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Research Report (88)

**Partnership working**

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Abstract

This working paper summarises the findings of a research project into third sector partnerships for public service delivery. Earlier findings from an evidence review were reported in Working Paper 60. Partnership working in and with the third sector in the context of public service delivery reflects a longer history of the opening up and fragmentation of public services and the increasing complexity that has been associated with the shift to more ‘networked’ governance. The emphasis on partnership was given an extra boost by the policies of New Labour, and looks set to continue to be relevant under the Coalition. The research was based on five case studies of organisations involved in public service delivery in different policy fields including housing, welfare, and employment services, preceded by a period of scoping research with national interviewees. Overall the research aimed to explore three main themes – the forms of partnership working that exist, partnerships, strategic alliances and mergers within the sector, and innovation and learning from partnership working. The case studies were very diverse, and this paper synthesises the main findings across the cases in four logical sections: meanings of partnership; structures, drivers and barriers; processes and organisational change, and impacts of partnership. Finally, we draw the findings across the cases together in a reflective section on learning before moving on to the main academic and policy messages in a brief conclusion and discussion section.

Keywords
Partnership, cross-sector, collaboration, public services, network governance, inter-organisational collaboration.

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Any errors, omissions or opinions are those of the authors alone.
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Part 1. Context and about the project

Introduction

This working paper reports the findings of the TSRC project on Third Sector Partnerships for Service Delivery, building on the extensive literature review reported in Working Paper 60 (Rees et al., 2012). The overall aim was to gain a greater understanding of third sector partnership working – both within and between other sectors – which has been particularly crucial to the delivery of a wide range of public services in sectors which have moved away in recent decades from the traditional model of top-down public sector delivery. The empirical element of the project involved a programme of national ‘stakeholder’ interviews, five case studies, and a review of findings with participants. The research explored the following themes:

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

Partnership working had been particularly driven 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 break-up of large public providers.

However, there have been deeper trends at work. 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) and indeed the more autonomous emergence of self-governing networks (Kickert et al., 1997). 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 as part of what came to be known as the ‘new public management’ and later under Labour ‘modernisation’ (Newman, 2001; Carmel and Harlock, 2008). Externalisation, both to private and third sectors, has been a continual theme of ‘reform’ of public services under the paradigm of New Public Management, which, for example, has seen over half of social housing services transferred to third sector providers in just over 20 years (Pawson and Mullins 2010), widespread outsourcing of social care to the ‘independent sector’ since the early 1990s (Glasby, 2007), and more recently greater ‘diversity’ of provision in health, employment services, youth services and within the criminal justice system (Mullins, Meek and Rees 2011). A particular form of collaboration, 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 was reinforced by the drive for efficiency in the face of restricted resources, made more pressing by the financial crisis, the deficit
reduction programme and the resulting public spending cuts in 2010-2011. The current government has been in many respects radical in the development of its approach to service delivery, with the promotion of a ‘Big Society’ involving new and expanded roles for TSOs in public service delivery, expanded roles for mutuals and co-ops (particularly in health), and the ‘community right to challenge’; promoted for example by the 2011 Open Public Services White Paper (HM Government, 2011) and enacted in part by the Localism Act 2011. It has also moved quickly to implement new forms in welfare to work policy, with third sector organisations (TSOs) envisaged as having a key role in ‘supply chains’ in the new Work Programme (Damm, 2012).

More generally, the government is pressing ahead with a wide menu of public service reform that envisages a strategic commissioning role for government, delivery chains integrating public, private and third sector suppliers, and much more expansive use of payment by results (PbR). Thus commissioning and regulation have become even more important drivers for collaboration than under the previous government. These all have implications for the way in which TSOs enter into partnerships for service delivery, with each other and with public agencies and private sector organisations.

On the other hand, more recently there has been a counteracting tendency in partnership working, in that many local strategic partnerships (LSPs) have decreased in importance, particularly after the abolition of Local Area Agreements by Coalition Government, 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. There has also been a move away from regulation and top down planning such as regional housing and spatial strategies with consequences for the incentive structures for partnerships.

The research project was conceived in order to understand why partnership working in and with the third sector was of such current importance in the context of public service delivery. It was designed to be a generic project to distil learning across sectors, and there was an expectation that we would find horizontal and vertical forms of partnership. In many ways the research was intended to be exploratory and it could not hope to cover the vast breadth of third sector partnership working; instead we chose a relatively small number of case studies in order to cover a reasonable diversity of policy fields, sectors, and structures. Overall, we wanted to get beyond description of structures and process, and to begin to understand outcomes, impacts and learning from partnership working. And finally, even within a small number of case studies we expected to find diverse and rich experiences – but we wanted to explore if possible whether there were any patterns in third sector partnerships.

The report proceeds as follows: In the remainder of Part 1, we summarise the key messages arising from the literature review carried out for the project (see Rees et al., 2012), outline our definition of partnership, and set out the methodology of the research project. Part 2 contains the main findings of the research, broken up into four sections: meanings of partnership; structures, drivers and barriers; processes and organisational change, and impacts of partnership. Finally, Part 3 summarises learning and reflection from across the cases before moving on to the main academic and policy messages in a brief conclusion and discussion section.
Public services, the third sector and partnerships

Background

The move from the mid-1990s onwards towards greater partnership working in provision of public services marked a distinct break in the tradition of the UK public sector (Sullivan and Skelcher, 2002; Powell and Glendinning, 2002). Public services in the UK were traditionally, in theory at least, 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 (JCP) units, Arms-Length Management Organisations (ALMOs) – so that they have more autonomy to do things differently and control their own budgets. 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. Consequently, one way to view the changes that are happening is to see it as 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 providers. 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 emerged more as an issue in the public sector only in the 1990s (Balloch and Taylor, 2001). Partnership working was also particularly significant in social care (‘Care in the Community’ after 1991) and in environmental improvement (for example in ‘Local Agenda 21’), and homelessness where the Homelessness Act 2002 promoted local homelessness partnerships particularly for homelessness prevention work. For the third sector in the UK, partnership increased in prominence following the arrival of ‘New Labour’ who emphasised a new relationship with the sector enshrined in the Compact, and the intention to boost the role of the sector in public services (Kendall, 2003, HM Treasury, 2002). This highlights a general point that partnership working has tended to be more prominent in policy areas in which complex and cross-cutting issues have seemed beyond the control of state organisations alone. In these policy areas there has therefore long been an interest by different governments 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) (Bovaird, 2004) and partnerships between public sector organisations (‘joined-up government’) (Glendinning et al., 2002; Sullivan and Skelcher, 2002), with very limited involvement of TSOs. However, despite much 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 basis 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 greater 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’ (Geddes, Davies and Fuller, 2007). 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.

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 the 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 Coalition Government is 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 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 (Bovaird, Dickinson and Allen, 2010) and implicitly to increase efficiency through for example increasing the scale of individual contracts. 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 HCH, 2005). This in turn was a key driver for increasing number of mergers in the sector at that time (Mullins and Craig, 2005). There is an important distinction between procurement and commissioning, as Macmillan notes: ‘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’ (Macmillan, 2010, p 9, emphasis added, see also Unwin, 2005).

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). 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 (Graddy and Chen, 2006; Bovaird and Edwards, 2010).

The emergence of outcomes 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. 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 in the context of ‘market failure’ and ‘state failure’.

**Defining partnership**

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.
Research strategy and methodology

The project had three main elements:

- scoping interviews with key national and local stakeholders (Autumn 2010);
- material from the first two rounds of the ‘Real Times’ qualitative longitudinal study was drawn on to identify themes to be developed in case studies (2010-2011);
- an in-depth set of case studies designed to explore the research questions in more detail in a wide range of relevant contexts (May-August 2011).

Research questions

Context:

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

Partnership processes and relationships:

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

Learning, innovation and evaluation:

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

Scoping interviews

In preparation for the case studies that form the main basis of this report we conducted twelve interviews with stakeholders drawn from relevant policy and practice communities. These interviews were used to explore recent thinking about the meaning of partnership and how the context has changed in recent years, particularly in relationships between third sector and private sector bodies.

We also drew out some of the issues around partnerships that were emerging from the early rounds of the TSRC’s qualitative longitudinal study. ‘Real Times’ follows the fortunes, strategies, challenges and performance of a diverse set of fifteen core case studies of third sector activity over a four year period in order to gain a more in-depth and realistic understanding of how third sector organisations, groups and activities work in practice over time (Macmillan 2011, Macmillan et al. 2011). Various forms of partnership working involving the case studies were examined in the first two waves of research during 2010 and early 2011, including group structures, local membership of national associations, mergers and takeovers and partnership bids and contracts.

Both sources proved very valuable in helping us to scope and define the contribution of the case studies.
Case study methodology

As noted above, the intention in choosing case studies was to focus on organisations involved in the provision of public services and to cover a range of policy fields, sectors, and structures, and operating at different scales from national to local – although there was never an attempt at comprehensiveness – and they were also chosen to provide in-depth insights into each research question. While each case study was freestanding in that the research questions were explored in each, the aim was to drill down more deeply into particular issues, where it had been established that the context and way of operating made those issues particularly important and revealing.

In general, case studies involved a set of interviews with key players – mainly senior staff – involved in different forms of partnerships, although in most cases there was a core organisation at the heart of the partnership where the bulk of the interviews were therefore carried out. For each case study, we followed a common research interview schedule, with the following main themes:

- establishing relevant forms of partnership operating within the case study;
- policy drivers and internal and external barriers to partnership working;
- evidence for internal change including cost savings as well as wider impacts including on service quality and user experience;
- learning, reflection and expectations for the future.

The majority of research materials were therefore gathered through semi-structured interviews, following a common interview schedule. In the majority of cases interviews were recorded and transcribed, but where this was not possible detailed notes were written up immediately after the interview. In some other cases there were further informal discussions with participants and observation of a focus group with professionals involved in a partnership.

Some case studies were designed to update earlier work or to sample current developments in partnership thinking and activity across a sector rather than at a single partnership level. For the purposes of this report, we have aimed to pull out cross-cutting issues from all the cases in order to make some general findings about partnership for public service delivery. However, inevitably there is uniqueness and important context to each case and where relevant the discussion does go into some of this detail.

Description of case studies

Housing association mergers in England

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

The English housing association sector has an extensive and well documented history of merger. While the main focus of this case study was on mergers and groups the opportunity was taken to review the other main types of partnership that are currently prevalent in the housing sector and how
these options interact with mergers. This provided a more dynamic picture than would have emerged from focusing only on one partnership form. One important new trend was for a formerly ‘insular’ sector to engage in cross-sector partnerships arising from the vertical supply chain approaches emerging in the commissioning of wider public services of relevance to housing.

Another growing trend was for financially driven collaboration to secure procurement savings, to form contractor consortia to bid for public contracts, and more recently to share back office and other services. The shared services option was hitting a VAT barrier not encountered by group structures (cost savings needed to exceed 20% to break-even). At the time of the research the sector was lobbying HMRC to remove this barrier to combining efficiency with independence. In some cases other forms of collaboration were seen as an alternative to merger preserving a greater degree of independence. However, in other cases there was a sense that ‘one thing leads to another’ with members of some procurement consortia moving on to fuller collaboration within group structures to maximise savings.

**Housing partnerships and consortia in Northern Ireland**

In this case study the focus was on partnerships and consortia between housing associations and Supporting People providers and sought to understand the impact of commissioning and regulation on forms and operation of partnerships within the housing sector and between housing and support sectors in Northern Ireland. Analysis was at the sector level with stakeholder/expert interviews and sampling at organisation level. This case study explores forms of partnership associated with the two most significant streams of Government funding for the third sector in Northern Ireland: housing support services funded through the Supporting People programme; and the procurement of new social housing developments. The devolved policy context has some distinctive features for these two fields with different forms of housing partnership compared to Great Britain including the lesser role of local government, the distinctive role played by the Northern Ireland Housing Executive (NIHE) in both fields, the more stable and ring-fenced funding regime for Supporting People and the more directive stance taken to the formation of procurement groups to develop new social housing. The feel of the context captured by case study interviews highlights the dominance of public procurement policy and regulation particularly in the case of new build social housing and the more nuanced ‘intelligent commissioning’ approach adopted for Supporting People. Greater attention to the Compact between Government and the voluntary and community sector in Northern Ireland (Northern Ireland Office, 1998) is evident in relation to Supporting People than housing procurement policy. This, supports the view that the principles of the Compact are ‘not widely or consistently applied’ (NIAO, 2010).

**An ‘Association’ formed by ‘merger’ between two large national charities**

This is a case study of a single, new organisational entity, the ‘Association’ formed by two charities coming closer together through a ‘merger’ in 2009. The focus is on the benefits of this organisational form for the various service delivery activities carried out by the group. The larger organisation

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1 This campaign bore fruit later that year. The Chancellors’ 2011 Autumn Statement announced a VAT exemption from April 2012 for shared services benefitting charities (Third Sector November 29, 2011) and housing associations sharing back office services (National Housing Federation, November 28, 2011 - [http://www.housing.org.uk/news/federation_responds_to_chancel.aspx](http://www.housing.org.uk/news/federation_responds_to_chancel.aspx)).
('Organisation A') is one of the largest sight-loss charities in the UK with high brand recognition for its activities. It provides a range of services, under contract with local authorities and health agencies, to blind and partially sighted people in England, Wales and Northern Ireland. ‘Organisation B’ is also a long established charity which had also delivered a wide range of services under contract. There was a widespread perception in sector press coverage of the ‘merger’ in 2009 that A had taken over B.

The initial stages of closer partnership working between some of the organisations that make up the large ‘Organisation A’ Group was facilitated by discussions between five sight-loss organisations who eventually came together to develop a UK Vision Strategy, promised in 2007 and delivered the following year. The larger ‘Group’ organisation had already grown in the last decade through a number of mergers initiated by Organisation A.

The two organisations that formed the Association had been leading voices in the UK Vision Strategy and their chief executives believed in working more closely together. Nevertheless an initial move to merge was not successful and further time was needed for discussions to bring about closer working. In the meantime the impact of the financial crisis of 2008 had meant that the smaller organisation had found itself in a difficult financial position and many perceived – both internally and externally – that it had been ‘forced’ to merge with the larger organisation. The resulting ‘Association’ was brought about formally from 1 April 2009, and completed by 1 April 2010.

An innovative third sector-led community health service improvement approach

The TSO at the heart of this case (called here ‘Threshold’) describes itself as a social business, deriving much of its income from contracts (mainly local government) to provide services around substance abuse, mental health, learning disabilities, and employment. Profits are reinvested in new services and innovation. Threshold works in partnership with organisations from other sectors, for example with private sector prime contractors in the Work Programme, and also in the criminal justice system. They also work widely in partnership with communities, for example to improve services such as improving substance misuse service pathways.

The focus of this case study is ‘Joined-up Services’, an innovative approach developed by ‘Threshold’² to improve the design of local services (mainly health, housing and social care). The partnership is with, in a broad sense, individuals and their wider community of a particular area, building their relationship with commissioners, and then designing improved service processes in a co-productive relationship, with the aim of implementing sustained public service improvement, particularly for deprived communities.

Employment services prime contractor

Employment services is an arena in which third sector partnerships have had a high profile in recent years, particularly because of the widespread interest in prime contractor-led consortia. Indeed, the approach to collaboration across supply chains in employment services has been seen by many as an important pointer to the future of public services more generally.

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² The names of the specific project and central organisation that are the focus of this case study have been anonymised. The two names are used throughout this report.
This study explored how prime contractors in employment services manage their overall supply chain, including the formation and working of consortia of private sector organisations and third sector organisations, delivering niche services within the Work Programme.

In more recent years, TSOs have worked closely in consortia and supply chains led by prime contractors, sometimes to provide ‘end-to-end’ services in particular geographical areas, more frequently to provide ‘specialist’ or ‘niche’ services (which could be at any geographical scale from local to national). Most TSO providers we interviewed were working with more than one prime contractor and had previously worked with yet others.

The focus of this case study is the emerging set of relationships in prime contractor-led consortia and supply chains, the drivers and barriers to partnership and collaboration in these arrangements, the impacts of partnership and collaboration and the implications for the future of organisations in this sector.

Part 2. Case study analysis

This section reports the main findings of the project, by weaving together findings from the stakeholder interviews and information from each of the case studies to create an overview of the significant issues that emerged. For this report, we have analysed the case study material and attempted to make sense of the complex subject of partnership by addressing four main themes:

- meanings of partnership and the current ‘partnership scene’;
- drivers, structures, and barriers to partnership;
- process and organisational changes;
- impact and outcomes.

In each case we have attempted to draw out general messages but where appropriate have discussed cases separately, particularly where the specificity of the issues raised by the case makes it more appropriate to go into some detail rather than pull out general themes.

Thinking about what ‘partnership’ means

Much of the academic debate on partnership has bemoaned the lack of 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. 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. As Powell and Glendinning (2002: 2) put it: ‘use of the term has been promiscuous, albeit with positive moral overtones’. 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. Some might even suggest that partnership in practice is impossible to define.

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, 2007). 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; Bovaird, 2006).

We questioned stakeholder interviewees in 2010 about their views on what defines partnership (Bovaird and Edwards, 2010). There was a general agreement that partnership involves some form of ‘joint-ness’ – not necessarily a relationship of equality, but certainly not one of dominance. One interviewee suggested that partnerships are based upon trust and respect, bringing together people with different skills, who are treated as equals, and who work together in a co-operative fashion. This does not mean that there can’t be a leader, rather that all members of the partnership feel their contribution counts and feel they are required to actively participate. In addition, partnerships usually involve more formalised relations between partners, clearly defined roles in relation to something that is being jointly delivered and have agreed structures of governance. This interviewee suggested that there is a distinction with ‘collaborative working’ – describing a form of multi-agency working that is not formalised, is more fluid, and constitutes a looser arrangement.

Another interviewee suggested that a partnership exists where each partner has some influence on the direction of the partnership working and each brings some contribution or resources to the partnership. It was also widely recognised that ‘partnership’ is a term which has been much abused by government (as well as by the third sector itself), so that not everything labelled as ‘partnership’ is worthy of the name.

However, some respondents suggested that ‘partnership’ cannot have one single meaning – it is often necessary to accept the definitions which partners wish to use and not force one’s own language on others. Moreover, one interviewee suggested that it was not appropriate to rule out contracting as a collaborative arrangement – sometimes it was the most effective way for organisations to collaborate.

The partnership ‘scene’ – TSOs partnering with public and private organisations

As discussed above the general tenor of policy in recent decades has encouraged organisations to enter cross-sectoral partnerships. In practice this inevitably raises questions about the extent to which there are real – or merely perceived – differences in values, working practice and cultures between
organisations in different sectors. Amongst stakeholder interviewees there was a general belief that the values and cultures of third sector organisations tended to align more with those of other TSOs, or even with those of the public sector, than with the private sector. There was reluctance to suggest that partnership with the private sector, at least in theory, should be more difficult, since all partnerships and collaborations involve similar barriers and potential pay-offs. But on the other hand, given the tendency for public sector organisations to be very big and hierarchical, their cultures may therefore be very different from TSOs, even though their values may be similar.

One interviewee suggested that ‘partnership’ with a private sector organisation is there because of a business need, a particular purpose which can best be met in that way, and not because there are shared values or interests. This respondent suggested that it is not possible to make sweeping statements about the potential for partnership – rather it is better to develop a working relationship with a private sector (or indeed with any) organisation before entering into a partnership with it. Another interviewee argued that it depends on how the contract with the commissioner is structured – where it is led by a large organisation as prime contractor (whether private or third sector), there are challenges for TSOs to fit into the set-up, since the prime contractor has to pass down some rigorous delivery requirements, with which the more business-oriented side of the sector, such as social enterprises, will be comfortable, but which are unlikely to work so well with the more ‘mission-driven’, traditionally grant-funded organisations, who often struggle as sub-contractors.

Several interviewees argued that the main areas in which partnership working with the private sector has already taken off or is just now taking off – employment services and prison services – may exhibit partnership working largely because the barriers to entry by TSOs are so serious that this is the only way in which they can gain access to these markets. In other services, for example children’s services, there is now so much provision by the private sector that it makes sense for many TSOs to consider how they can identify and work with a private sector partner who will find their expertise complementary and valuable. As one of the stakeholder respondents, interviewed more recently in 2011, commented, there is now a sense in which the Coalition Government is pursuing these policy imperatives with particular haste:

This work has only come about as a result of change of government, and I think the whole move towards civil society organisations, the whole needing to work in partnership to contract for provision of service and payment, whether it be by results or anything else, has really only come about as a result of the change in government… In a way I think the pace of change has been extraordinarily fast, and not just the pace of change, but the over-riding power of that change agenda. (Stakeholder respondent, March 2011).

If this is indeed the case, and this agenda is here to stay, it is important to recognise that even in the parts of the third sector that are fairly ‘partnership and commissioning ready’ some people will still harbour ideological doubts about such relationships. However, as many respondents made clear, these cultural differences may be largely perceived because TSOs are not used to working with private firms – if this is to become more common, these cultural differences may begin to seem less important.
Structures, drivers and barriers

Structures

Even our relatively small number of case studies and stakeholder interviews highlighted a considerable variety of partnership forms and structures including:

- prime contractors and their supply chains (as seen, for example, in employment services);
- joint bidding consortia and procurement groups (these were mandatory in the Northern Ireland (NI) housing case, and more voluntary elsewhere);
- shared services organisations to support trading TSOs and reduce costs (seen in the NI Supporting People case and English housing case);
- umbrella groups – including UK wide federations (of which some of the cases are members, for example the Employment Related Services Association (ERSA));
- mergers and group structures (the ‘Association’ and English housing case);
- other forms of partnership with the public sector (including place based commissioning), private sector (mainly transactional) with charities (sometimes for mutual support) (including the English housing case, NI Supporting People and ‘Joined-up Services’ cases).

The sheer variety of co-existing partnership forms was particularly apparent in the English housing sector case study which included discussion with interviewees from a range of housing associations of the forms of partnership their organisation was currently involved in. Table 1 maps these forms; the first two (1 and 2) involve collaboration for house building partly in response to larger scale public procurement of new social housing, the next two (3 and 4) are responses to wider forms of public procurement with housing associations (HAs) as providers in the first and consumers in the second, the fifth shared services model aims to provide back office services across a number of organisations but was until recently adversely affected by VAT, finally there are three further forms of collaboration involving partnerships between HAs and public (7) or private (6 and 8) organisations. Most housing associations are involved in several of these partnership forms at the same time leading to strategic choices on whether to maintain independence through a complex web of partnerships or increase efficiency through bundling activities to become more dependent on a few key relationships.
<table>
<thead>
<tr>
<th>Form of partnership</th>
<th>Types of partner</th>
<th>Services involved</th>
<th>Relative importance to business and staffing</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Investment partnering (IP) consortium</td>
<td>Developing HAs</td>
<td>New build social and affordable housing</td>
<td>Essential to maintain publicly funded development for non IPs</td>
</tr>
<tr>
<td>2. Joint venture building company</td>
<td>Developing HAs</td>
<td>New build social and affordable housing</td>
<td>Elective Case study had included all grant funded, but potential to include commercial building activity</td>
</tr>
<tr>
<td>3. Supply chain for wider public procurement</td>
<td>HAs, other TSOs, private sector contactors (often prime contractors)</td>
<td>Employment and training Financial inclusion (FI)</td>
<td>These activities are relatively small % of most HAs business and staffing. Contracts provided potential to scale up (but failure to do this may lead to refocus on employment and FI work with own tenants (e.g. apprenticeships)</td>
</tr>
<tr>
<td>4. Procurement consortium</td>
<td>HAs Potentially much wider but few examples in practice</td>
<td>Repairs and maintenance Office supplies Energy services Insurance</td>
<td>Variety of scale levels reported: Expansion of IP groups to include other spend Regional consortia</td>
</tr>
<tr>
<td>5. Shared services organisation</td>
<td>HAs Potentially much wider but few examples in practice</td>
<td>IT, HR, training and other back office services</td>
<td>Could potentially provide most central services but VAT barrier and symbolic importance of some corporate services to organisational identity</td>
</tr>
<tr>
<td>6. Private sector partnership</td>
<td>Private builders and developers</td>
<td>New build social and affordable housing</td>
<td>Of central importance for all new build by housing associations</td>
</tr>
<tr>
<td><strong>Public Sector Partnership</strong></td>
<td><strong>Local Authorities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. Neighbourhood services collaboration</td>
<td>Public and third sector and to lesser extent private sector providers</td>
<td>Local public services and shared office and service access points.</td>
<td>Of central importance for neighbourhood based service providers but commitment of larger scale providers has been hard to secure due to silos</td>
</tr>
<tr>
<td>8. Corporate Social Responsibility / values led partnership</td>
<td>Housing associations with local charities and social enterprises (including tenant-led businesses)</td>
<td>Social investment</td>
<td>Marginal to most housing providers strategies – But a few are members of Business in the Community</td>
</tr>
</tbody>
</table>

Source: English housing association case study interviews, Summer 2011.
Some cases supported the notion of a continuum of partnership options (Mullins and Craig, 2005), from stand-alone independent through to fully merged unitary organisations (see Figure 1). Choices along this continuum may reflect trade-offs between autonomy and efficiency. Organisations wishing to maintain high levels of autonomy may pursue a large number of limited purpose alliances, while those placing a greater emphasis on efficiency may wrap up more transactions in single partnerships. The case studies identified several examples of structures designed to enable high levels of autonomy while enjoying some efficiency savings. For example the ‘Association’ involved some aspects of sharing of functions while avoiding full integration of the two organisations (see Figure 4). But the two organisations that make up the ‘Association’ are involved in a wide continuum of collaborative activities:

Well there’s a whole spectrum. We have merged... So that's one end of the spectrum. And then at the other end we have... would be [to be] a member of a consortium that would be to deliver a public sector contract. (‘Association’ respondent, June 2011).

Figure 1. The partnership continuum

A related idea to the continuum is of a life-cycle in which ‘one thing leads to another’ (Hax and Majluf, 1984; D’Anno and Zuckerman, 1987) and partnerships may deepen to lead to higher levels of integration and the loss of organisational independence over time. This perspective illuminates the transformation of the housing sector in which most medium and larger organisations have become involved in group structures, initially federal but increasingly as a staging post towards fully integrated
unitary organisations (Mullins, 2004). While there is a clear story here of agglomeration with the top 20 housing associations now accounting for over 30% of the national stock; there is another narrative too. This is represented by the 80% of smaller HAs who seek to preserve independence through collaboration. Some of those interviewed had even managed to exit from larger investment partnering groups and mergers exhibiting a degree of agency that belies the idea of an inevitable drift to increased scale and ‘Tesco-isation’ of the sector (Clifford and Backus, 2010). Despite the strength of external drivers for agglomeration and consolidation, there is evidence that TSOs are continuing to make strategic choices to reflect the relative importance they place on scale and efficiency or localism and accountability to users.

Considering the adage that in organisations as in architecture ‘form follows function’ (Gellerman, 1990) we can identify different types of structures that may best suit different functions. The function of ‘Buying’ has led to a profusion of procurement groups organised around sectors and localities, ‘Selling’ has led to scaling up through partnerships and joint ventures to bid for contracts, ‘Sharing services’ has led to interesting models for back office functions. ‘Growing’ has sometimes led to mergers and amalgamations, while ‘Diversification’ has sometimes encouraged group structures in which discrete functions can be ring fenced and risks managed. These points echo those made in the bulleted list at the start of this section. More innovation has been required for functions involving the local community, as in the ‘Joined-up services’ model. Meanwhile field building and lobbying has often been met through umbrella organisations, with some interesting examples of tensions faced by UK wide umbrellas in lobbying the increasingly distinct devolved UK administrations. For example two of the organisations interviewed in Northern Ireland had responded to these tensions in precisely the opposite ways:

- In one case the NI organisation in the learning disabilities field had retained quite strong functional links with its English counterpart taking common services from the parent organisation including business support, quality assurance and legal advice and expressing satisfaction with the service provided despite the 25% variation in legislative and regulatory context that central support teams had to respond to. In operational terms the NI subsidiary enjoyed a high level of independence but benefited from scale in sourcing specialist business support (NI Case Study August 2011).
- In a second case in the mental health field it had been decided to de-merge from the UK parent and establish a fully independent NI organisation. In this case a business case for de-merger had emphasised the benefits of avoiding surpluses on NI contracts being siphoned to support UK central services that could not respond to the specific circumstances of devolved administration (NI Case Study August 2011).

Because each of these functions requires distinct decisions on organisational form we find that organisations typically operate with a wide range of partnership arrangements established for different purposes. This can create costs in maintaining multiple relationships each of which carries the risk of termination if one of more external partners withdraws. However the alternative of wrapping up multiple functions in a single relationship, e.g. through merger, may involve unacceptable costs in loss of independence or user focus in a larger unitary organisation.
Drivers

The case studies illuminated the multiple drivers currently leading TSOs to consider partnership options within their service delivery work. Underpinning these motivations were some common themes relating to current public policies, notably around the efficiency and commissioning agendas. Examples included the public procurement agenda in Northern Ireland, the Work Programme and Housing Investment Partnering programme in England and more locally driven responses to the deficit reduction agenda. In the case of new house building in Northern Ireland there was a requirement for all funded bodies to be members of Procurement Groups. Often these forces were mediated by sector level institutions such as funders, regulators and umbrella bodies. The precarious position of umbrella bodies in defending the independence of members on the one hand and enforcing public policies on the other was apparent. Most notably this was the case where the legitimacy of the umbrella body itself was challenged by the emergence of consortia groupings that might potentially have taken on some of the communication and lobbying functions of these bodies. The case of the ‘Association’ was notable for the extent to which all respondents were adamant that the external policy environment had had very little bearing on the decision to bring about the closer partnership working.

There were also longer term economic and policy drivers that created ‘external disturbances’ to which organisations were forced to respond. This is particularly apparent from the long term data available for English housing sector mergers with three main spikes since 1975 related to changes in the policy environment (public funding in 1974, private funding in 1989 and investment partnering in 2004) and one trough in 2008-2010 arising from lender responses to the credit crisis (see Figure 2).

Figure 2. English housing sector mergers

[Bar chart showing mergers over time]

Source: Mullins and Craig (2005)
Alongside these top-down external driven drivers were a number of more specific internal organisational drivers. These were more varied between the case studies and arose from mission drivers, such as user-led benefits in the case of the ‘Joined-up Services’ partnerships, potential synergies in the case of the ‘Association’ and internal succession plans in the case of housing association mergers. Some of these drivers were sector or organisation specific and less linked to policy than the top down drivers (Figure 3).

**Figure 3. Top Down or Bottom up drivers?**

<table>
<thead>
<tr>
<th>Top Down – Externally mandated</th>
<th>Bottom up – Organisation or user led</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Procurement Agenda and Regulation (NI case)</td>
<td>• Leadership – Strategic Fit</td>
</tr>
<tr>
<td>• Efficiency agenda (housing)</td>
<td>• succession plans</td>
</tr>
<tr>
<td>• Work Programme Supply chains</td>
<td>• Potential synergies e.g. fundraising</td>
</tr>
<tr>
<td>• Forming consortia to bid for contracts</td>
<td>• Mission – user led benefits</td>
</tr>
<tr>
<td>• Responses to Funding cuts</td>
<td></td>
</tr>
<tr>
<td>• Total Place and Community Budgets</td>
<td></td>
</tr>
<tr>
<td>• Community planning – better use of resources (Threshold)</td>
<td></td>
</tr>
</tbody>
</table>

Source: Authors

From the case studies it was apparent that organisations were often involved in a series of partnerships, consortia and merger decisions at the same time. Furthermore they were constantly responding to the changing policy agenda in the light of their organisational missions and interests. The complexity of the drivers and resulting choices were captured by one interviewee who observed that:

*It’s all very fast moving as well. I mean, there’s so much that’s happening. And I suppose we’re a very diverse organisation in terms of all the different types of services. So it’s responding to all of those challenges from all of the different organisations....And sometimes I think organisations like ourselves maybe aren’t taken as seriously by the statutory organisations but at the end of the day we’re the ones that see the crossover and they very much... In England and that, when you look at local authorities, there is crossover because they have overall responsibility, whereas here the Housing Executive are very separate from the health trusts. And there’s been some Joined-up working but I think it could improve. (NI HA Case Study Interview August 2011)*
Barriers

A number of important barriers to partnership working were identified in the stakeholder interviews. Some of these barriers related mainly to problems that need to be overcome to form partnerships in the first place:

- for example trust and ‘due diligence’ or more informal ‘getting to know you’ activities required for trust to develop;
- others were more ‘cultural’ – quite possibly magnified in TSOs due to the perceived importance of their organisational mission;
- personality is very relevant – often TSO leaders are not partnership-minded. Indeed, some suffer from a form of ‘founder independence,’ although this is perhaps less of a problem with the bigger TSOs.

Other barriers relate more to the implementation arrangements for partnerships such as:

- resources – lack of time and finances needed for effective collaboration;
- skills – particularly in relation to working in large consortia, where there is relatively little experience as yet, and in working with lead partners or prime contractors, where many TSOs are still in the early part of the learning curve.

Then there were barriers that prevent the best form of partnership arrangement being developed. These often lay in the regulatory or commissioning environment that often imposes ineffective arrangements onto unwilling partners. In this category we might also include the lack of willingness of all partners to move on to new forms of partnership with potentially greater benefits:

- Inappropriate, even arbitrary, interpretation of EU procurement rules (e.g. the common rule of thumb that a lead organisation must take at least 65% of the value of a contract).
- Commissioning and procurement procedures are often inappropriate – if they do not leave enough time in the run up to the bidding (as was the case, for example, in the commissioning of FND (Flexible New Deal) and the Work Programme), then TSOs can be squeezed out.
- The way in which providers are paid (e.g. in Welfare to Work but also in prison work) is important – where there is payment by results, organisations are incentivised to focus on easy results. It was suggested that DWP has so far managed to get away with ‘outcome-based contracts’ but only after a lot of ‘shenanigans’, which some players suspected had meant that favourable treatment had covertly been given by DWP to some suppliers who would otherwise have experienced financial difficulties.

Barriers to mergers and tensions associated with increased scale are considered in more detail later in this section. But briefly it is worth noting that two main types of barriers are important here. There are barriers that prevent planned mergers from proceeding and barriers that prevent intended objectives from being realised. Both types of barriers seem to be as prevalent in the third sector as in private sector mergers (Hubbard 1999, Mullins and Craig 2005).
Other issues that were raised in the national interviews included the sense in which the culture around the Gershon efficiency savings drive created a policy perspective that believed that ‘bigger is better’ without really examining ‘what is better bigger’. While this perspective may often be appropriate for finance and payroll services, it probably doesn’t make sense for personal services like teenage pregnancy services. Again, there is evidence that public services could be used better to develop local economies, e.g. through their role as employers. More generally, there is some evidence that large organisations – just as easily in the third sector as any other – create bureaucracy that reduces flexibility, innovation and responsiveness.

In terms of inter-organisational relations, sensitivity to the reactions of partners is important, especially for a large organisation, which wants to partner with organisations of different sizes – there is a risk of overwhelming smaller partners. Accountability for the spending of public money is always likely to entail a level of detail in the audit trail which will impose particular costs on small and informal TSOs, necessarily reducing the potential role that they might play in public service delivery where they seek funding.

The case studies illustrated a range of barriers to effective partnerships. Some of these appeared to be ever present in many kinds of partnerships, others were more specific to forms and contexts. Motivation and trust were amongst the most common recurring themes from the case studies and resonate strongly with the literature that emphasises the cognitive basis of successful networks and the advice of Huxham and Vangen, (2005) about collaboration: ‘Don’t do it unless you have to!’. The recently emerging relationships within Work Programme supply chains between primes and TSOs epitomise the difficulties in building trust when the starting motivations of partners appear so different.

Other ‘soft barriers’ that ran through the case studies were associated with organisational culture and the adage that ‘culture eats strategy for breakfast’ (Carter and Britnell 2011). The need for compromise over ‘whose systems and processes’, the extent of common branding and identity and ultimately the importance attached to independence and sovereignty acted as barriers in many types of partnership. Compromises such as the ‘Association’ which had retained strong brands and individual identities and roles for the partners while moving to some rationalisation of back office services provided one potential way of overcoming such barriers. However, the longer term experience of group structures in the housing sector suggests that such compromises may often be staging posts towards more fully integrated organisations driven by the quest for further cost savings, less complex governance and the mantra of ‘greater consistency’ across the organisation often backed by external regulatory pressure.

The two main organisations within the ‘Association’ had genuinely distinct approaches and ethos that had developed over time and this presented a challenge that was still having ramifications after the merger:

A [...] think of themselves as more fleet of foot... they perceive B as being more ponderous, more academic in terms of our approach to the way we do business, and perhaps creating a level of bureaucracy that they don’t. So, I think a combination of those cultural differences have, kind of, continued to be maintained, and we haven’t really got underneath those to develop a shared culture. (‘Association’ respondent, June 2011)
It must be noted, however, that not all respondents shared this view and their alternative analysis was that the ‘culture issue’ was used by some as something of an excuse to explain inevitable challenges raised by the transition to a merged organisation (see next section for further discussion).

This leads us to the next set of barriers which relate to externally mandated partnerships that are largely driven by commissioner and funder agendas and may lack a strong internal rationale. Incentives and performance regimes often create perverse incentives and weaken genuine collaboration between internal partners. The contrast between the two NI case studies highlights this barrier. Procurement groups were seen as externally imposed with limited strategic choice for HAs other than how best to comply to ‘get ahead of the game’. Meanwhile supporting people partnerships were seen as more voluntary and one-to-one relationships underpinned by an ‘intelligent commissioner’. The contrast between a recently imposed but turbulent regime for procurement groups with fairly stable long term partnerships ‘with their ups and downs usually over money’ provided a telling contrast between externally mandated and voluntary partnerships.

Inevitably, given the importance of contracts and buying and selling to partnership formation many of the experienced barriers were indeed ‘mostly about money’ across the case studies. Two interesting recent manifestations of this from the English housing cases were the slow-down in merger and structural integration activity resulting from changed lender behaviour after the credit crisis; and the VAT barrier to shared service organisations. In the former case lenders were regarding mergers and subsequent consolidation of internal structures as ‘material events’ triggering the re-pricing of loans across entire lending portfolios. The threat of an ongoing multi-million pound penalty through higher interest rates was leading housing groups to reconsider their plans to streamline structures leading to odd compromises of centralised functional staffing structures governed by dispersed subsidiary board structures dating back to before the mergers. In the latter case organisations wishing to secure scale and efficiency savings on central services without moving to full merger faced a 20% penalty through VAT on internal transactions. This barrier was the subject of a concerted lobby by the sector trade body at the time of our case study research which was followed by an announcement in the Chancellor’s Autumn Statement 2011 that such transactions would be VAT exempt from April 2012. In both these cases potential cost savings were being stymied by externally imposed costs which were seen as preventing the adoption of the most cost effective structures.

Other financially based barriers evident in the case studies included those of ‘credit stealing’ and ‘cost dumping’ and of ‘unacknowledged costs’ these issues were particularly apparent in the Work Programme case. In previous employment programmes such as FND, all successful job placements were often claimed by each partner as their unique achievement, while unsuccessful placements were often placed at the door of the lowest tier supplier in the chain (often a TSO). The setting up costs of employment services supply chains were often disproportionately burdensome for TSOs, with little or no prospect of these being reclaimed by a ‘top slice’ of subsequent service revenues, in the way that prime contractors could expect to offset such costs.

Political barriers were also evident in some cases, particularly where partnerships involved moving services away from accountable political structures. Local authorities were often reluctant to give partnerships a larger remit where they perceived this as implying a loss of ‘control’ over actions and
results for which they, as more publicly visible decision makers, would eventually be held accountable by the public. Such barriers were evident in the housing case study, where the move away from group structures with locally accountable subsidiaries towards single integrated organisations sometimes encountered resistance from local stakeholders, particularly local authorities. In one case a plan for savings through streamlining a group structure into a single organisation:

encountered some ‘pinch points’ particularly from elected members in the two stock transfer subsidiaries – where continued local accountability for services had been built into the transfer contracts. (HA Case study interview June 2011)

Public sector restructuring was also causing disruption in a number of our case studies. For example, the TUPE provisions involved in transferring contracts between suppliers in employment services programmes were generally approved of by local authorities, at least in principle. However, those councils which were themselves externalising some staff under TUPE arrangements, as they reconfigured services elsewhere in the local authority, were consequently experiencing tensions in their relations with trades unions. This meant that they were extremely reluctant to accept incoming staff under TUPE arrangements. For this reason, agreements which they had made with prime contractors to supply some employment services often folded, where it transpired that this would involve transfer into their authority of staff from previous suppliers.

A final set of barriers relates to the practical skills needed to build successful partnerships and make them work. The housing sector may not be untypical in its acknowledged history of silo working. This can lead to some odd barriers to partnership working across sectors at the local level, as evidenced by the dominance of within-sector examples even for shared service functions where local collaborations might have been a more productive alternative. The lack of experience of partnership working among individuals and organisations is sometimes seen as the barrier. ‘Practice makes perfect’ may be an appropriate adage here, and serial mergers in the housing sector were able to recount the learning from earlier mergers that had been built into current practice such as early engagement with partner boards, practical cross-organisation projects such as management development training and quick wins to build confidence and put the merged organisation on the map. More cynically the lesson of ‘under-promising and over-delivering’ is one that has been increasingly embraced as the external climate has become harsher.

The idea of learning from experience was echoed by the ‘Association’ case, where advocates of the ‘culture is not the major barrier’ position stressed the sheer difficulty of organisational change through merger, but were ultimately positive about the progress that had and could still be made:

this stuff does feel hideously complex and expensive and I think we learned early on it doesn’t need to be either of those things. And, we got quite adept in the end at, kind of, taking the merger documentation for, I don't know, [an earlier merger] and doing delete and replace with [later merger]… (‘Association’ respondent, May 2011).

Often these underlying barriers are reinforced by the lack of time for partnership building and maintenance. However, we found considerable evidence that these barriers had been repeatedly diagnosed and that there was no shortage of advice and guidance (many interviewees had their favourite good practice and how to do it guides, often funded or produced by commissioners,
regulators and umbrella bodies). The ‘Threshold’ Joined-up Services model provided one such recipe for Joined-up commissioning involving local service users, public agencies and TSOs in service redesign in eleven areas. To return us to the start of our diagnosis of barriers, the Joined-up Services model is predicated on building trust between partners. Perhaps the wickedest of the barriers that all inter-organisational collaborations need to overcome. More uniquely the Joined-up services model is also about building trust with service users and communities – this seemed to be the missing link in several other case studies.

**Summary**

This section covers a great deal of information about the drivers of, main forms, and barriers to partnership working. Case studies tended to divide between those that were more driven by largely top-down public policy agendas, and those that were motivated by mission-related and/or internal organisational rationales. In almost all cases organisations were involved in a wide range of partnership working and collaborative activity, at the same time. This was reflected in a wide range of partnership forms and structures, which provided us with a great deal of opportunity for contrasting approaches across a section of the third sector public service delivery landscape. The idea that there is a continuum of partnership working was still found to be useful, as was the observation that ‘form follows function’. Barriers seemed to fall into three categories: those that needed to be overcome to form partnerships in the first place, and those that relate more to the difficulties of implementing arrangements for partnerships (e.g. resources and skills), and finally those that prevented the best form of partnership arrangement being developed. As expected from the literature on partnership, issues of trust and motivation were widespread, as was discussion about the place of ‘culture’ as a barrier.

**Partnership processes and organisational change**

In this section, we consider firstly the extent to which there were noticeable changes brought about within and between organisations that are attributable to partnership working, and secondly where possible the more vexed issue of the extent to which the case studies provide any evidence of benefits in organisational performance such as financial savings, realising potential synergies or improved processes that might be expected to generate improvements in long term performance through partnership working.

But there was also a split between the case studies in which the key form of partnership was about merger or greater organisational integration; and those where the key form of partnership was less close and more akin to the traditional remit of inter-organisational relationships. This section is therefore structured around this distinction, and the relevant aspects of the case studies are taken in turn.

Some interesting early themes emerged from the stakeholder interviews, which helped shape our approach to the case studies. Virtually all interviewees commented that it is hard to demonstrate that partnership working leads to savings – the effects remain too hard to quantify. This is partly because there is only limited experience of activity-based costing in public services delivered by the third sector.
– nor any rigorous accounting mechanism for partnership working. Consequently, it is difficult to know which partner contribution has affected a particular output or outcome. For many observers of the sector, there is a feeling that it would be valuable to have a framework for making a good business case for partnership and collaboration. This might, for example, be along the lines of business cases commonly prepared by housing associations seeking regulatory approval for mergers or ‘transfers of engagements’. However, for most other forms of partnership it was generally agreed that it would be very hard to quantify the financial cost of partnerships. The hidden costs of partnership include meetings and the unrecorded sharing of resources (including staff). Most attempts to quantify the costs and benefits of partnerships have failed (including those of the major external auditors).

**Evidence of savings and efficiencies from merger, integration and partnership working**

Two of our case studies concerned organisations coming closer to each other in processes generally described as merger. In the English housing association mergers and group structures case, the issue of efficiencies and savings was relatively prominent.

There is a strong belief in parts of the housing association sector that fully integrated structures can generate greater savings by consolidating assets and borrowing capacity, by reducing senior management and governance costs and simplifying systems and performance management. But full integration is hard to achieve, requiring the financial, governance and accountability barriers outlined earlier to be overcome. And as pointed out in the private sector mergers literature, one of the biggest challenges to overcome is that of cultural integration (Hubbard, 1999). This finding which came through strongly in our case study interviews was later reinforced by a study by the professional housing body, the Chartered Institute of Housing, which drew on three case studies, following inconclusive results of a larger scale statistical analysis of the relationship between size and performance, to argue that ‘organisational transformation is necessary in order to benefit from and maximise efficiencies’ (Lupton and Kent-Smith, 2012). This followed earlier (similarly inconclusive) work by Lupton and Davies (2005) which had distinguished functions like building new homes where scale counted from local housing management where smaller could be equally or more effective. Comparative academic analysis covering similar ground (van Bortel et al., 2010) 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.

Merged housing organisations tend to judge their success through standard performance measures benchmarked against the sector, external symbols of validation such as competitive awards, accreditation, successful funding applications, and most of all credit ratings. On all of these areas some organisations would claim that merger has taken them much further than groups or less formal forms of collaboration could have done. In contrast smaller organisations tend to judge success by relationships with communities and local reputation. This may lead to increasing polarisation of the

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3 Such business cases first required by the (former) Housing Corporation in 2004 are expected to quantify anticipated financial savings and to identify benefits for tenants. (see Mullins and Craig 2005)
Evidence on efficiency savings has traditionally been patchy as an Audit Commission and Housing Corporation study pointed out in 2001 (Audit Commission and Housing Corporation, 2001), but following regulatory guidance in the form of a letter from the Chair of the Housing Corporation in 2004 (Mullins and Craig, 2005) most associations attempt to predict and keep some record of merger costs and benefits. While it is rare for evaluations to be conducted that truly isolate the impacts of merger from other factors such as ongoing efficiency measures that do not require merger, a statement of efficiency savings is now a key element of the business case for merger and for its review. The savings claimed can be quite considerable, for example:

- two medium sized organisations had each aimed to take £5 million out of costs by year five;
- in one case following an initial saving of £0.25 million, “There was a further savings target of £4 million p.a. after five years by restructuring and job cuts. We are now in year four and these savings have been achieved. A new target is to save £6 million a year by 2014.”

Sources of savings can be identified, ranging from easy wins to those requiring considerable planning and integration to achieve. For example:

- easy: external procurement (e.g. group insurance cover, car fleet, feed-in tariffs);
- pretty easy: executive team consolidation (unless retain entirely federal structure) – but need to watch for grade creep and extra specialists. In one case the cost of executive management was claimed to have fallen by two thirds in real terms over 10 years by consolidating the executive teams of 13 predecessor organisations into a single unitary structure;
- harder: borrowing costs – likely to go up unless avoid restructure – therefore portfolio asset management gains are currently harder to achieve;
- harder: operational staff restructuring – can be painful and “don’t always lose and keep the right people”;
- hardest: board restructuring – as a result of a reduction in the number of non-executive directors following integration of merged organisations, reducing board servicing costs, external audit and regulatory compliance costs – such rationalisation has often been resisted or delayed for several years to minimise reputational risks.

The second case discussed here, the ‘Association’, is interesting because it was described and discussed in the media as a merger but in fact is more complex in terms of the organisational changes that came about. On the other hand, it demonstrates that similar issues to those associated with mergers have arisen. In essence, over a year the two organisations were brought much closer together and there was some restructuring along functional lines. Organisation A took over Organisation B’s fundraising functions (and Organisation A fundraises for the whole Group); and Organisation A’s Regional Services and associated contracts were transferred to Organisation B. Hence around 250 staff moved between the two organisations as well. One of the main rationales put forward for the changes was to reduce duplication that existed in the sector, for example by closing
some regional offices and the creation of a single phone help-line. The ‘merger’ was pursued, at least overtly, in order to realise benefits for users, including:

- greater availability of services, and a clearer ‘offer’ to service users;
- reduced duplication of services on a geographical basis;
- the ending of competition over public contracts etc., for instance in health or employment services.

But as noted, it would be misleading to say that the two organisations were simply merged – nor was the language of merger used internally or publicly. Importantly, the two organisations have been careful to maintain distinctness and a level of organisational autonomy – this is why the new relationship was described as an ‘Association’. From a traditional private sector perspective full merger might be expected to involve full integration of ‘front’ and ‘back office’ functions. Fundraising, strategic planning, management of English regional services are merged, but finance, IT and human resources are not and remain separate systems. Hence, the two organisations retain a relatively high level of organisational autonomy, as well as their separate public ‘brand identities’ (see Figure 4).

This amounts to a useful split along functional lines, or in schematic terms a ‘division of labour’. It also fits with strong internal organisational identities – or culture – that has existed for many years:

Sounds a bit pejorative but it really isn’t meant to be, the ‘doers’, if you like, the practitioners, in the sense of frontline service delivery staff moved into [Organisation B]. So [Organisation A] in England has few frontline delivery staff. There are some anomalies I can talk about, but in the main [Organisation B] is the service delivery arm of the [Organisation A] Group for England. And the thinkers, if you like, the researchers and so on, remains within [Organisation A]…(Association respondent, June 2011).

A further interesting issue is that the Association created certain opportunities – or even a form of synergy – for example in sharing of donor databases: the two organisations have different and complementary donor profiles; the ability to fundraise across brands, and finally the ability to share knowledge across the group to have more ‘impact’ for blind people. A good example of this is the knowledge gained from ‘frontline’ operations in contract delivery (a traditional Organisation B strength) can be used in lobbying (traditionally Organisation A’s ‘territory’):

So, [Organisation B] are part of the Group, goes down really well as a fundraising ask, and that’s proving to be quite successful. It gives us access to all sorts of interesting opportunities that we didn’t have, so [Organisation B’s] donors were younger than [Organisation A’s], as an average, so that’s great because we always wanted to reduce the average age of our donors. (Association respondent, May 2011)

And,

so on unemployment, [Organisation A’s] got a good track record in terms of our campaigning works, where [Organisation B] didn’t have any history of campaigning in the same kind of way… [Organisation B] can bring to the table their experiences working directly with service users. (Association respondent, June 2011)
It was generally agreed that savings and cost benefits were there theoretically, but that it was very difficult to show real evidence. In theory there are financial benefits from returns to scale and reduced duplication but there has not been a systematic effort to prove this. Part of the issue here is that the Association wasn’t pursued for purely, or even largely, financial reasons so it is neither appropriate to judge it on that basis, nor to expect hard evidence to have been captured.

On the other hand, many interviewees pointed out that most back office functions of Organisation A and B had not been merged, which, if they were to be, should yield efficiency savings. This is an interesting point for two reasons. Firstly, it demonstrates again that the ‘merger’ was not pursued primarily with efficiency gains in mind, and indeed that concern to preserve a relatively high degree of organisational autonomy for the two partners has meant that there could in principle be further movement along the continuum of efficiency gains.

Secondly, some interviewees felt that the decision not to merge the back office and other organisational functions (such as communications and marketing) does cause difficulties for staff, and that benefits in terms of reducing internal barriers and duplication would flow from greater integration. The counter argument is that it is a greater priority to have a seamless front office, so that services are more comprehensible and approachable for beneficiaries. This in fact points to perhaps a third point, the complex issues associated with the bringing together of two well-established organisations each with a distinctive ethos and culture. The ‘culture issue’ in many ways divided respondents. Some
thought the issue was over-egged and was used as a something of an excuse to avoid ironing out process and governance issues associated with the changes:

Yeah – I’m not a big fan of, “Oh, we’re different cultures.”…And so I don’t think that, just because you work for an organisation, you necessarily soak up that culture. Some, yes, but not necessarily all… So I think it’s difficult, some of the relationships [involved in bringing together two organisations], I think they’re complex and people stick this label ‘culture’ on them because they didn’t get what they wanted: so different culture. (Association respondent, August 2011).

Others held to the view that the two organisations had a genuinely distinct ethos which should be valued and preserved (as has been highlighted above).

**Figure 5. English Housing Mergers- One Structure leads to another?**

![Diagram showing different structures:
- Preserving Independence through collaboration
- Federal Structures – Best of both worlds?
- Groups as a staging post
- Integrated Unitary Organisations](image)

Source: authors

It is interesting to compare the Association and housing case studies in relation to life-cycle perspectives on group structures and mergers. While Figure 5 depicts what might be seen as the dominant model in the housing sector, where one thing leads to another on a path towards full merger and integration, the Association illustrates the possibility of alternative paths with greater preservation of autonomy and identity of partners. Closer examination of the housing case also highlights a number of ‘forks in the road’ where partners have chosen to exit from existing partnerships, consortia and even group structures. Even relatively small associations had been able to preserve their development role and independence by forming new partnerships such as joint building companies nested within IP consortia. It is therefore not inevitable that associations will move from consortia to group to merger.
Inter-organisational relations

The case studies discussed in this section were much more oriented towards process changes that came about through changed inter-organisational relationships.

In ‘Joined-up Services’ the approach developed by ‘Threshold’ to improve the design of local services (mainly health, housing and social care), the partnership is in a broad sense with the local community, building their relationship with commissioners, and then designing improved service processes in a co-productive relationship. ‘Threshold’ builds community capacity to take part in designing services and helps bring the ‘voice of the community’ into a direct dialogue with commissioners. The model, which can be transferred from one geographical setting to another, is to form a partnership with a steering group of the public agencies involved, bring in the voice of community, then train and support community researchers to do a sustained piece of research (an ‘audit’), and finally to bring the community and steering group together to design a service based on that research (Figure 6).

Figure 6: Outline model of the Joined-up Services approach

‘Joined-up Services’ was jointly commissioned by the NHS and local authority, so there is a public sector partnership in place already. The specific case studied for this report was an individual ‘Joined-up Services’ project in West London, one of eleven ‘Joined-up Services’ projects so far completed in a variety of places across England. In West London the steering group included the PCT and Borough Council, Chair of a Tenants and Residents group, the local ALMO, and Mental Health Trust.
The research done by community researchers tends to highlight the dis-connectedness of services, the fact that some individuals feel ‘passed around’ between service providers, which leads to crisis points developing, and costly interventions are then needed. ‘Threshold’s’ general experience is that in many deprived areas, services have been well funded but access is not maximised for a number of complex reasons.

Nevertheless, the real test for this type of partnership working is whether the approach becomes embedded in public agency working. However, it is presently too early, and perhaps will remain difficult to judge. As a ‘Threshold’ interviewee put it: “The real challenge is sustaining the partnership working that is set up. The ideal is they can apply lessons elsewhere across services, in longer-term partnerships with the community.” Another local stakeholder commented: “it is all still a bit aspirational.” Partly because of this, Threshold has recently commissioned the Personal Social Service Research Unit (PSSRU) at the London School of Economics to carry out a cost-benefit analysis to help determine the case for the service redesign proposed as a result of the ‘Joined-up Services’ (Bauer et al., 2011). Clearly also, this blends into the issue of longer term outcomes – for community health and wellbeing – from partnership working and this is discussed in the next section.

The Northern Ireland case focused on the two largest publicly funded programmes delivered by third sector organisations in Northern Ireland – Supporting People and new social housing. The two main fields had very different patterns of inter-organisational relationships. Supporting People (SP) was distinguished by the large number of small one to one voluntary partnerships between agencies from different fields (housing and support) based on individual schemes. Meanwhile Social Housing Procurement Groups were made up of a small number of externally mandated partnerships between agencies in the same field (housing associations). While most SP partnerships are long-standing and stable, the procurement groups are the product of recent top down policy and have already exhibited instability. However the fields share a number of features including the importance of procurement and regulation in establishing powerful external partners who may have greater influence than partners directly involved inside the partnerships, and the relative powerlessness of tenants and service users in influencing the partnerships. Both also involve representation by executive rather than board members, and neither involves private sector partners in any direct way. This comparison is detailed in Table 2 below which builds on discussion of partnership structures earlier in this report and illustrates the contrasting effects of different forms of commissioning and procurement on the enactment of these partnership forms. It further elaborates the differential power of external and internal partners and the low level of power of service users in both cases. Finally it compares impacts with regard to the relative importance of the partnership to the organisation (measured in relation to overall turnover and staffing).
Table 2: Forms of partnership involved in case study fields

<table>
<thead>
<tr>
<th>Sectors involved</th>
<th>Supporting People</th>
<th>New Build social housing</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Services involved</strong></td>
<td>HAs, and predominantly third sector support organisations</td>
<td>Developing HAs</td>
</tr>
<tr>
<td><strong>Who are the main partners?</strong></td>
<td>Housing related support for homeless people, people with mental health needs, people with learning disabilities, ex-offenders, and other special needs (interviews focused on first 3 groups)</td>
<td>Procurement of new build social housing and contractors framework in first instance</td>
</tr>
<tr>
<td><strong>Internal</strong></td>
<td>Usually one to one relationships between HAs and support providers regulated by joint management agreements (JMAs) or service level agreements (SLAs). Support providers may be involved in several partnerships with same HA or partnerships with several HAs. NIHE contracts may be batched e.g. by geographical area.</td>
<td>Maintenance and other procurement later</td>
</tr>
<tr>
<td><strong>External (powerful)</strong></td>
<td>NIHE, and to much lesser extent Health and Social Care Commission Board and Area HandSC Trusts.</td>
<td>Original 4 Procurement Groups (PGs) range from 6 to 10 HAs. HA members represented by Exec staff rather than board members. Now 3 PGs ranging from 5-10 members following 2 mergers.</td>
</tr>
<tr>
<td><strong>External (limited influence)</strong></td>
<td>Regulators (QUAF, RQIA, domiciliary area standards).</td>
<td>NIHE, DSD main external partners within public procurement framework set by NIA and Central Procurement Group and DSD Inspection Unit (eligibility for grant).</td>
</tr>
<tr>
<td><strong>Users</strong></td>
<td>Tenants and service users have very little opportunity to influence.</td>
<td>Tenants and service users have very little opportunity to influence.</td>
</tr>
<tr>
<td><strong>How much of your business turnover is involved?</strong></td>
<td>£64million p.a. of public funding for housing related support. In some cases this is matched with Health and Social Care Board funding. SP forms substantial % of most providers income and staff activity and this is recognised by NIHE focus on organisational health (reserves etc.).</td>
<td>£155 million of grant funding p.a. This is matched with a growing % of private funding. Almost all new HA building is involved. Non-developing HAs also affected by PGs.</td>
</tr>
<tr>
<td><strong>What proportion of your staff is involved?</strong></td>
<td>SP is generally a small element of overall activity and staffing for most NI HA partners, but a few specialist HAs employ support staff and receive SP funding direct. SP funded staff often very important for SP providers</td>
<td>Development staff is the main group involved and have traditionally been seen as important within HAs despite relatively small nos. In some small HAs development was handled by CEO and/or development agent. PGs are expected to merge development teams leading to job losses. More HA staff will be affected as role of PGs expands, especially if mergers follow. Impact on umbrella organisations may also be important.</td>
</tr>
</tbody>
</table>

Source: Mullins, Muir and Acheson (2011)
It was clear that the Procurement Groups (PGs) were already having a considerable impact on HAs and some impressive claims concerning efficiency impacts had been made. However, change to date had fallen short of the expectations associated with the Procurement Strategy intentions. Efficiency savings on contractors may have resulted from the depressed market conditions rather than PGs themselves. Moves towards a single development team within PGs were expected to generate efficiency savings but were being resisted. Barriers included potential redundancies across the sector, weakening the power base and sense of organisational unity and mission within individual HAs and difficulties in reaching agreement on whose standards and procedures should be adopted across PGs. There was variable progress towards the goal of integration within PGs and establishment as legal entities envisaged by promoters of the Procurement Strategy. There were also delays in proceeding to incorporate other forms of procurement into the groups because of pre-existing contracts. These barriers partly reflect the imposed nature of the groups rather than building organically on existing collaborations, cultural barriers were also important and had probably been underestimated. To date the PGs had led to less change in NIHE responsibilities for programme and financial management than might have been anticipated, with contacts with individual HAs rather than PGs the norm since PG leads still have ‘the day job’. There were thought to be risks and potential conflicts of interest in transferring programme management responsibilities from NIHE to the PGs.

HAs had taken very different stances to the introduction of PGs and there were clear winners and losers. PGs were being set up at the same time as regulatory action against seven developing HAs. This affected programme delivery as well as adding to the difficulties of collaboration between members with and without programme allocations. PGs were a new level of inter-organisational co-ordination in the sector and raised challenges for the umbrella body. Key learning included the need for political acumen to keep ahead of the game, to exert the maximum influence on which partners were involved in your group and to build the technical skills and resources necessary to operate in the new environment. This confirms the need for a specific set of skills to ‘manage networks’ (Kickert et al. 1997) successfully. This was exemplified by one PG:

(This) Group had chosen its partners well to include smaller community based and specialist HAs in areas of continued high demand where the programme was likely to grow. Furthermore it had built on its existing development track record by recruiting a specialist with technical expertise in procurement and made speedy progress with a procurement framework, a registered company structure and move toward a single development team for the PG. (NI Case study respondent, August 2011)

Summary

Partnership working has certainly had significant impacts on the internal operation of most of our case study organisations. Yet it was also generally the case that it is very hard to evidence that partnership working creates savings, and that even internal organisational outcomes are hard to identify and quantify. Even in the case of mergers – or increased closeness – evidence of efficiency savings was difficult to find or was contested; and there was the possibility that the ‘image’ of merger – with its private sector baggage – is perhaps not so appropriate in the case of third sector organisations.
When it comes to the level of external engagement in partnership however there appears to be a clear split. In some, increased stakeholder involvement, including engagement of service users and, sometimes, their communities, has been a common result. In contrast, in the two housing related case studies (one of mergers, the other of new build housing and of Supporting People), service users and local residents were generally not directly engaged in setting the goals and objectives for partnerships – however the stated goals often included improved customer service or at minimum no detriment – achievement was usually measured with reference to customer satisfaction surveys. The issue of wider impacts and outcomes of partnership working is considered in more detail in the next section.

However, the evidence suggests that ‘ownership’ and ‘buy-in’ from partners continues to be a key criterion for whether the impact of ‘partnership’ will be real or merely tokenistic. In particular, imposed ‘partnerships’ are likely to give rise to resistance and bring relatively little change to the actual operations of ‘partners’.

There was also the opportunity to study a case where a third sector organisation facilitates inter-public agency working and bringing in the community and user perspective, where seemingly trust is a key issue but again it is very difficult to evaluate longer term impacts. Again, this is explored in more depth in the next section.

**Impacts of partnership working**

In this section, we summarise the impacts of partnership working in each of the five case studies. In contrast to the previous section, it focuses, wherever possible, on the wider impacts beyond the individual organisations: involving changes that impact on users, service quality, and the wider service system. In addition, this section takes a rather different form, by focusing more on the detail of individual case studies, where they yield evidence relevant to the discussion, rather than drawing out the cross-cutting themes. This is because the impacts were so specific to each case study that it was not helpful to attempt to draw out common findings.

In general, there has been relatively little research on the impacts of third sector partnership working to date, particularly on the outcomes experienced by service users and other stakeholders (Rees, Mullins and Bovaird, 2012). The five case studies which we undertook were also more successful in eliciting evidence in relation to partnership processes than on the quality of life outcomes of service users or high level outcomes valued by other stakeholders. This is both because the partnerships concerned have so far paid relatively little attention to assessing outcomes and also because, in a number of cases, it is still too early to expect clear evidence on the outcomes of the partnerships concerned. This section also looks at evidence about benefits emerging from partnership to the wider service system.

**Impacts on users and service outcomes**

It remains remarkable how little evidence is available relating the experience of partnership working to the quality of life outcomes of service users and the highest level outcomes sought by other stakeholders. This suggests that despite the increasing emphasis on service outcomes, third sector partnerships in the UK have continued to be largely driven by managerial (often financial) pressures,
rather than the expressed needs of beneficiaries. In addition, service outcomes and user impacts are likely to be ‘downstream’, and therefore harder to identify and assess – in a sense altogether less visible.

**Employment services**

A relatively low weight has been given in the employment services commissioning process to the views and expertise of actual and potential service users. The outcomes which have been written in to contracts have largely been in terms of employment placements which have lasted for a specified length of time, rather than the subjective satisfaction of service users with the quality of their experiences in the programmes which they have received or the quality of the final job in which they have been placed or impact on their long term employability.

There are rather more instances of users being engaged by providers – e.g. in the design and assessment of the services which they receive. Some providers also promote co-delivery by getting people with successful placements to give peer group support to people currently being supported back to employment. However, in general the issue of user co-production of employment services has taken a back seat to date, with few of the prime contractors appearing to give any weight to this – surprisingly perhaps, in the light of government commitment to ‘Big Society’ approaches. This has been an area in which the potential of the third sector elements of the supply chain has apparently been underused.

In terms of employment outcomes, there was general agreement that the outcome-based commissioning and contracting system of the past few years has been more cost-effective in helping the long-term unemployed back into work than the old worklessness programmes run on activity-based specifications. However, it was still too early to quantify the extent of this impact on employment outcomes. Moreover, there is still considerable debate on the extent to which the achievements of private sector led consortia have benefited from their ability to ‘cream’ and ‘park’ their referrals (Bredgaard and Larsen, 2008), especially given the relatively low overall rate of placements since the onset of the recession and subsequent difficulties besetting the UK economy.

**Housing mergers in England**

Some landlords were claiming enhanced opportunities for tenant involvement in their merged structures (e.g. customer panels, resident scrutiny, resident involvement in selecting contractors, residents on appointment panels for housing management staff appointments). In one case the claim was made that after a succession of mergers and internal rationalisation into a single structure to increase scale and efficiency:

> despite that incredible increase in operational financial performance we are probably more local now than we were (Case Study respondent, September 2011)

A key test may be whether users will be more involved in setting the outcomes for future mergers.

Users were rarely involved in setting the outcomes of housing mergers although housing associations are required to produce a business case including intended benefits to users. However, users were expected to benefit from greater efficiency and consistency of service delivery across large integrated structures. The main sources of evidence used to assess these claims were service delivery key performance indicators and customer satisfaction surveys. While housing associations
have been encouraged by their regulator to develop ‘local service offers’; larger merged organisations
have tended to stress the similarities in what tenants want across different types of areas and the
advantages of a consistent service over local tailoring and that ‘top down targets work in delivering
consistency’. There was some evidence that in the current financial and policy climate business cases
are tending to play down benefits to tenants:

because the policy landscape is changing – an uncertain future led to avoiding
overpromising but aimed to preserve as much as possible of existing service benefits.
(Case Study respondent, May 2011)

**Housing partnerships in Northern Ireland**

A common feature of housing partnerships in Northern Ireland – both the Supporting People (SP)
partnerships and the procurement groups for social housing (PG) – has been the very limited
opportunities provided for users to influence partnership structures, operations or the outcomes which
are identified.

In the SP field, there has been limited use of an ‘Inclusive Forum’, intended to engage with service
users, and no significant progress on the personalisation agenda, although some providers were
user/membership organisations. There was also an emphasis on support packages that follow the
individual and the Quality Assessment Framework (QAF) used to review service quality was said to
have led to better and more consistent standards for users.

In the PGs, there was even less emphasis on user engagement. Outcomes were being assessed
in relation to the ‘excellence agenda maturity grid’, modern methods of construction and efficiency
savings targets (Mullins, Muir and Acheson 2011). However, these tools included only indirect
reference to user benefits and none to user involvement in the procurement or design process itself.
Housing organisations suggested that users’ interests were included via design quality
conformance with the HA Guide and by customer surveys and they showed little concern that, by separating
development procurement from housing management, they were losing an important user feedback
opportunity. As PGs were not based on geographical boundaries, there was limited scope for
community input to design.

‘Joined-up services’

Joined-up services in West London was completed in autumn 2010. A key question is whether the
partnership working at the heart of the Joined-up Services approach will make a real and substantial
difference to how residents experience public services, and, in the even longer-term, whether service
improvements lead to improved health and wellbeing outcomes. Clearly given the timescales this
remains to be seen and will in any case be difficult to determine, given changes in the public services
landscape as well as the standard attribution issues.

However, as noted above, Threshold commissioned the PSSRU at the London School of
Economics to conduct a cost-benefit analysis – from a societal and total public budget perspective – of
the hypothetical implementation of the ‘community navigator programme’ which was the service
design recommendation of a similar project in Basildon. The proposed programme, called Experts by
Experience, is a “hybrid service that employs a mix of local people and volunteers, with knowledge of
their community, experience of using health, housing and social care services, and a vision for co-
creating a new type of service embedded in the local community that builds the capacity and resilience of local people” and involved an element of time banking (Bauer et al., 2011). The evaluation found, from a governmental perspective, an average rate of return of 4.44; and from a societal perspective a return of 3.87 (both figures exclusive of quality of life benefits, which make the return considerably larger).

However, an equally relevant finding from a partnerships perspective is that 'Joined-up Services' can help public agencies go beyond traditional engagement methods: using community researchers is a fundamentally different model. The key element seems to be trust: when Threshold is brought in, it partly demonstrates to the community that the Council, NHS and other public agencies are willing to do something different. Threshold makes it clear that they come in as partners, to work with commissioners to help move away from previous ‘stop-start’ consultation to make more long term and sustainable change to services. Therefore outcomes should be judged on whether the approach leaves a legacy of less use of tokenistic engagement, the continued involvement of Community Researchers in ongoing research and service redesign over the longer term.

**The Association**

In the period when the two organisations were coming together to form the Association, users were not, on the whole, consulted on the merger and its implications – this was partly because it was completed in a short time frame and a long process of consultation would not have been possible. Nevertheless Organisation A has a strong history of involving members in its governance (through member forums) and in delivering policy in their interests and this was invoked by many case study respondents as a key element guiding the strategy of forming the Association and partly explaining why the process was completed successfully.

However, on the issue of service quality and user experience, respondents had divergent views on whether services had got better, initially worse then stabilised, or whether it was just too soon to say This is a common finding in the UK mergers literature, see Hubbard (1999). In this case, many interviewees acknowledged some relevant counterfactuals: both that if the association had not happened, Organisation B might have closed with negative consequences for users, and also that the national financial crisis has made it hard to assess operating conditions. Nevertheless, all argued that the Association had led to the protection and maintenance of services through challenging times of rising demand for the charities’ services and falling income. It was also widely believed that users should directly benefit from the creation of a joint fundraising team, which, though challenging for staff, has resulted in an organisational unit with cost savings and considerable synergies which may well lead to increased revenue.

I think initially quality of service [dropped] because people sat in their offices and didn’t do anything. You know, that period of inertia that often happens, you know, that lasted months, three months, four months, until there was clarity around what was happening and the consultations went through. So initially it would have gone down... Once that period had finished and the management structure was put in place and people were formed into teams within [Organisation B], it would have started to rise again. (Association respondent, June 2011)
Further, the widely claimed benefits of ‘de-duplication’ of local services that has come about through greater joint working:

I think [reduction of] duplication has definitely, in some areas, [been] a tangible benefit, so some people don’t have two offices to go to. The sharing of strategy, the fact that we now share a strategy, and that manifests itself in terms of through the programmes of work we have, so [the two organisations] work together to commonly shared aims… (Association respondent, June 2011).

In terms of the wider impact of the Association then, what was being claimed was that the it had brought about improvements at the level of the services available to blind and partially sighted people in the UK. Specific improvements claimed at the level of the service system for the Association included greater availability and reduced duplication of services. On the other hand, it was also believed to have reduced competition for public contracts, which, while improving the performance of the two organisations, may have reduced the cost-effectiveness of the overall service system. However, it is not possible to provide a more detailed evaluation of these claims and for this reason the Association is not discussed in the next section.

**Impacts on the service system and supply chain**

There has long been an understanding in the UK public sector that strategic commissioners are meant to be responsible for the creation and management of a cost-effective service system and supply chain, whether directly or through ‘prime contractors’ or ‘service integrators’. A range of tangible outcomes for the service system have been reported as resulting from Joined-up Services:

- Re-designed and more community-oriented services (time banks, peer support networks, community champions/voluntary advice networks) have been set up across the eleven areas.
- The legacy of trained community researchers who provide a resource for commissioners, as well as improved individual outcomes (e.g. employment)
- Commissioners recognise the benefits of empowered individuals who understand agencies better and can help improve a community.

**Employment services**

In the exploration of partnership within employment services programmes, and the build-up to their re-launching around Coalition Government’s Work Programme, there was widespread concern that small TSOs would inevitably find it difficult to meet the requirements for professional systems which the Work Programme demands. On the other hand, there was also widespread agreement that many small TSOs are better at working with ‘hard to reach groups’. This might not simply be a matter of being able to reach some potentially ‘parked’ clients – one respondent within a prime contractor noted that it is considering employing security staff on its premises because of the difficult relationships it has with some clients on its programmes, something which would be highly unlikely to be necessary with a small local provider.

Consequently, there was concern that many of these small specialist providers, particularly in the third sector, may be lost to the system. In order to mitigate this, one end-to-end provider interviewed for the research had helped a small niche provider, initially completely without any business systems,
to grow into one of its most trusted partners. Nevertheless, several respondents anticipated that there would be significant pressures on small TSO providers in the Work Programme to merge or form very close alliances, in order to improve the efficiency of their systems. On the other hand, one community enterprise company stressed that it did not want to grow as a subcontractor in employment services:

It's too risky to get much bigger! And we want to do other things – we have other streams of work like housing support, social care support, etc. (Employment case study subcontractor respondent, October 2011).

The extent to which the extended supply chain management which has come to characterise the employment services sector is based on genuine ‘partnership working’ divided respondents in our case study – some thought it was indeed collaborative, while others saw it as simply ‘contracting in disguise’. One sceptical TSO respondent instanced a recent case where a prime with which it was working did not win a Work Programme contract in that region but did win a contract in a neighbouring region and wanted the TSO partner to continue to work with it, in this new region. However, it was not prepared to support the TSO by giving it temporary access to shared office facilities or to its job brokerage system, which raised questions as to how much commitment it had to partnership. On the other hand, this same respondent went on to work in its core region with a new prime contractor – this relationship has (so far) been open, transparent, receptive to ideas, and flexible enough to make contract changes, as lessons have emerged. Moreover, this prime has held regular monthly meetings with all partners in the supply chain, and been happy to share its recruitment sources, even running joint recruitment days and rotating the partnership meetings around the premises of the partners. This was seen as evidence that real partnership is not only possible but flourishing in some parts of the Work Programme. Again, this finding echoes discussion in the literature about the move from trust-based voluntary partnership to contract based relationships and the possibility of partnership ‘beyond the contract’ (Rees et al., 2012).

The fact that most TSO providers we interviewed were working with more than one prime contractor, and had previously worked with yet others, demonstrated a ‘promiscuity’ of relationships in the sector and can be seen as further evidence of the absence of ‘real partnership’ (with providers seeking out any contracts which they can land, rather than ‘relationships’). On the other hand, it could rather be interpreted as evidence of immaturity in a sector which has only emerged relatively recently and where an unnatural level of ‘churn’ was introduced by the wholesale closure of the previous administration’s programmes by the Coalition Government in 2010.

All respondents stressed that the very tight targets set in the Work Programme meant that performance management would be key, so that prime contractors were expected to be fast at identifying and dealing with low performance in the supply chain – all supply chain members recognised this as a prerequisite for survival, never mind success. As one Tier 2 supplier suggested:

We know that poor performers will get rapped over the knuckles but the partnership must perform as a whole. (Employment case study respondent, October 2011)

Many TSOs are now working with more than one prime contractor in the Work Programme – most felt that it was beneficial to ‘shop around’ and did not anticipate forming exclusive supply deals in the near
future. From this experience, TSOs noted clear differences between the primes in how ‘tight’ their performance management systems are – some allow more room for innovation than others.

A number of respondents raised concerns about how well TSOs were treated in practice in their supply chains – as ‘minnows’, there was a feeling that they often were treated in a rather offhand way by primes. While the Merlin standard, agreed by DWP with many of the key players in the sector, was meant to set out a set of governance principles by which the sector would self-regulate, it was regarded with suspicion by some TSOs. As one retorted:

Merlin – does it work for anyone? Does DWP even ever look at how it is working out? (Employment case study sub-contractor respondent, October 2010).

However, a different point of view was raised by a Tier 2 supplier:

Merlin insists providers should go for a fair and open formation of their consortium – but I want a blended approach, where the consortium can piece together who it wants, including those organisations it has already experience of working with. While I don’t want primes ‘sewing it up with their mates’, I do want flexibility, which Merlin potentially restricts. There should be circumstances in which we should be able to get a statement that Merlin doesn’t apply. (Employment case study subcontractor respondent – but prime in other employment services programmes, October 2010).

It is worth reiterating that the case study research was carried out at a very early stage in the operation of the work programme, with actual provision just getting up and running, and it can be expected that some quite major changes could occur within delivery chains. Nevertheless, this key tension between the desire and rationale for genuine partnership working, and the rigours of performance in a very tight commercial environment with restricted resource available to many TSO subcontractors, is likely to persist.

**English housing mergers**

Twenty five years of constant merger activity has clearly had an impact on the ecology of the housing association sector and since 2004 there have been increasingly direct attempts at supply chain management to maximise efficiency. Reducing the number of ‘investment partners’ eligible for receipt of social housing grant has shifted the ecology of the sector with development consortia forming an increasingly important tier from which organisational mergers have sometimes evolved. Between 2002 and 2010 43% of all associations and 90% of larger associations with above 10,000 homes were involved in constitutional changes to mergers and groups (Pawson and Sosenko, 2012). The result has been a continued increase in the average size of associations – which the sector tends to measure by numbers of homes owned (doubling from 955 to 1816 homes) and in the concentration of ownership amongst the largest 20 associations (from 26 to 30% market share). The largest associations now have over 50,000 homes. However, despite this activity it has been possible for IP consortia members to exit and move to another consortium, and relatively small associations had been able to preserve their development role and independence by forming new partnerships such as joint building companies nested within IP consortia. It is therefore not inevitable that associations will move from consortia to group to merger. The majority of the 1200 associations in membership of the National Housing Federation are small and locally based; indeed this tier has been less involved in merger activity than medium and large associations.
Northern Ireland housing partnerships

One area that was promoting considerable discussion was the expectation that PGs would move towards a single development team and that this would result in redundancies across the sector and weaken the power base and sense of organisational unity within individual HAs and thereby promote the likelihood of future mergers.

And obviously with the decreasing budget, capital budget, it makes sense that you have one single development team doing all the work for Procurement Group members. It’s one for all of us. They get the houses, we get the work and we deliver it and we’ll move on. (Case Study interview, August 2011)

However, the advantages of this arrangement were less clear to some interviewees who argued that this would have only a small impact on efficiency while losing community links. Indeed opposition to integration for development teams within PGs was expected to be so great that some were expecting it to be imposed in a top down way as part of a process based rather than outcomes based procurement:

There’s talk that this single development team may become mandatory... they do have to drive that and that’s one way to do it. So then if they provide a business plan for five years. So it’s thought that at the end of the first five year period they may make it mandatory. If it hasn’t evolved naturally by that time they may make it mandatory. (Case Study interview, August 2011)

There were also delays in proceeding to incorporate other forms of procurement into the groups because of pre-existing contracts; this partly reflects the imposed nature of the groups rather than building organically on existing collaborations. Several interviewees pointed out the progress that had already been made on procurement collaborations e.g. in relation to maintenance contracts across parts of the sector. The map of PGs did not match these existing arrangements and there were delays in moving towards procurement of other services through PGs as a result of existing contractual arrangements.

One interviewee reminded us of the early proposal for a single procurement group for the HA sector which might more easily have built on existing organic arrangements and been more appropriate to the scale and purchasing power of the sector (e.g. compared to HAs in England). This might also have allowed HAs to preserve a greater level of independence rather than seeing the PGs as a form of take-over of strategic and core HA functions which might lead on to mergers. Another interviewee drew attention to the very different structures which might be required if the NIHE were broken up into a number of locally based HAs. This could provide a sounder basis for geographically based PGs.

In contrast the Supporting People case study found that while there had been a small amount of forced merger activity following finance and governance failures, overall most partnerships had been

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4 This was one of the options being considered in a ‘Fundamental Review’ of housing in Northern Ireland that was in progress during our case study interviews following a consultancy report for the Northern Ireland Assembly by PWC, www.dsdni.gov.uk/nihe-review-statement-2011.doc
stable over a long period. There are also some larger multi-client support providers who could bring scale economies. There has been very little private sector competition in this field. Potential competition within the third sector has required a more ‘mature approach’ to collaboration, e.g. in sharing information on bidding strategies (to bid jointly or to compete). There was considerable evidence of ‘intelligent commissioning’ in which the contribution of smaller support providers had been valued. In the future the interplay between the public procurement agenda and the Concordat and aspirations for wider involvement of the voluntary and community sector in public service delivery will also be important (Northern Ireland Audit Office, 2010). The balance will reflect the value placed on the distinct contribution of voluntary and community sector providers such as HAs and support providers and whether this is seen to distinguish them from public bodies.

Summary
This section has outlined the ways in which partnerships and mergers have formed part of a process of change in the design of the service delivery landscape in many parts of the third sector over recent years. It has highlighted the impact of some of the different strategies adopted by commissioners and funders of public services and of the different responses in the organisational behaviour of TSOs themselves. The case studies have highlighted the key role played by public procurement and commissioning in influencing inter-organisational behaviour, through supply chains, mergers and partnerships. There is a need for further research centring on the role of different models of procurement and commissioning rather than on partnership responses, and this work has been prioritised for the TSRC service delivery work programme for 2012/13.

Part 3. Reflection and conclusions

Learning from partnership and views about the future

In this section we draw out some of the lessons identified by participants in the partnerships, mergers and supply chains we have explored in the case studies in this project. Perhaps inevitably the emphasis of the participants has been as much on learning about processes of organisational change as on the outcomes and impacts. However, we have also included a discussion of future directions of change perceived by case study participants to guide us into a final set of conclusions based on the analysis of the research team.

Lessons learnt in relation to impacts
Given that there is little evidence for the impact of partnership working on quality of life outcomes so far, the lessons learnt in relation to impact have largely focused on how partnership processes can be managed to make them more efficient and to gain greater stakeholder commitment (including that of service users and their communities). Four case studies in particular have suggested some important lessons in relation to impacts – housing mergers, housing partnerships in Northern Ireland, the Association and ‘Joined-up Services’.
Taking housing mergers first, the following learning points were mainly concerned with management of the merger process:

- We learned from previous mergers that (board) member buy-in is important and that board members are able to challenge executive thinking.
- Another important success enabler was bringing together senior and middle managers for joint management development training – this was good for breaking the ice, sharing ideas on practice and getting early sense of common purpose.
- We avoided use of consultants wherever possible, learned from previous experience.
- We managed to avoid loan re-pricing by keeping the loan agreements and security with the existing HA subsidiaries.
- We took the difficult decisions as early as possible – decisions to do with structure, governance, process and people.
- We became more sophisticated about who stayed and who went – sometimes the wrong people go.
- It’s painful: 2-3 restructurings since the merger but that happens in large organisations anyway – strengthened the business – staff will agree – we came through the recession stronger.

Source: Housing Case Study Interviews May-September 2011.

In the Northern Ireland case, HAs had taken very different stances to the introduction of PGs and there were clear winners and losers. PGs were being set up at the same time as regulatory action against seven developing HAs. This affected programme delivery as well as adding to the difficulties of collaboration between members with and without programme allocations. PGs were a new level of inter-organisational co-ordination in the sector and raised challenges for the umbrella body.

Key learning included the need for political acumen to keep ahead of the game, to exert the maximum influence on which partners were involved in your group and to build the technical skills and resources necessary to operate in the new environment. Less successful adaptation seemed to have been associated with personality clashes and differences of style between group members. These cases made it clear that imposed structures are much less likely to succeed than those that have been developed by the actors involved. Another learning point was the pace of change with a number of different policy agendas hitting HAs at the same time requiring Joined-up responses. Again, this reinforces the point about the real differences between voluntary and mandated partnership agendas.

In the Association case, while it was generally agreed that there had been savings and other benefits, little evidence was available – partly because the association had not been pursued for purely financial reasons, so hard evidence of costs and benefits had not been captured. Many interviewees also pointed out that if the back office functions of the two organisations were to be merged in the future, this should yield further efficiency savings. However, there was a counter argument is that the greater priority is to have a seamless front office, in order to present more comprehensible and approachable services for existing and potential beneficiaries. It was widely agreed that there were complex issues involved in bringing together organisations with a distinctive ethos and culture, whether it be at the top of the organisations or at back office or front office levels.
Finally, a key finding from a partnerships perspective from the ‘Joined-up Services’ case is that this approach to user led research can help public agencies go beyond traditional engagement methods: using community researchers is a fundamentally different model. The key element seems to be trust: when Threshold is brought in it partly demonstrates to the community that the Council, NHS and other public agencies are willing to do something different. Threshold makes it clear that they come in as partners, to work with commissioners to help move away from ‘short-termism’ to make sustainable change – although this is still at a relatively embryonic stage but could be an important and generalisable approach. Therefore outcomes should be judged on whether the approach leaves a legacy of less use of tokenistic engagement, the continued involvement of CRs in ongoing research e.g. Local Links, Local forums and service redesign over the longer term.

Organisational merger and change in the Association
A key element that was highlighted by several respondents was the need to explain the merger to staff and take people along with the change (although this issue arose partly because of the speed with which the merger was pursued). Firstly there was a recognition that many staff, particularly below senior management level had genuine concerns with the process, and that some of the issues had become confused:

The Association was a kind of side issue, it wasn’t directly responsible for the decisions we had to take, in terms of money, and yet the perception of staff is that we’ve bailed out another organisation and now we are paying the price, in terms of the cuts. Very strong negative messaging coming from staff on that… I think the staff survey probably focused minds in terms of that… how potentially damaging that is to the organisation where staff were quite [upset]… So, perhaps, in terms of future learning around the issues about making sure we’re clear about the messaging and taking staff with us on that journey. I don’t think we have embraced each other’s… what each other bring to the table. (Association respondent, June 2011).

And then there was the difficult issue of pursuing a limited merger where there was a complex trade-off between efficiency and coherence outcomes, versus the delicate need to maintain, to an extent, autonomous and distinct organisations:

we’ve chosen not, you know, to take the merger element of the association only as far as merging the very front line services… but almost by, kind of, saying front office and back office, we’ve missed, I think, an opportunity and a chunk in the middle, and that’s around perhaps, like I said, that marketing, the communications element where, had we joined that up a little bit more, I think we would have done blind and partially-sighted people better… given them a better service because we would have enabled them to understand it more. (Association respondent, June 2011).

So one of the key learning points would be the importance of paying heed to the very practical issues of concern to staff:

That concern centred on [Organisation A] having, as some people saw it, given away a large chunk of their business, and what that meant for [Organisation A] going forward. At a practical level, the who to contact, kind of, you know, thinking that, well, now they’re not part of us, does that mean we can’t speak to them, which is nonsense but, you know, there was some of those very, just very basic practical things that people just didn’t fully know what was they could do. (Association respondent, May 2011).
Views about the future

We questioned national stakeholders in the early stages of the research about their views about the likely development of partnership working.

The question was raised as to whether, given the expected direction of change, the third sector will contain mainly smaller niche providers of services or whether it will also include some large providers. Of course, it is worth pointing out that, a priori, ‘niche providers’ do not necessarily need to be small or local. And if there are going to be some large providers, is this going to come about by organic growth, by mergers or through looser collaborations and federations? Some interviewees were strongly of the view that the future third sector will involve an increasing dominance by large providers and some of these expected benefits from such change (for instance through scale economies and ‘professionalisation’).

However, others saw downsides to scaling up and industry concentration. One interviewee saw partnership working in the context of the Flexible New Deal as having been particularly significant – but also problematic, given that few areas of public policy have been so centrally determined, being both very prescriptive and centrally procured. This has challenged TSOs to find an appropriate role – and they have not always been successful. However, the interest in prime contracting has now extended from DWP programmes to the criminal justice system and to the skills development sector – and similar issues of capacity development are surfacing in these programme areas, as the size of contracts is increasing and small local providers find that they now need to join with others in order to maintain their role. A key issue has been that capacity building for the third sector takes time. As one intermediary body in the third sector put it:

> With the Work Programme introduction being very quick, there was not the luxury of doing capacity building – consequently, potential small providers are being pushed further and further away from the money. (Employment case study subcontractor respondent, October 2011)

Another suggestion was that there would be an important future role for consortium building amongst TSOs and for brokering of relationships with private sector partners. This would reflect the increasing scale of procurement, the growing importance of cross-sector partnerships and the emergence of a supply chain model in which prime contractors would increasingly comprise large privately financed companies with the working capital to manage risk and payments by results, as in the Work Programme. The extent to which consortium building would enable TSOs to provide a competitive alternative to private sector-led supply chains was an area of difference between case studies, perhaps reflecting differences in the procurement models and TSO resources and capacity in different industries. This is the kind of approach being pursued by 3SC in recent years and one of our TSO case study interviewees has been actively seeking to pursue such a model.

One respondent specifically pointed to partnerships which might help with the financing of TSOs as an area which needs inventive thinking, particularly around the potential for bringing in the banks and social investors. The US Community Reinvestment Act was pointed to as a template, designed to fill gaps in the provision of financial services at locality level, with a provision that local gaps in coverage of financial services have to be filled, e.g. through credit unions. It was suggested that something similar for the UK might be valuable.
However, a note of caution was sounded by one case study interviewee, who stressed:

There are great strengths in organisations which are growth-neutral, that is, which seek to be the ‘right size’ for the roles which they play, rather than seeking growth ‘at any price’ [in relation to employment services]. This has not, however, been an argument which has been given much weight by most commissioning organisations – and certainly not by DWP in the Work Programme. (Employment case study respondent working in capacity building for small TSOs, October 2011)

**Housing association mergers**

Since the election, for whatever reason, interest in mergers has ‘ratcheted up a notch’ (Housing Case Study Interview, September 2011) across the sector. Interviewees expect to see more mega-mergers over the next few years: the first 100,000 stock housing group may not be too far away. Like the previous cohort these new large scale mergers may take a staged approach via group structures to fuller integration over time. Turning to other forms of partnership, these are expected to continue alongside mergers, it was anticipated that these would continue to be mainly with other housing associations. However, developments in supply chain procurement and Community Budgeting were expected to lead to some increases in cross-sector partnerships.

Relationships with private house-builders would continue and with much lower public grant available there would probably be more joint ventures and risk sharing.

Local authorities might be expected to outsource more activities in the face of budget cuts and there is clearly scope for greater local collaboration between providers to maintain local services but there was limited evidence of housing organisations being involved. One area where this might develop in the context of the welfare benefit reforms, including the end of direct payments to landlords is in the area of financial inclusion. Landlords will have a vested interest in developing partnerships with advice agencies, credit unions and other partners to promote financial capability, debt management and savings among their tenants to ensure that rental income is maintained.

Personalisation was also expected to lead to more lateral thinking to provide the services that people want and are willing to pay for.

One change in policy that would promote more shared services would be a relaxation of 20% VAT levied on internal services between group members (this change was announced in the Chancellors Autumn Statement in November 2011 shortly after the case studies were completed). Another important policy influence would of course be any softening of lenders policies on re-pricing loans and while there seemed to be some hints of this in our interviews any renewed financial and banking crisis would make this an unlikely scenario.

**Northern Ireland housing**

The future of social housing partnerships will be affected by the bigger picture of change for social housing in NI in particular the Fundamental Review of housing in Northern Ireland, the role of the Northern Ireland Housing Executive (NIHE) and the resulting shape and structure of the social housing sector as a whole including the enabling and regulatory bodies. Other relevant considerations will be the public spending trajectory and impacts on SP and new social housing funding. The interplay between the public procurement agenda and the Concordat and aspirations for wider involvement of the voluntary and community sector in public service delivery will also be important. The balance will
reflect the value placed on the distinct contribution of voluntary and community sector providers such as HAs and support providers and whether this is seen to distinguish them from public bodies. Future research should track the implementation of PGs and the new SP strategy within the context of the new Concordat. It should also take into account the experience of other parts of the UK in hybrid delivery of services by public, private and third sector organisations.

**The Association**

Most interviewees were optimistic about the future and in summary:

- expected the Association to continue and to get stronger;
- for initial issues to be smoothed out and for further organisational integration to occur;
- for the Organisation A Group to undergo further mergers in the near future possibly forming new organisational entities.

However, it would of course be very interesting to return to the case study at some point in the future to see whether these expectations have been realised and to investigate the progress made on the strategic, structure and process issues for the organisation discussed above.

**Employment services**

Most interviewees were guarded about the future. The current Work Programme is seen as high profile, which means success will bring major reputation gains for providers, but also high risk, given that it is based on what must still be regarded as a very experimental model, with payments systems which are vulnerable to small changes in predicted outcomes. In summary, interviewees:

- were concerned that the speed of folding up previous worklessness programmes and replacing them with the Work Programme had undermined the potential for learning what was working and what was not working – this is something which should not be repeated as the Work Programme, in turn, comes to be redesigned;
- were also concerned about signs already appearing that prime contractors winning multiple contracts, particularly where it involved setting up in new areas, had overstretched themselves (whereas there was some evidence that new primes and those only winning one regional contract were more committed to making the partnership relationship work) – by the same token, some specialist providers stress that they do not want to take on too much under the Work Programme, as they have other dimensions to their mission;
- were also concerned that unrealistic bids had been made by some (perhaps many) consortia, offering levels of outcomes which may well not be achieved, which will potentially threaten the financial model of the partnerships concerned (a concern repeated in the recent NAO (2012) report on the launch of the Work Programme) – if renegotiation of contracts is necessary, TSOs may be in a weak position vis-à-vis prime contractors;
- stressed the need to recognise experimentation and innovation as key components of effective future policies, rather than assuming that current approaches would definitely work;
- welcomed the continuation of an outcomes-based approach, which focused attention on what really matters – but only if there is a process to assess outcomes as being of appropriate quality, which is an issue on which some interviewees were sceptical about the current system;
• were concerned that the Work Programme, originally sold as ‘the single programme’ for all its client groups is now just one of a raft of programmes;
• were also concerned that neither central government nor local public agencies had Joined-up their policies to allow proper payments to be made for holistic outcomes achieved, over and above employment placements – while some local projects had attempted to find mechanisms to take wider outcomes into consideration in the contract monitoring and contract renewal stages, this was still very unusual.

Respondents were sceptical that the current Work Programme could be sustainable in those areas of the country where employment prospects are improving less quickly than the Coalition Government hoped. Indeed, some respondents argued that the Work Programme was much more likely to be successful if commissioned locally (e.g. through LEPs, Public Service Boards or even local authorities) rather than nationally, so that local factors could be given appropriate weighting. This would also allow local public agencies to work together in an integrated way and to devise payment systems which rewarded a wider portfolio of outcomes achieved by providers, not just employment placements.

Finally, there was strong agreement that the Work Programme was only likely to succeed if it was implemented more flexibly than is currently being suggested by DWP. However, if this flexibility develops (as some suggested is already the case in other current DWP employment programmes), interviewees see a strong chance that the impact on long-term unemployment could be significantly higher than in previous approaches tried during the past 20 years.

**Joined-up services**

A major question for the future of Joined-up Services as a model of partnership working is whether it helps to establish a move towards sustained community-led commissioning. A precondition for Joined-up Services being taken forward has been the openness within key public agencies to engage in collaborative working. But at present there is immense upheaval as a result of the reforms associated with the Health and Social Care Bill, particularly the dissolution of PCTs. In many of the Joined-up Services areas key staff have left (particularly commissioners), others are changing posts or are preoccupied with structural change and ‘organisational memory’ is potentially being lost.

Sources of funding have dried up – the typical Joined-up Services project lasted 18 months and cost around £150,000. From now on, in Threshold’s view, any such projects will be shorter: more like 12-18 months. But this also makes sense given that much learning has already been done and replication takes less time.

Finally the great institutional shift in the health field is the reorganisation away from PCTs to Clinical Commissioning Groups. It is felt that there will be a growing need for GPs to understand needs in their local area, and hence will be under pressure to do more patient/community engagement but this is rarely their speciality. The key driver will come from them bearing the cost of inappropriate Accident and Emergency admissions so they will have to understand why patients in their area negotiate service access pathways in particular ways and to help them to change behaviour. This might be where the Joined-up Services model is deployed in the near future.
Conclusions and implications

This report has drawn out the experience from a range of different recent examples of inter-organisational partnerships across different ‘industries’ within which third sector organisations contribute to the delivery of public services. We were always keen to explore these issues with those responsible for setting the policy context for future partnerships and those involved in shaping their own organisations’ responses to the rapidly changing context we have outlined. While in some respects the experience of these industries has been divergent, a number of common themes and questions have emerged from the research team’s analysis of the case studies’ experience and these are summarised in the next section.

The six main concluding themes are as follows:

- complexity
- competition – collaboration and trust
- culture
- accountability
- evidence on outcomes
- changing landscapes – external drivers and life-cycles

Complexity – it's all happening at the same time

A first conclusion from across the case studies is that it is very difficult to isolate either pure forms of partnership or partnership logics that are being pursued by individual organisations to the exclusion of other options. Reality is much messier and more complex. Most organisations are engaging with multiple forms of partnership (as Table 1 indicates for the housing sector). These partnership forms co-exist with different logics, rationalities and timescales pulling organisations in different directions and constraining choices.

It is analytically convenient to distinguish between different partnership options, and to arrange these in a continuum from fully independent to fully merged organisations as we do in Figure 1. However, it is misleading to suggest that organisations make free choices along this continuum for example by trading-off independence for scale and efficiency or preserving autonomy but paying for this through the higher transaction costs of maintaining multiple loose partnerships and alliances. Moreover there are often conflicting objectives, for example between economies of scale and economies of scope and these often reflect conflicting underlying logics including those between localism and securing savings through large scale procurement.

In practice there are historical and structural barriers to these choices. For example the Northern Ireland case study of Procurement Groups highlights the difficulties in replacing one form of procurement consortium with another since existing contracts and relationships from voluntary consortia with different expiry dates cannot easily be replaced by a mandated Procurement Group form. Barriers to such choices also include policy, legal and regulatory barriers and most of all financial barriers (for example the 20% VAT barrier to shared service organisations before the VAT exemption in April 2012 and the continued loan re-pricing barrier of millions of pounds to streamlining
group structures in the housing sector). This complexity makes it very difficult to identify the costs and benefits of different partnership forms or to isolate the impacts of any one partnership initiative from all of the others with which it co-exists and interacts.

**Competition – collaboration and trust**

Our second conclusion questions and qualifies the literature review insight that with development of relational contracting there is not a direct and necessary conflict between competition and collaboration as two forms of inter-organisational relationship. In reality there is scepticism about the extent to which relational contracting can flower in the public sector, given that there is a ‘control-fixation’ by politicians at national Parliament, Assembly and more local levels. This is often reinforced by performance management regimes. Recent cuts in public expenditure have tended to increase budget defensiveness and reduce trust and willingness to engage in collaborative relationships even where these hold out the possibility of lower cost and more effective joint service delivery.

Moreover, a key theme running through the case studies was the tension between trust based forms of voluntary partnership such as that fostered by Connected Communities and NIHE commissioning of SP on the one hand and low trust competitive tendencies of mandated partnerships and imposed hierarchical supply chain relations as in NI procurement of new social housing (PGs) and Work Programme in England. While the New Deal consortia, and the prime contractor supply chains to which they gave rise, were intended to promote trust-based collaborative working, this seems in practice to be very patchy in its occurrence and often to be specific to the individuals involved in particular places at specific times, rather than being embedded in inter-organisational relationships. The Joined-up Services case highlights the pre-condition of a degree of openness and trust within between public agencies and their users for collaborative working and user engagement to be effective. But at present there is immense upheaval as a result of the reforms associated with the Health and Social Care Bill, particularly the dissolution of PCTs. In many of the Joined-up Services areas key staff (particularly from commissioning bodies) have left, others are changing posts or are preoccupied with structural change and ‘organisational memory’, relationships and associated trust are being lost.

Our conclusion would be that while there is theoretically no necessary conflict between competition and collaboration, in practice partnerships have tended to work more effectively when they are underpinned by voluntary trust based relationships rather than by imposed or mandated partnership forms or by competitive arrangements that undermine trust.

**Culture**

A third theme that recurred across the case studies was the importance attached by some actors to cultural barriers to change, reflecting the adage that ‘culture eats strategy for breakfast’ (Carter and Britnell, 2011). In several of the cases respondents talked about the power of cultures and the importance of culture clashes either within an organisation, or between partners or potential partners. This was particularly apparent in cross sector partnerships (e.g. between third sector organisations and private sector in Work Programme supply chains, where culture was partly a label for differences in size, professionalism and level of bureaucracy). An alternative interpretation is that there is always
likely to be a variety of cultures within any organisation and this is writ large between partners and merged organisations and this can be a good thing. Such culture differences often reflect the different jobs that public service providers are being asked to do (e.g. to provide locally responsive services on the one hand and to operate at scale to maximise procurement economies on the other). As one sceptical interviewee suggested, culture might sometimes be a convenient catch-all explanation put forward instead of more difficult explanations of failure to achieve objectives.

**Accountability and the silent voice of users**

A fourth and surprisingly prevalent theme across the case studies was the general exclusion of user voices from setting partnership objectives or monitoring their impact. This suggests that despite the increasing emphasis on service outcomes, third sector partnerships in the UK have continued to be largely driven by managerial (often financial) pressures, rather than by the expressed needs of beneficiaries. In addition, service outcomes and user impacts are likely to be ‘downstream’ from organisational change, and therefore harder to identify and assess – in a sense altogether less visible. Managerial motives and rationalities seem to dominate sometimes legitimised by intended user benefits; particularly where there are regulatory requirements to identify these as in the housing mergers case. These benefits are usually validated by consumerist measures and performance indicators rather than co-production/collaborative planning/personalisation approaches. In some cases intended user benefits were being played down in the face of reducing public expenditure and increased risk that over-optimistic benefits would not be realised. The one exception to this general pattern was found in the Joined-up Services case. This collaborative service planning model based on user led research is about building trust with service users and communities. This seemed to be the missing link in several other case studies. However, partly because of the timing of the case study and partly because of concurrent re-organise of health and social care services there was no evidence that user-led service plans were feeding through to service delivery.

**Evidence and outcomes**

The lack of evidence of user voice and user benefits from partnerships can be linked to the ‘extraordinary’ lack of evidence around outcomes. Only in the housing case were there quantified financial benefits within the business cases for partnerships; Even where such targets were set it proved difficult to trace these through over more than a few years after implementation. This is partly because a partnership or merger is a single event within organisational life-cycles and over time other and new events claim the attention of managers and boards. Even if it were desired the ability to track the impact of an individual event on overall financial performances becomes increasingly difficult to track over time in the complex multiple-partnership environment we have described.

Non-financial benefits were even less apparent in the case studies. This evidence gap has been exacerbated by the hiatus in Coalition Government guidance on which outcomes central government wishes to promote, as part of the reaction against top down targets associated with the previous Government. This has meant, for example, that previous sets of outcomes for children’s services and adult services have been put on the back burner, while their replacements have been slow to emerge. Eventually, new sets of outcomes have been announced by central government for the NHS, public
health and adult services – but these have been even less integrated than before and many of the indicators suggested have not been agreed with local public service providers. Moreover, as many are not currently being collected, it may be a long time before they begin to drive commissioning behaviour – so they may also be regarded as relatively abstract and unimportant by providers. Added to the longstanding scepticism on whether outcomes-based management is really defensible, this may reduce any incentive which local service commissioners and providers actually experience to seek out outcome evidence and link it to commissioning interventions. More specifically in the Work Programme and the public sector providers of employment services they can no longer supply public management information about clients and their geographical origin (since October 2011) – this will in future greatly reduce the level of granularity which is achievable for defining, pursuing and evaluating achievement of outcomes in employment services.

**Changing organisational landscape – external drivers and organic life cycles**

Our final conclusion concerns the bigger picture of change of how partnership processes are transforming the organisational landscape – not just through the externally mandated partnerships and procurement forms such as the prime contractor supply chain model but also through evolving organic life cycles – consortium- group structure- merger-fuller integration. While there are some patterns to the landscape changes mapped by the case studies, we would also want to emphasise the continued existence of alternatives.

One of the patterns, found particularly in the housing case study and illustrated by Figure 5 is the tendency for organisational change to take a staged approach with increasing levels of integration over time. However, while the impact of such changes on the organisational landscape can be profound, the changes themselves are neither inevitable nor necessarily uni-linear. In the housing case it is important to note that despite the increasing concentration of ownership by the largest housing associations, the majority of associations have stayed small and still survive. Closer examination of the housing case also highlights a number of ‘forks in the road’ where partners have chosen to exit from existing partnerships, consortia and even group structures. Even relatively small associations had been able to preserve their development role and independence by forming new partnerships such as joint building companies nested within IP consortia. It is therefore not inevitable that associations will move from consortia to group to merger. Turning to the Association case study, Figure 4 illustrates a group structure with partial integration between the two organisations which apparently meets the current aspirations of all parties. Important trade-offs underlie this mixed model of limited integration of back office functions and preservation of strong brands and autonomy even where some actors perceive this to be at the expense of efficiency savings. The case study highlights the value of preserving brands for external marketing and fund raising and the primarily non-financial motivations of the ‘merger’ reflected in the language used by the actors.

The case studies also begin to challenge some of the assumptions underlying the scaling up of third sector organisations to take a wider role in public service delivery. In particular the limits in scope for economies of scale in transactional and personal services where individual relationships are more important than systems in delivering outcomes for users. Earlier research on the housing sector (Lupton and Davies 2005) had suggested different and much lower optimal sizes for housing
management than for development. The case studies for this project have highlighted some of the necessary conditions required for co-production and responsiveness in personal services and the counter-productive impacts of large scale systems driven approaches for example Work Programme providers needing to employ security guards to manage the customer interface.

The public sector since the 1980s has been learning how to ‘unbundle’ its services, so that new configurations of services can be put together in ways which allow alternative organisations to bid to provide some of these ‘sub-services’ (alone or in new combinations). This fragmentation of the value chain has had some valuable elements – for example in allowing more imaginative and cost-effective approaches to back office services. However, it has often been driven by a myopic fixation on economies of scale, ignoring economies of scope, which have therefore often been ignored (or even undermined) by the ways in which partnerships have been pieced together. In particular, those professional skills which are relationship-oriented (customer empathy, team working, partnership-building) may be undervalued by the one-dimensional business case and evaluation frameworks which are commonly used to assess collaborative strategy options.

Economies of scope may be at least as important as economies of scale in public services (and that the latter may in any case be non-existent or negative in some services or beyond some levels of scale), there is growing concern that much of the reconfiguration of public services under ‘Best Value’, the ‘transformation’ agenda, the Gershon efficiency exercises and ‘decommissioning’ reviews has been based on misunderstandings of the underlying dynamics at work in public services. This suggests that, after a decade of confident push for larger scale working (e.g. through partnerships or mergers), we may have reached a time in which every case needs to be considered on its merits.

An approach to third sector partnerships whereby each case must be judged on its merits and which recognised multiple criteria in deciding where partnerships are justified and where they will hold back cost-effective public services, is one which demands powerful analytical tools, good data and patience in waiting until a proper evidence base can be built up, indicating the appropriate way forward. This will not be popular with politicians or policy makers – whether in Whitehall, Assemblies or Town Hall. However, the alternative is myopic insistence on one-dimensional solutions.

An even greater challenge will be to explain this ‘messy’ world to those stakeholders who are increasingly demanding accountability for decisions on who produces what – service users, their carers, their communities and the media who see themselves as the new guardians of public governance. We are likely to need a new language which allows the real pros and cons of partnership to be spelt out more clearly in the future than the simplistic mantras of ‘Joined-up services’ and ‘economies of scale’ which have dominated over the past decade.

Implications

So what? The key messages from this report for policy and practice audiences are crystallised here:

Policy

External attempts to steer from central government don’t work well. Mandated partnerships and imposed competition seem to be far less effective than voluntary trust-based partnerships.
Government is apparently sympathetic to this view (Localism, decentralisation) yet there are clearly tensions with the desire to contract for certain outcomes and to minimise public expenditure.

The efficiency agenda with assumed economies of scale continues to dominate organisational design of national programmes employing payment by results, prime contractors and supply chains.

Economies of scope should be given equal consideration to economies of scale in terms of the long-term efficiency agenda. In the shorter term, government should not underestimate how much damage is done by major policy and institutional upheaval to the productivity of public services, whether delivered by public, private or third sector organisations or in partnership.

The focus on outcomes for service users should not be crowded out by the outcomes for the public purse or incentives for investors.

Government needs to be more patient and accept the need for arrangements to be less prescriptive and to allow for more relational approaches to contracts to develop.

The relationship between third sector compacts and concordats and procurement and commissioning processes needs to be re-thought. Too often the principles of these two policies are at odds.

Practice

It’s messy out there!

There are limits to partnership benefits and the need for effective network management skills for organisations to thrive in a complex multiple-network environment.

Organisations are becoming increasingly hard-headed about entering into partnerships because of the financial climate. Voluntary collaboration has been a victim of this, even where such collaboration could provide better overall outcomes at lower cost. It may even be that organisations have recently damaged the cost-effectiveness of their partners by their own inward-looking budget decisions – this may only emerge over the next year or so and lead to a reappraisal of some of the short-term and narrow-sighted decisions being made on public services.

Service users are too often a silent voice in partnerships; partnership outcomes should reflect user requirements and users should be involved in assessing those outcomes.

Joint outcomes are hard to achieve and to quantify and require trust and commitment if barriers such as gaming and credit claiming are to be overcome.

Organisational life-cycles are important. A longer term approach is needed to explore the costs and benefits of different forms of partnership.

‘One thing can lead to another’ and there are barriers to re-negotiating some forms of partnership, but there are often opportunities for organisations to change direction and to retain a degree of strategic choice.

‘Culture eats strategy for breakfast’ but it is important to avoid blaming culture for more fundamental underlying tensions (e.g. between efficiency and responsiveness).

The private sector may be ‘better at doing partnership’ because of the single bottom line and a transactional approach. But public services deliver multiple bottom lines and trust, user engagement and co-production and relationship approaches are needed to deliver social value.
A note on future developments, or, ‘fragmenting the value chain’

There is widespread recognition in public and third sector organisations that we all need to get smarter in the way we do things – there is much less conviction now than ten years ago that the current arrangements for commissioning and delivering public services are the best possible approach. At the same time, there is significant uncertainty as to which of the many choices facing each organisation and partnership is likely to be the most appropriate.

There is now much more widespread interest in sharing ‘back office’ services and even some ‘front-office’ services such as customer relations and marketing. More generally, unbundling of service activities and organisational fragmentation is becoming more common. This raises challenges in terms of the most appropriate way of integrating these functions, both at organisational and partnership level. There is therefore more understanding that the organisational and institutional landscape may alter fundamentally in the next decade – but it is not at all clear what this landscape will look like. This suggests that current organisational and partnership reconfiguration should emphasise flexibility and adaptability – there may be a need quite quickly for backtracking and rethinking. This is one of the reasons why consortia and supply chain management are likely to remain major themes of public service commissioning and delivery for some time to come.

In the future it is likely that there are only going to be very ‘messy’ solutions – tidiness in inter-organisational arrangements is not available. However, many of these may turn out to be highly innovative and productive – just as tidiness often led to stasis in the past, untidiness may allow imaginative dynamic change in the future.
References


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.

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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.

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