Grand and Bartlett's (1993) use of the term quasi-market, they suggest it would be more accurate to use the terms 'quasi-hierarchy' and 'quasi-network' to describe real world experience. This helps to resolve the somewhat confused tangle of cognate terms that nevertheless are actually describing different instances of partnership from within a shared network framework. Thus the term quasi-network is an incomplete and unstable definition but one which views "partnership" as an intermediate form of organisation that is distinctive from both

hierarchies and markets” (Powell and Exworthy, 2002) but contains some elements of each. Nevertheless, a growing body of literature on effective network management (see e.g. Klijn and Skelcher, 2007) points out that if certain characteristics of the network are absent, specifically the conditions for collective action, then policy goals will not be achieved and that there might be a pressing need for “co-ordinating strategies of actors with different goals and preferences with regard to a certain problem or policy measure within an existing network of inter-organisational relations” (Kickert et al., 1997, p 9-10). We return briefly to this point in the discussion of governance in Section three.

Partnership in the inter-organisational studies literature

The literature on inter-organisational relations (IOR) focuses on the relationships between organisations. These include dyadic relationships as well as more complex network forms, relations between organisations within as well as between different sectors, and relationships based on contracts to deliver services. Relationships are formed between organisations when they build a link based on pursuing a mutual interest, while remaining independent and autonomous, and therefore retain their own interests and associated characteristics such as culture and working practice. This needs to involve a degree of longevity, so simple spot market buy-sell relationships are not included but supply chain relationships would be. In short, the organisations themselves and the nature of the relations between them are the main objects of study. More widely, the IOR literature is interested in the context for relationships, including for instance what constrains or enables them, and the goals achieved within an IOR and the learning and cognition that develops between participants (Huxham and Vangen 1996).

The literature distinguishes between horizontal inter-organisational relationships – in the sense of relationships between organisations of a similar size and structure, and vertical – most obviously occurring between larger and smaller organisations with some sort of functional split, and perhaps most commonly in a supply chain structure. Further, horizontal relationships in the third sector might involve the sharing of information, expertise or all sorts of informal interactions as needed but where the organisations remain independent. This is the sort of ‘good collaboration’ invoked by some third sector debates, which contrast it with contracting or competition (Milbourne, 2009; Buckingham, 2009; see also Anheier, 2005). It is easy to see how this sort of collaboration can segue into a second type involving more formal relations including coalitions, alliances and joint programmes, and equally more formalised collaboration for service delivery or policy implementation which would involve greater interdependency between organisations. In both cases, these relations are more likely to be between organisations (probably fulfilling similar functional roles or service niches) within the third sector – that is, not predominantly cross-sectoral partnerships.

Vertical relationships most obviously occur when third sector organisations are in a funding-based relationship with government, probably based on a contract for service delivery and with some aspect of ‘top-down’, indeed hierarchical, direction. As noted, third sector-state relations are long-standing and take many forms internationally (Huxham and Vangen, 1996). Equally the complexity and interconnected nature of the issues facing many third sector organisations has long been a driver to co-ordinate services better (Alter and Hage, 1993). However more recently considerable attention has

been paid to the rise of arguably more equal partnership between the state and third sector and supposedly more 'innovative' methods of delivering services – and this might take a number of forms. Firstly, in a general sense it has reflected moves to implement a more equal relationship where third sector organisations are valued for their expertise, and can help to shape policy, service design and desired outcomes (Osborne and McLaughlin, 2004). For many third sector organisations this will be consonant with their political and advocacy roles. More specifically, in a number of countries, including the UK, collaboration between organisations has been a precondition of funding by both government and charitable foundations (Keast and Brown, 2006). This raises the possibility of a newer hybrid vertical-horizontal form of IOR or what might be called 'mandated horizontal collaboration'. These have been particularly evident in recent years in the development of the UK's welfare to work agenda, where key actors have pressed for the formation of large consortia between organisations across the sectors, usually led by private sector 'prime contractors' in order to bid for government contracts (Freud, 2007; Damm, 2012). A further development – and one that may be becoming more common – is that this involves longer term contract relationships to deliver services. These trends involve the development of much more complex supply chains than were previously common in the provision of public services.

As has been noted, government-third sector service delivery relationships are not new and where they have been collaborative or 'complementary' the relationship has long been (loosely) characterised as a 'partnership'. Equally TSOs can have a supplementary role – providing a safety net where state services don't provide, especially in the US – or adversarial relationship to government (Anheier, 2005). There has been a trend in many countries towards a more collaborative, less hierarchical, relationship in which "the non-profit sector is seen as a necessary part of a more comprehensive solution to difficult problems...[and is] asked not only to implement government policies, but to help in developing them as well" (Mandell and Keast, 2008, p 186) - this has partly derived from the move from government to governance. In the UK it also reflected recognition of the limitations of the 'contract culture' that developed in the 1990s (Macmillan, 2010; Craig et al., 2004). Additionally it has been argued that in various countries contracting relationships have reflected this, becoming less adversarial ('relationship contracts') and with greater flexibility in adjusting the contract if necessary (Brown and Troutt, 2004; Bovaird, 2006). The emphasis on partnership witnessed in the creation of the Voluntary Sector Compact in the UK involved the desire to reconfigure the relationship away from principal-agent delivery towards a more equal partnership with TSOs as more autonomous actors (Osborne and McLaughlin, 2004, p 575).

Mergers as inter-organisational behaviour

Research on mergers and acquisitions is often seen as quite separate from the IOR literature partly because so much of it focuses on the profit distributing sector (Auerbach, 1988; Hubbard, 1999) and more questionably because mergers result in the formation of a single entity thereby marking the end of IOR. However, there is a small but growing academic literature on the experience of mergers within the third sector (Cornforth, 1994; Cowin and Moore, 1996; Mather, 2000; Harris et al., 2002) and a considerable grey literature (Charity Commission, 2009; Social Finance, 2009; Carter and Britnell, 2011). Moreover, mergers can be seen as one end of a continuum between full organisational

independence and complete integration, but merger in itself may embrace several levels of integration from fairly loose federal structures or holding companies through partial integration (e.g. purely of corporate services) to full strategic and operational integration. Furthermore mergers may be structured horizontally between similar types of service delivery organisation or vertically to embrace supplier and purchaser organisations.

Much of the merger literature in a third sector context comes from the social housing sector, which has experienced a number of merger waves over recent decades. Mullins (1999; Mullins and Craig 2005) sets out a continuum of options for IOR in the non-profit housing sector ranging from partnerships at one end through contracts, clubs and alliances to group structures, amalgamations and fully integrated organisations at the other. An increase in group structures in the non-profit housing sector in the late 1990s and early 2000s was partly explained by changes in taxation arrangements encouraging the formation of charitable entities within associations and partly as a merger strategy encouraging housing providers to join together for scale advantages without completely losing their independence. In more recent years a number of group structures in non-profit housing have been streamlined to increase efficiency, with a reduction in autonomy for former independent organisations (Mullins 2010). This highlights the importance of considering a full continuum of options, including different levels of post-merger integration and the trade-offs involved (e.g. efficiency, independence, complexity and transaction costs).

Further work on third sector mergers has considered context-based explanations such as environmental uncertainty, resource dependency and structural complexity (Cornforth, 1994, Mullins, 1999); motivations and processes (Mather, 2000; Mullins and Craig, 2005) and outcomes (van Bortel et al., 2010). Contextual explanations help to explain the clustering of merger waves in periods of particular economic or political uncertainty, and in the context of English housing associations a clear association with major 'disturbances' to the policy environment associated with the introduction of public funding in 1974, private finance in 1989 and investment partnering procurement in 2004 have been demonstrated (Mullins and Craig, 2005). This highlights the importance of exploring the policy and commissioning environment in driving different forms of collaboration as highlighted earlier in this paper. Motivations shift the focus to the actors directly involved in merger processes. Motivations can include the strategic aims for different levels of collaboration set out by Mather (2000) from joint benefit to joint management to joint strategy and full merger and more instrumental considerations such as CEO retirements.

Process approaches first developed within the corporate sector mergers literature (Jemison and Sitkin, 1986) have been explored within the third sector context (Cornforth, 1994) to distinguish between 'strategic fit' which usually sets the business case for mergers and 'cultural fit' which can be more important in determining merger success. This perspective can be developed to think of the full merger process, including pre- and post- merger stages. The former can include preliminary brokerage and options appraisal as well as more formal due diligence and business case preparation. The latter may entail different levels of integration and timescales to achieve payback of the often considerable cost and performance dips incurred in the merger process.

Studies of critical success factors for mergers in both third sector (Cowin and Moore, 1996) and profit-distributing sectors (Hubbard, 1999) indicate that the most important stage of the process is after the deal has been done. Failure to plan for post-merger integration, inadequate consideration of organisational cultures and values of the partner organisations and failure to keep the key stakeholders (staff, boards and customers) informed and involved in the change process are some of the most common causes of merger failure. The literature places particular emphasis on communication, learning and cultural change in the post-merger process (Hubbard, 1999) if potential benefits are to be secured. The case for paying at least as much attention to cultural fit as to strategic fit is captured by the observation that 'culture eats strategy for breakfast' (Carter and Britnell, 2011).

It is often stated that the vast majority of private sector mergers fail to deliver shareholder value, although a more sober assessment is that only about one-half of such mergers are a financial success (KPMG, 1997; Paulter, 2003). Outcomes of mergers have been subject to relatively little detailed scrutiny in the third sector context. However, in a rare example attempting to assess the outcomes of housing mergers in a comparative context, van Bortel et al. (2010) reviewed the evidence on English and Dutch housing association mergers, considering first whether proposals fail before mergers are enacted and then the performance impacts of completed mergers.

Considering process failure first Mullins and Craig (2005) had explored the success rates of merger proposals in non-profit housing and from expert interviews estimated that 25-33% of proposed mergers fell by the wayside at various stages after their initiation. The main factors leading to abortive mergers were perceived differences in organisational cultures and failure to agree on who would be the Chair and Chief Executive of the new organisation. Evidence of the reasons for mergers not proceeding is also available for the Dutch housing association sector where Van Veghel (1999) found that the most frequent reasons are related to differences in organisational cultures and company targets and the reluctance to give up the independence.

Turning to outcomes of mergers that are completed, van Bortel et al. (2010) considered evidence in relation to various aspects of performance and costs drawing on very different types of data available to the researchers. They concluded that the relationship between the size of housing associations and their performance is far from straightforward. This is principally because large and small associations are generally trying to do different things in different ways and have contrasting strengths and weaknesses. In the Netherlands, annual data from the central housing fund (CFV) shows smaller associations have more satisfied customers and tenant representatives, as well as lower operating costs (CFV, 2005; 2006). However, many small associations do not build new homes. Large associations appear to be more effective in terms of relations with stakeholders and translating social expectations into business processes. In England larger associations have greater capacity to manage regulator compliance, and the regulatory system itself has been a major driver of the trend toward increasing scale, although data on merger outcomes against business cases is limited. An early study of group structures in non-profit housing (Audit Commission and Housing Corporation, 2001) was unable to find conclusive evidence of cost savings apart from those associated with corporation tax or procurement. However, it did express concerns that residents were being excluded from representation on the parent boards of the emerging groups. Lupton and Davies (2005) found

that no general conclusions could be drawn about the correlation between scale and performance. Later work by Davies et al. (2006) using published performance indicators for 2005 suggested that groups had achieved savings in operating costs compared to other associations, but that performance on most other performance indicators such as relet times, repairs performance and tenant satisfaction was worse. They were also critical of the ambition of associations in setting cost savings targets in their merger proposals (these were generally 1-2% of turnover or 1.5-3% of operating costs). It is clear that further evidence is needed and research would benefit from increased understanding of how organisations measure the achievement of merger objectives.

The sector level impact of mergers has been a significant concentration of ownership occurring in both Dutch and English Housing Associations. In England detailed analysis of regulatory records (Pawson and Sosenko, 2012) shows that the dominance of the sector by the largest associations is increasing steadily but not dramatically, through a continued process of merger and group structure formation. In the eight years to 2010, stockholdings of the typical English housing association grew by 50 per cent (from 800 to 1,420 dwellings), while the proportion of national housing association stock in the ownership of the 20 largest providers grew from 26 to 30 per cent. The credit crisis muted this process after 2008, as banks increasingly defined constitutional changes such as mergers and streamlining as 'material events', triggering loan re-pricing which was seen as a substantial financial disincentive.

Summary: linking the network governance and inter-organisational studies literatures

Within the wide range of literature discussed so far, there has been recognition of the challenges that these developments in the governance context and changing inter-organisational relationships have placed on organisations and individuals in terms of negotiating, managing and sustaining relationships. The trend towards more collaborative arrangements (Sullivan and Skelcher, 2002) has required greater trust, reciprocity and commitment from participating organisations – and there have been transaction costs associated with this. Partnerships – even where they are entered into with good will – are hard to sustain because of the behaviour changes necessary to share power. It has been observed that partnership working often breaks down because of competing drivers and timescales for the constituent organisations. Moreover, managing collaborative working may demand different sets of skills to more traditional hierarchical approaches. For TSOs there are particular challenges particularly where the relationships with state or private sector partners might involve strong power asymmetries. Typical concerns that have been highlighted are loss of identity from close involvement in service delivery because of following the demands of funders and the danger of longer term isomorphism which undermines precisely the (claimed) distinctive benefits of TSOs. A more optimistic reading would suggest that despite the 'threats' to independence and voice, the involvement in partnership activity with powerful entities such as the state provides greater leverage for TSOs' advocacy and policy design activities (Brown and Keast, 2005).

Sullivan and Skelcher (2002) argued that the collaborative agenda for public purpose had been both under-theorised and overlooked, and pointed out that the most relevant theoretical work originated from US and continental European traditions. Today a similar observation can still be made in the third sector and service delivery context: that emerging partnerships and collaborative activity in

this sphere is under-specified and under-theorised, although this is changing with a growing literature focused in particular on government-third sector relationships (Gazley, 2010). But additionally this literature review has drawn on the greater body of research on governance and networks, and inter-organisational relations and brings together these two bodies of work. This link and call for greater integration has been made by numerous others. For example, noting the rise of the networks literature as a framework to understand new forms of relationship between government and TSOs, Mandell and Keast (2008) argue that the focus should shift from interest in organisational boundaries and move to a focus on the forms of these new relationships and how they help to break down or even dissolve boundaries through enhancing potentially more trusting relationships.

However, van Bortel and Mullins (2009) point out that the academic debate on social co-ordination mechanisms demonstrates that the shift from government to governance is an ambiguous phenomenon. Firstly, they point to the sense in which more horizontal-interdependent networks can mask continued state dominance and steering ('governance in the shadow of government'). Secondly, they suggest that inequalities of power in networks can lead to distinctly hierarchical dynamics related to one or more dominant actors (van Bortel and Mullins, 2009). Thirdly, the appropriateness of network governance depends very much on its institutional and political context, and, far from being always benign or 'efficient' may be exclusionary. All of this raises questions about how decision-making in network governance is constructed and legitimated: "these networks can be efficient, but at the same time profoundly undemocratic and lacking in transparency and accountability" (van Bortel and Mullins, 2009, p 206). There has been a growing critique of network governance through a 'second generation of network studies' (Sorenson and Torfing, 2007), in which concerns about democratic legitimacy have come to the fore. Some of the literature has highlighted the co-existence of different forms of inter-organisational behaviours within and between the same organisations at the same time. The idea of 'co-opetition' highlights the potential that can arise where organisations that are collaborating with one another in one arena may be competing in another (Brandenburger and Nalebuff, 1996). Some examples might be in self-organising networks, externally mandated 'partnerships', vertical supply chains, and policy networks (joint action to shape and influence the field or operating environment) alongside more competitive relationships (Mullins and Rhodes, 2007). These issues are picked up in more detail in the next section which addresses the interlinked issues of form, function and governance in the contemporary development of third sector partnerships for service delivery.

Section 3: Emerging forms of third sector partnership for public service delivery: governance, accountability and outcomes

The purpose of this section is to outline the main types of partnership which appear to have been most significant for the third sector in recent years when it comes to public service delivery. After all, there may be many forms of partnership in and with the third sector which do not involve service delivery (for example for fund raising and campaigning). It focuses in particular on the recent period since around the turn of the century when there was a marked increase in Government's interest in involving the third sector in service delivery. It also returns to the issue raised in the last section about the governance and accountability of partnerships.

Forms of partnership

Recent years have seen a rapid expansion in the academic literature seeking to contextualise and understand the third sector's growing involvement in public service delivery (Macmillan 2010; Crisp et al. 2011; Hogg and Baines 2011). However, less attention appears to have been paid so far to the actual forms of multi-sectoral and multi-dimensional partnership that have been experimented with, and that may or may not be becoming accepted within the sector. A number of sector-based policy reports do address the topic, but mainly from an empirical and not from a conceptual or theoretical starting point, as noted earlier in this paper (NCVO, 2007; Charity Commission, 2009; ACEVO/PwC, 2010). This is problematic if we accept that there has been a rapid evolution in the forms of partnership working occurring in and with the sector, which may be very different from previous experience and necessitate new lenses through which to view them. Arguably, for instance, there seems to be a growing interest in (and growing rationale for studying) third sector-private sector relationships, as well as 'big-small' partnerships (on the latter see ACVAR, 2006). Partnerships for service delivery will take on a wide variety of forms, to fulfil a wide range of functions and with varying governance frameworks.

A useful way to think about forms of (within-sector) partnership is to place them along a continuum of 'organisational closeness' from merger (up to and including full integration) to loose and informal collaborative working arrangements (Alter and Hage, 1993; Harris et al., 2002). These 'horizontal' relationships have been familiar within the third sector for many years, and a public service delivery rationale has not necessarily historically been the predominant driver of such relationships. For example Harris et al. (2002) describe a range of factors leading to merger in one sub-sector, including the desire to improve campaigning and lobbying work, and reduce service duplication and competition. In addition TSOs have been influenced by the diverse forms of partnership working that have emerged within the private sector, and there have been instances of strategic alliances, joint ventures, coalitions, parent-franchises and federations (Charity Commission, 2009; and see Table 1). Clearly these can involve a variety of more or less horizontal or vertical forms of relationship, and can involve very different sizes of organisations, raising issues over power dynamics. Such forms appear

particularly significant in lobbying and campaigning activities (Harris et al., 2002), where charities and voluntary organisations have long recognised the benefits of forming coalitions to raise their public voice or to pressure Government – for example most recently disability charities lobbying Government over retrenchment and reform of the benefit system, or the well known Disasters Emergency Committee.

Table 1: Forms of partnership working identified by NCVO and the Charity Commission

NCVO, 2007	Charity Commission, 2009
<ul style="list-style-type: none"> • Separate organisations maintain their independence, but work jointly on some activities or functions. • Organisations with resources or expertise offer assistance to other organisations, e.g. a large national organisation working with a small local group. • A new organisation to do joint work on some activities or functions. • A group structure where a 'parent' organisation governs a group of 'subsidiary' organisations. • Merger to form a new organisation working as one body on all activities. 	<ul style="list-style-type: none"> • Outsourcing functions such as finance, information systems support and payroll services. • Sharing resources such as training or transport. • Co-locating and sharing accommodation and premises. • Working arrangements which increase access and participation and enable charities to develop diversity in their services. • Formal partnerships between organisations in which resources are pooled to secure staff or services that none could afford on their own. • Joint projects or programmes for aspects of service delivery or campaigning.

Note: the items in each column are not meant to be directly comparable.

Nevertheless, it is plausible to hypothesise that the public service delivery rationale has grown in prominence as a driver of partnership, and that, as the literature on TSO public service delivery suggests, this has involved a strengthening and deepening relationship of parts of the sector with the central and local state. Moreover there has been a growing desire to find greater efficiencies, reduce duplication of services, and benefit from returns to scale, especially as a sense of ‘austerity’ has spread throughout the public and charitable sectors. Indeed, mergers between some of the largest charities within the sector have continued apace. One prominent example was the creation in 2009 of Age UK through a merger of Age Concern and Help the Aged – however, the imagery of ‘merger’ is not necessarily straight forward in that local Age Concern units are independent and some have declined to join the national body. In the wake of the financial crisis, deep public sector cuts – and often the loss of crucial local government contracts – have impacted heavily on many TSOs which were relying heavily on public service contract funding, forcing some into the arms of larger charities. Such ‘forced mergers’ include Action for Blind People with RNIB (in 2009), Fairbridge with the Prince’s Trust, and the National Association of Family Information Services with the Daycare Trust (both in 2011). Classically, merger marks the end of inter-organisational relations, yet each of these cases is an example of how disparities in size and ‘need’ have meant that the smaller organisation has become

a subsidiary of the other – in the language of the private sector, these might better be seen as ‘acquisitions’ rather than as ‘mergers’. It also of course raises the question of whether the language of merger may sometimes be preferred by organisations as a means of saving face.

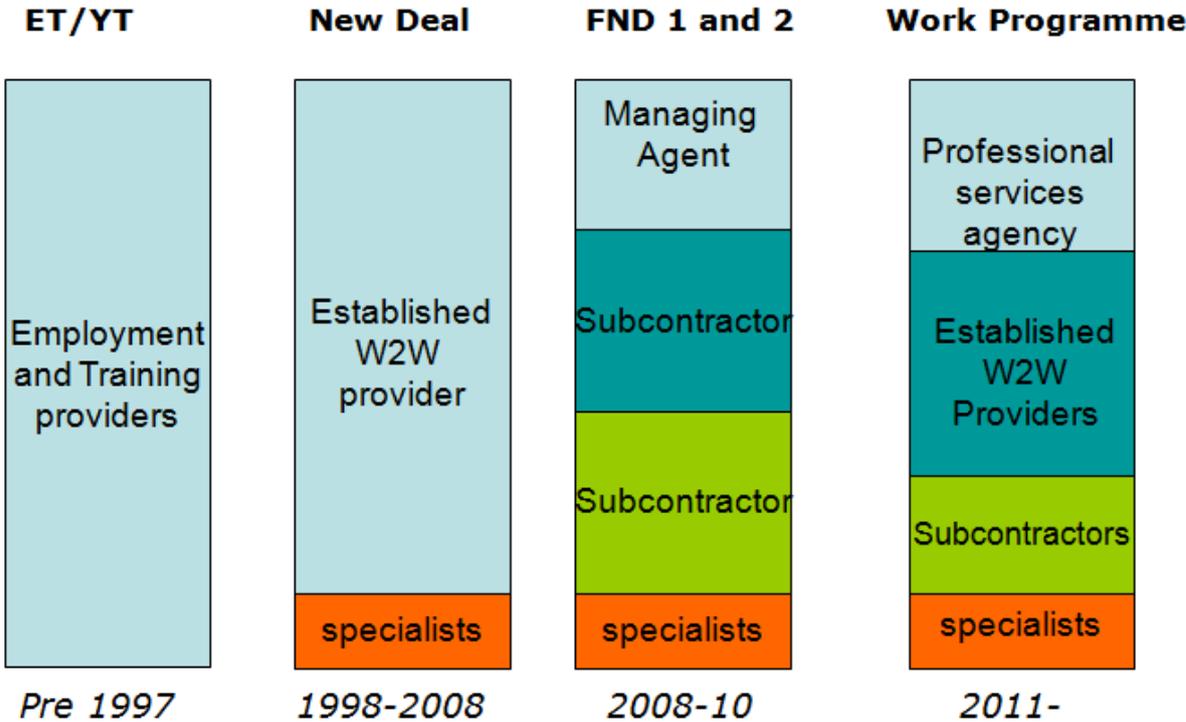
But mergers have also been supported by a policy environment which promotes larger scale operations for procurement and governance reasons. Sometimes there have been explicit statements from politicians, funding and regulatory bodies confirming this motivation (for example in the case of the housing sector in Northern Ireland). However, there are also significant policy, financial and motivational barriers to merger. This suggests that merger is best seen as one of a continuum of collaboration options affected by a similar mix of drivers and barriers to other forms of partnership. While the distinguishing feature of mergers is the sacrifice of independence by the ‘partners’, again the literature reveals a range of merger forms from loose group structure arrangements to fully integrated unitary organisations. Moves towards the latter may also be affected by a range of political, policy and financial barriers and enablers (notably in the housing sector the barrier of increased loan finance costs imposed by lenders in response to changes in structures where these are deemed ‘material changes’ in respect of loan agreements and covenants). However, a final reflection on the mergers literature is that evidence on outcomes remains inconclusive, not least because there are considerable difficulties of evaluating the impact of merger in isolation from all of the other changes going on within the organisation and in the operating environment.

In summary, a public service delivery rationale does appear to be having a direct influence on forms of partnership with two main modes emerging at present. Firstly, strong vertical relationships (including the involvement of TSOs in ‘supply chains’), and secondly a form of mandated partnership resulting in largely horizontal relationships, most obviously in consortia of TSOs working together to provide services. We might add a third area of ‘below the radar’ bottom up collaborative relationships which, although not mandated by the state or its agencies, emerges in response to uncertain changes in the public service landscape.

The third sector role in the provision of employment services, in particular Government-led welfare to work programmes has developed rapidly since the early 2000s (Crisp et al., 2011, Damm, 2012). A new (and still evolving) commissioning approach has gradually crystallised a model based on Government commissioning and contracting with a small number of large ‘prime’ contractors who manage a ‘supply chain’ of sub-contractors, at arms-length from Government (see Figure 1 as an indication of how this has evolved). Both primes and sub-contractors may, in principle, come from either the public, private or third sectors; in practice, in the current Work Programme primes have overwhelmingly been chosen from the private sector, though just over half of all sub-contractors are from the third sector (Damm, 2012). This form of commissioning, also becoming prevalent in the Criminal Justice offender management and rehabilitation sector, has been increasingly aligned with a ‘payment by results’ (PbR) regime and the Coalition Government has stated an aspiration to extend this model across public service commissioning (HM Government, 2010). The top down and outcome-orientated nature of this model is likely to see renewed criticisms over the tension between the

application of an official ‘partnership’ discourse underpinned by contract-based relationships; linked to the oft-cited concerns about TSO independence, capture and isomorphism. All forms of PbR raise concerns about the potential that contractors may be able to cream ‘profitable’ individuals who are easy to place in the job market, but the prime contractor model is suspected of increasing opportunities for primes to ‘park’ or shift riskier, harder to help clients onto subcontractors (Work and Pensions Committee, 2011).

Figure 1: The evolution of contracted out employment services



Source: Griffiths, 2011. Explanation of acronyms: ET, Employment Training; YT, Youth Training; W2W, welfare to work; FND, Flexible New Deal.

In contrast to straightforward ‘vertical’, hierarchical supply chain relationships, a public service rationale may be emerging which will produce more forms of mandated horizontal collaboration (combining characteristics of hierarchy and network). One rationale for this – the ‘voluntaristic’ scenario – is that (particularly smaller) TSOs may come together in consortia, in order to seek ‘collaborative advantage’ to raise their profile to commissioners, and to be ‘bid ready’ for service delivery contracting opportunities (Charity Commission, 2011). This appears to be more prevalent in policy fields such as health and social care, community and housing organisations. It has also occurred where organisational networks have previously been local, disparate and poorly connected. An equally important driver of ‘mandated horizontal partnership’ of TSOs is the desire of public sector bodies to deal with fewer organisations, in order to cut their procurement costs in the new era of austerity, again pressuring TSOs to form consortia (which may or may not have a lead or ‘prime’ contractor).

Governance and partnership working

As noted in Section Two, partnership working, particularly in the case of the third sector, raises questions about governance and accountability to commissioners, regulators and users/clients. More generally, concern with the governance of partnerships has passed through several phases in the past decade or so. The early concerns with partnership governance in the 'New Labour' era tended to centre around getting 'appropriate representation' in partnerships and on partnership boards, especially in relation to major local partnerships involving decisions on key priorities (e.g. LSPs, Children's Trusts, etc.). The Audit Commission (2009) report on joint financing for health and social care went further, looking at governance structures and processes in partnerships and commenting on how well these appeared to be functioning in local partnerships involving local authorities or NHS bodies.

The potential conflict between the new public sector commissioning and procurement agenda, which often treats TSOs simply as service providers, and support for the wider role of TSOs in advocacy and lobbying for policy change, in line with their core mission, the interests of their key stakeholders and the priority client groups they represent, has been a key theme of policy debate for some time. This conflict in one part of the UK was highlighted in a recent report by the Northern Ireland Audit Office which stated that "public sector bodies must be aware of the potential effects of their procurement arrangements and guard against any unintended and unwelcome alteration to voluntary and community organisations' roles" (Northern Ireland Audit Office, 2010 p 9).

The growing importance of the quality of partnership governance was reflected in the emphasis given to this in partnership evaluation tools after 2000 (Jeffares et al., 2009). However, the very number of these indicated that, although there was general agreement that the working of partnerships should be based on principles of good governance, there was rarely a clear statement of what these principles are in general, or in any specific case. In Table 2, taken from Bovaird (2004), differences are suggested in the governance principles which might distinguish genuinely collaborative partnerships from those relationships which simply involve the 'partners' respecting the contracts to which they are legally committed. The criteria highlighted in Table 2 have been selected as the 'lowest common denominator' from the approaches to good governance which have been advocated by major international and multinational agencies in recent years but they must be seen to be time- and context-specific, so that the relatively priority given to them is always a political decision.

Table 2: Partnerships from a governance perspective

Government principles	Transactional contractual relationships	Collaborative partnerships
Citizen engagement	Consultation with citizens and other stakeholders	Participation of citizens and other stakeholders in decision-making
Transparency	Limited to areas where stakeholders have a 'need to know' in order to monitor the contract – and even then, limited by confines of 'commercial confidentiality'	Open book working in respect of all partners (including user and citizen representatives, where appropriate) as a critical element of building trust
Accountability	The contractor must account to the purchaser in line with all performance reporting procedures agreed in the contract, particularly in relation to budgetary and cost control	Partners must be prepared to account to each other for their actions and performance on all issues which arise – and must be prepared to account to other stakeholders for the overall performance of the partnership
Equalities and social inclusion	These issues will only be considered in so far as they are included in the contract specification (although some firms may, independently, be committed to improving their record of corporate society responsibility)	Accepted as core values in the working of the partnership – partners are expected actively to seek innovative ways of improving performance against these principles
Ethical and honest behaviour	Staff must act legally and within professional codes of conduct	Accepted as core values in the working of the partnership – partners must actively seek innovative ways of improving performance against these principles
Equity (fair procedures and due process)	Staff must act within organisational procedures, which must ensure consistent treatment of all individuals within any group and must accord priority to different groups as set out in the contract	Accepted as core values in the working of the partnership – partners must continuously seek innovative ways of improving performance against this principle
Willingness and ability to collaborate	Valuable but not essential characteristic of relationships with other organisation	Critical success factor for all partners
Ability to compete	Critical success factor for the provider in the contract (incorporating both cost consciousness and customer focus)	Critical success factor for the partnership as a whole (incorporating both cost consciousness and customer focus)
Leadership	Necessary in each organisation to ensure good contract management – timely, accurate, efficient meeting of contract specification	Necessary at all levels of the partnership as a whole, in each of its constituent organisations and in the communities which it serves
Sustainability	The contractor must demonstrate conformity with all sustainability criteria set out in the contract	Partners must continuously seek improved ways of increasing the sustainability of policies and activities

(Source: Bovaird, 2004)

The Coalition Government's stance on governance of partnerships has been ambiguous. A concern with the 'standards' of governance had been most evident in the way that DWP devoted particular attention to the governance of its New Deal partnerships, particularly in respect of the way that prime contractors worked with their partners in their supply chains. In the light of these risks, and rather in the face of its insistence on the partnership rhetoric, the UK government, together with a number of major players in the 'public services industry' has developed the Merlin 'code of conduct' to govern prime-subcontractor relationships, which the government has suggested might be rolled out to all public services where similar supply chains are involved (HM Government, 2010). The Merlin standard (DWP, 2011) was designed by DWP with providers and representative bodies to strengthen the Code of Conduct (that was part of DWP's Commissioning Strategy document). Its aim was to ensure that prime providers treat their partners and sub-contractors fairly, to help evolve successful, high performing supply chains, and to champion positive behaviours and relationships. But certainly, questions remain about how it is enforced, what systems are put in place to monitor compliance, and how minimal compliance can be effectively incentivised.

The Coalition Government's Green Paper on Commissioning (HM Government, 2010) suggested that this standard might be rolled out across more (or all) public services. In general however, the Coalition Government has been far less interested in governance in general and governance structures in particular than was New Labour, which generally considered 'good governance' as an important component of 'participative democracy'. For example, the Coalition Government, in replacing Regional Development Agencies (RDAs) with Local Enterprise Partnerships, has seen governance as essentially about ensuring much greater involvement of the private sector. It remains to be seen, therefore, whether the interest in the Merlin standard constitutes a genuine commitment to the principles of multi-stakeholder negotiation of 'the conduct of conduct' or is in practice merely an attempt to give the private sector greater power in forums in which the allocation of public funds is decided, with spin-off effects to the third sector because (for the moment) it benefits from being treated as an equivalent to one part of the private sector, namely small and medium enterprises (SMEs).

Many of these developments do quite directly echo debates in the academic literature. As interest in understanding governance within network and partnership contexts grew, an important critique developed of the extent to which networks, while efficient and effective as policy-making spaces, could be divorced from democratic control and, in consequence, lose legitimacy (Klijn and Skelcher, 2007). In particular, there have been fears that partnership working can often privilege insiders and be used to exclude the public and elected representatives (Swyngedouw, 2005). While this 'democratic deficit' has rarely directly touched upon UK partnerships involving the third sector, it has been a major source of concern in relation to public-private partnerships (Xaver Perrez, 2009) and in relation to LSPs (Skelcher et al., 2009). Moreover, the considerable concern in the international development literature about the accountability of non-governmental organisations (NGOs) in the developing world (Bendell, 2006) suggests that this issue may eventually become important in developed world countries as well. In this vein Klijn and Skelcher (2007) have suggested four conjectures about the relationship between networks and democracy:

- *Incompatibility* (conflict): the implicit rules of governance networks conflict with those of representative democracy.
- *Complementarity* (optimistic): governance networks complement democracy because they are more adaptable to complexity and fragmentation; thereby opening up opportunities for greater citizen engagement around the edges of traditional liberal democracy.
- *Transitional relationship* (change): we might be witnessing a transition from representative government to network governance.
- *Instrumental relationship* (conspiracy theory): networks are instruments used by dominant actors to structure social reality and reinforce their interests and power base.

Sorensen and Torfing (2005) have put forward the concept of *democratic anchorage* to measure the extent to which networks are rooted in and complementary to democracy. They argue that networks should:

1. be subject to control by democratically elected politicians through network design, framing and participation;
2. represent the membership basis of the participating groups and organisations;
3. be accountable to the territorially defined citizenry; and
4. follow the democratic rules specified by a particular grammar or conduct

However, both these frameworks remain high level 'theoretical' injunctions and we know that the devil will be in the detail. For example under the previous government RDAs and the 'quango state' were claimed to have democratic legitimacy because they reported directly to ministers. Others have claimed that this same arms length relationship to politicians constituted a 'democratic deficit'. Indeed, moves to increase their democratic accountability 'downwards' to the public (through elections to Regional Assemblies in the case of RDAs, and through suggestions for the election of LSP members in the case of local service partnerships) were not taken further and many 'quangos' have been abolished by the Coalition, partly on grounds of the democratic deficit (but also simply to save costs). This demonstrates that the way issues of accountability, both representative and participative, are constructed is highly political. In the case of TSO service delivery, these issues have so far mainly been debated in terms of the standards which should govern the relationships between prime contractors and sub-contractors (as in the Merlin standard). However, the much wider governance issue of how democratic decision making can influence partnerships for public service delivery, between organisations from all sectors, remains very unclear. In principle, the commissioning process sets forth a direct connection between the decisions made by elected politicians and the operation of service delivery partnerships. However, research suggests that the political influence on the commissioning process in local public services is often rather weak (Bovaird, Dickinson and Allen, 2010).

Outcomes and evaluation in third sector partnerships

Given the preceding discussion of governance and the growing importance and sophistication of the public services commissioning agenda, it is perhaps surprising to find so little emphasis in the literature to date on the evaluation and outcomes of service delivery partnerships. The Coalition Government shows signs that it sees the measurement and rewarding of outcomes as a key form of accountability and as an integral part of the commissioning process, along with direct citizen involvement in the running of services, and forms of ‘consumer’ choice, as the key lines of accountability for increasingly networked and diverse forms of public service provision. However, a review of evidence on outcomes based commissioning to date suggests that there is relatively little to build on.

Since 2004, the UK government has developed a number of programmes throughout government which claimed to make outcomes central to services (Bovaird and Davies, 2011). Particularly well-known examples included the Department for Children, Schools and Families ‘Every Child Matters’ ‘five outcomes’ model, the Department of Health’s ‘seven outcomes’ model and ‘Putting People First’ program, and the Department for Communities and Local Government’s ‘Supporting People’ approach, as well as the Local Area Agreement and Comprehensive Area Assessment regime at local level (Bovaird, Dickinson and Allen, 2010). All of these programmes assumed that the drive for outcomes would need to be located in partnerships, as they could not be achieved by single agencies, working alone. The extent to which partnership working, and the strategic commissioning approach which it was supposed to enable, has made a difference to the levels of outcomes reported by UK public agencies is, however, still little evaluated. In a recent report for the National Audit Office, Bovaird, Dickinson and Allen (2010) reviewed the state of evaluation evidence in relation to all of the government commissioning models (and some other, non-governmental models) which they identified. The overall level of evaluation has been surprisingly small, given the fixation with evaluation which characterised, at least until recently, the UK public sector, but some evidence is available.

For example, looking at the Every Child Matters commissioning model, an early evaluation of 35 children’s trusts pathfinders (NECT, 2006, p 8-9) concluded: “Much progress has been made [...] in developing integrated strategies to support co-operative working between partners with a duty to co-operate in the planning and delivery of children’s services. [...] We found that a few children’s trusts had developed expertise in joint commissioning and had an agreed approach that was transparent to all parties: funding partners, contractors and service user. Other children’s trusts pathfinders have not reached this level of agreement and have some way to go to establish effective commissioning strategies.” In addition, the Regional Centres of Excellence Procurement Programme (2008) brought together a selection of children’s services case studies from a variety of sources which showed how outcomes for children, young people and families have been improved and how efficiencies were generated in each. In relation to young people (16-18), an impact assessment of the Apprenticeships, Skills, Children and Learning Act 2009 (which underpins the new arrangements) noted that there was

limited but significant evidence that local authority commissioning services for young people had been successful in raising standards and improving the services provided.

On health partnerships, OPM (2008, p 22) reported that 'there is no evaluation research evidence on the different approaches to commissioning [including those undertaken through partnership approaches] in the NHS'. Evaluation of practice-based commissioning (PBC) by the King's Fund indicates that it has had little impact in terms of improving use of resources or providing better services, and examples of initiatives attributed to PBC tend to be small-scale local pilots (Curry et al., 2008). More positively, in local government, the Department of Communities and Local Government funded an evaluation of LSPs which found in 2008 that 90% of LSPs could give up to five examples of initiatives benefiting local people that would not have happened without the LSP and 46% more than five. Although only 10% of LSPs had undertaken any cost benefit analysis, 84% agreed that the benefits of LSPs outweighed their costs in time, energy and resources (Russell, Johnston and Jones, 2009, p 13).

This experience of UK government programmes confirms the wider difficulties apparent from the academic literature in evaluating the impacts of partnerships, particularly those that are based on genuine network governance. For example Klijn and Teisman (1997) have argued that approaches to evaluation that focus on the attainment of *a priori* goals set by a dominant actor (e.g. government or commissioner) to reflect the public interest may be too limiting a perspective. If the benefit of networks is to facilitate understanding and interaction between actors then goals themselves may be amended as actors learn more about what is possible together. Klijn and Teisman put forward the concept of 'joint interest' as an alternative to the public interest as an evaluation criterion. However, critics of this approach argue that it places too great a weight on the interests of network participants themselves, re-inforcing critiques of the dominance of provider interests in public services (HM Government 2011). This reinforces the critique of networks as self-serving cliques and that simply establishing that participants are satisfied with network processes diverts attention from the outcomes of these activities for society.

Given the relatively limited evidence from this extensive literature review on outcomes and evaluation, we might anticipate that the case studies in the current TSRC project would be unlikely to yield much substantial evidence. Nevertheless, we have included this as an important dimension of each case study and have been curious to understand how success is conceptualised and measured and what results there have been to date.

Conclusion

Partnership in and with the third sector is not new and this working paper corrects the impression that can be gained from a section of the literature that it has been driven almost entirely by recent factors such as the interest of the New Labour government in expanding the sector's role in public service delivery. A longer-term view suggests that, in the UK at least, partnership can be seen to have been a reaction to the changes in public service organisation and delivery, and in particular with the fragmentation associated with the public management paradigm. In specific policy fields, such as housing, health and social care, there has long been a mixed economy of welfare that has made for a more fragmented landscape of service commissioning and provision, and which has formed the backcloth for the more 'joined-up' approaches which partnerships have sought.

Nevertheless, this general picture is complicated by a vast range of rationales for partnership working across time and place. New Labour was initially most interested in Public-Private Partnerships but later following the National Strategy for Neighbourhood Renewal, also in partnerships at the local level between government, public agencies and the third sector (and by extension the 'community'). However, there were always question marks around the extent to which these delivered genuine citizen engagement or the tailoring of still relatively hierarchical service agency priorities to local needs. Now the most pertinent question, in an era of public spending cuts and national government suspicion towards local partnership working practices, is how deeply embedded and sustainable they really are.

Of perhaps most immediate importance to the third sector though has been the rise of a new paradigm of commissioning public services. This in some sense has recognised the 'limits of the state' and entailed a rethinking of the blurred boundaries between public services, the public sector, and the 'public organisation' (Grout, 2008). There has been consistent interest in bringing third sector organisations into the service delivery system, but also consistent concerns about the readiness of even the most willing parts of the sector to step up to the challenge as well as of commissioners to understand the potential contribution of TSOs and to commission effectively to include it (PASC, 2008). Consequently, commissioning has driven a change in both the nature of the partnership between the state and the third sector, but also in still uncertain ways the nature of partnership working between TSOs. Perhaps most obviously however the latter will involve pressures to form consortia in order to access returns to scale, efficiencies and improved professionalism. Furthermore, the formation of the Coalition Government in 2010 has seen a strengthening of additional tendencies for 'efficiency' and 'outcome based commissioning': favouring new forms of collaboration and co-ordination – particularly with TSOs 'partnering' with the private sector in supply chains.

More specific drivers of partnership working are likely to be complex, interrelated, and to change over time. Their importance might be expected to vary depending on an organisation's institutional and geographical position. This review can't hope to have comprehensively covered all of them but in research on partnership we might expect to also see drivers that include:

- Bidding for and undertaking contracts – and the move to ever bigger contracts might be pushing TSOs to consider collaboration even more seriously (which may be viewed as imposed and therefore problematic).
- Desire for market entry – partnership working and collaboration supports scale, shared resources and expertise, and therefore potentially the achievement of better outcomes (although this remains an open question).
- Desire to share the costs: of maintaining a back office, covering procurement, treasury management, IT, HR procedures, and training for example.
- Bringing together expertise and increasing influence – including through lobbying and through attaining ‘critical mass.’
- Outcome-based commissioning, by working jointly on pathways to better outcomes (e.g. health, homelessness ‘pathways’, wellbeing, social inclusion, rehabilitation from offending, employment).
- Personalisation and personal budgets – these developments are already pushing providers to consider collaboration in order to be able to offer a wider range of services which people with personal budgets can commission.
- Public spending cuts – as these deepen, TSOs may get into some financial difficulty, so many will look for more security and will not want to be reliant on just one contract for survival.

A key theme of this working paper has been to deepen and extend the contribution of theory to understanding third sector partnership. This is necessary because sometimes partnership is presented as something recent or novel for the third sector, arising out of new pressures to deliver public services, for instance. A more historically grounded understanding of third sector involvement in service delivery is in itself helpful, and this is achieved when contemporary third sector partnership is situated in the well-established literatures on the mixed economy of welfare, and on network governance. The insights from the network governance literature in particular move us forward from the competition-collaboration paradigm conceptualised as a dichotomy, not least because it has been demonstrated that key elements of market relationships (competition) and network (collaboration) can co-exist in settings where one governance *mode* is dominant. From a theoretical point of view, it can be seen that while the collaboration-competition framework can be made to fit, it is not the only, or even most appealing, theoretical lens through which to view these relationships.

More importantly, adopting a network governance approach can have implications for the way in which we approach partnership in empirical research. Firstly, it alerts us to the complexities, ambiguities and overlaps in actually existing hierarchical, market, or network modes of governance. Secondly, in the real world of public service delivery partnerships we may witness further tensions arising between network, partnership and contractual relationships. An instance of where these insights might have implications for research is in an examination of the current Government’s welfare to work programme, in which it would appear that a hierarchical-relations model dominates (though couched in a rhetoric of partnership), although this does not preclude the emergence of collaborative relationships over time. Equally, this political-rhetorical emphasis on partnership contrasts with the

comprehensive use of contracts to bind the system together. It also maintains the pattern of 'externally controlled' partnerships that dominated many of the previous government's programmes such as New Deal for Communities, violating the key principle of network governance as operating without a central actor, with limited scope for top down steering and where outcomes must be negotiated between actors (Klijn and Teisman, 1997; Davies, 2002). Thirdly, we may see mandated partnership or horizontal collaboration emerging as a widespread empirical reality in a whole variety of public service commissioning environments. All have implications for how we explore whether the third sector (and parts thereof) 'win' or 'lose' within this evolving environment; and ultimately, whether it might bring about better services and outcomes for beneficiaries.

In very broad terms, real world third sector partnerships have tended to be horizontal (for instance between TSOs doing similar work) or vertical (TSO providers working with public sector commissioners or private sector prime contractors). Horizontal collaboration within the third sector might be appealing to a variety of stakeholders as it appears to have the potential to yield economies of scale (witnessed, for example, in claims for back office savings and reduction of duplication) while minimising the threat to organisational independence. Mergers have been pursued with similar cost and efficiency objectives but with a trade off of independence; however it is interesting to observe that group structures and partial integration after mergers often reflects continued value placed on partial independence and preservation of previous organisational identities. The attraction of vertical collaboration is related more to hopes that it can achieve greater integration between service planning, design, and delivery and scale economies. However, they may be (economically) inefficient by restricting procurement to a narrower range of providers and imposing top-down control. In particular the third sector is increasingly being characterised as offering innovative, local and community-based services in potential alliances with larger organisations with greater capacity and clout. These expected benefits are of particular interest to a Conservative-Liberal Democrat coalition government that is energetically attempting to reduce a fiscal deficit, while promoting the role of non-public sector providers of public services in an ideological frame of reference that non-public sector organisations are better at controlling costs and are more able to 'liberate' innovation. But, again, these have simply joined much longer-standing Governmental support for outsourced services, partnership and networked forms of governance across the public sector and public services (Bovaird and Downe, 2006).

Overall, structural form and governance processes have received a great deal of attention since the 1990s but have perhaps been less important than partnership processes and relationships, including culture and values – issues that remain under-researched. Nevertheless, questions do still remain around governance, not least the extent to which users, elected politicians and perhaps the general public could be excluded from more 'networked' forms of governance. As Jeffares et al. (2009) point out, there is general agreement that partnerships should be based on principles of good governance. However, despite the existence of a plethora of governance codes including some specific to partnerships, it is not obvious that there is universal acceptance of what these principles are. Moreover, the Coalition Government's stance on governance of partnerships is quite ambiguous, with evidence of concern for strengthening standards through for example the DWP's sponsorship of

the Merlin Standard, but much less interest in governance in general and instead a predisposition for reliance on market discipline.

Finally, with a view to the changes that are occurring in the commissioning landscape, there is still relatively little understanding in either the public sector or the third sector as to how cost-effective services might be provided. Do network co-ordination, supply chain management through prime contractors or consortia management through third-sector-driven partnerships offer cost effective alternatives to competitive markets or in-house bureaucratic hierarchies? If they do what trade-offs are involved for example in organisational independence and ethos, local accountability or user engagement? What is the track record of these different forms of partnership in consulting and engaging with service users and focusing services on their priorities? When we talk of outcomes based commissioning is the reference point the long term impact on the wellbeing of service users or the budgets of service commissioners? Many TSOs believe that, because of their values, they flourish better when working with other organisations through a more consensual approach instead of hierarchical and especially contractual approaches or through mergers. However, many commissioners believe that this is a 'producer interest' argument or simply an attempt to avoid the discipline which competitive behaviour brings and therefore that it results in inefficient provision. Further exploration of these tensions around commissioning will be an important strand of further research in the Service Delivery stream.

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About the Centre

The third sector provides support and services to millions of people. Whether providing front-line services, making policy or campaigning for change, good quality research is vital for organisations to achieve the best possible impact. The Third Sector Research Centre exists to develop the evidence base on, for and with the third sector in the UK. Working closely with practitioners, policy-makers and other academics, TSRC is undertaking and reviewing research, and making this research widely available. The Centre works in collaboration with the third sector, ensuring its research reflects the realities of those working within it, and helping to build the sector's capacity to use and conduct research.

Third Sector Research Centre, Park House, 40 Edgbaston Park Road,
University of Birmingham, Birmingham, B15 2RT

Tel: 0121 414 3086

Email: info@tsrc.ac.uk

www.tsrc.ac.uk

Service Delivery

From housing, to health, social care or criminal justice, third sector organisations provide an increasing number of public services. Working with policy makers and practitioners to identify key priorities, this work will cut across a number of research streams and cover a series of key issues.

Critical understanding service delivery by the third sector is important to policy making as the third sector now provides a major - and very different - option for public services, which may be more responsive to the needs of citizens and service users. At the same time, there are dangers inherent in the third sector becoming over-dependent on funding from service contracts – particularly in terms of a potential loss of its independence. The centre's research will help to inform the debate on the way in which service delivery is developing, the potential role of the third sector in commissioning as well as contracting, and the implications of different approaches to service delivery on the overall impact of the third sector.

Contact the authors

James Rees

j.rees@tsrc.ac.uk

David Mullins

d.mullins@tsrc.ac.uk

Tony Bovaird

t.bovaird@tsrc.ac.uk

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.