Third Sector Research Centre

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The third sector delivering public services: an evidence review

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The third sector delivering public services: an evidence review

Abstract

This paper examines research evidence, argument and policy development on the third sector and public service delivery over the last five to ten years. Forty-eight separate pieces of research published between 2004 and 2010 on the themes of public service delivery, commissioning and procurement are reviewed. This body of literature represents the research response to the new third sector public sector delivery landscape which has developed out of the UK Labour government's interest in promoting the sector's role in service delivery. The review examines four themes developed from the literature: emerging commissioning and procurement *practices*; the *experiences* of third sector organisations in the new service delivery landscape; the *support needs* of third sector organisations, and the *impact* of the new service delivery landscape on third sector organisations.

By examining what we think we know and suggesting priorities for ongoing research, the paper aims to contribute to the ongoing discussion of the sector's role in service delivery. The third sector's experience of the new service delivery landscape has been somewhat mixed and varied. But new questions will be asked about the sector's experience in an era marked by public finance retrenchment and under different political and ideological priorities. As a 'stock-take' and a baseline for a new economic and political context, the review indicates where research attention has been focused, and where it hasn't. Overall greater attention appears to have been given to the voices and concerns of staff involved in TSOs, rather than other stakeholders such as trustees, volunteers and particularly TSO members and service users. By contrast, far less research attention has been given to the nature of the services commissioned, whether new commissioning processes are leading to service improvement, and fundamentally what difference services make.

1. Introduction

The third sector is a hugely contested terrain. This includes whether there is a coherent 'sector' at all (Alcock 2010) and if so what it should be called. From within the sector, lively debates continue over what 'it' does and with what effect, whether and how it should be publicly supported or promoted, and what the consequences of a closer relationship with government might be (Smerdon 2009). Delivering services of various kinds is one of many things third sector organisations do, with a long history going back several centuries. Given that much third sector activity is concerned with social welfare, many historians have charted how the third sector has operated in the development of welfare services and in relation to the emergence of the welfare state (Finlayson 1994, Harris 2010).

The sector's role in delivering services has been at or not so far from the centre of an animated set of debates around the role, structure and reform of public services over much of the last 25 years, in the UK and elsewhere (House of Commons Public Administration Select Committee 2008). The changing economic climate in the wake of the financial crisis from 2007 onwards, along with the changing political environment in the UK, can only add new twists to the debate. Although the role of the sector was not a significant feature in the 2010 UK General Election itself, it was the subject of some pre-election positioning by the main political parties (Blunkett 2008, Conservative Party 2008, 2010), with a range of promises and policy proposals on empowering and promoting the third sector. Post election, the new politics of austerity brings a new dimension and extra salience to the conversation about the role and future of the sector in general, and in the delivery of public services in particular. But what do we think we know about the sector's role in delivering services? This paper aims to examine research evidence, argument and policy development on public service delivery over the last five to ten years. This period coincides with a rapidly expanding evidence base in response to a relatively active policy and practice environment in this area.

The review is one element of TSRC's overall programme of examining aspects of the third sector evidence base. It was guided by the general question:

> *'What does the research and evaluation literature tell us about third sector involvement in public service delivery?'*

Forty-eight separate pieces of research on the themes of public service delivery, commissioning and procurement are reviewed using a template developed for TSRC's evidence review as a whole[1]. The sources were published between 2004 and 2010, and include overarching commentary on policy developments and the implications for the sector, primary research and evaluation examining the implementation of new policies, and the experience of third sector organisations (TSOs) in the emerging commissioning environment. This body of literature represents the research response to the new third sector public sector delivery landscape which has developed out of the Labour administrations' interest in promoting the sector's role in service delivery.

It is important to note that the review focused on the processes involved, and experiences of the third sector, in public service delivery, rather than the outcomes for service users. It notes but does not assess the debate about whether the third sector provides better public services and outcomes for

service users. As the Public Administration Select Committee noted in 2008, there is very little systematic comparative evidence on the added or distinctive value of third sector organisations in providing services over and above public or private sector provision (House of Commons Public Administration Select Committee 2008: 3):

> *'The central claim made by the Government, and by advocates of a greater role for the sector in service delivery, is that third sector organisations can deliver services in distinctive ways which will improve outcomes for service users. We were unable to corroborate that claim. Too much of the discussion is still hypothetical or anecdotal. Although we received a great volume of response to our call for evidence, much of it admitted that the evidence was simply not available by which to judge the merits of government policy.'*

The nearest systematic study, undertaken by the National Consumer Council, focused on user experiences of services in employment services, social housing and domiciliary care for older people, rather than outcomes and impact (Hopkins 2007)[2]. The research asked whether the nature of third sector delivery involves factors which are valued by service users, with mixed conclusions about the distinctiveness of third sector provision (Hopkins 2007: 79):

> *'third sector delivery is distinctive in employment services, where the third sector tends to provide a highly personalised and responsive service to a defined client group. In other types of service that are more generic, such as social housing and domiciliary care for older people, third sector delivery is not particularly distinctive.'*

The sector may provide a distinct 'service offer' in employment services, but whether this leads to better outcomes and impact for service users has been the source of some debate and controversy. Central government policymakers, political parties, public sector unions, think tanks and third sector umbrella bodies have all weighed in to a debate about opening up employment services 'beyond the job centre' to a wider range of private and third sector providers. The debate continues, but the evidence surrounding the issue appears to be complex and inconclusive (Davies 2006, 2008).

If evidence on the impact of third sector service delivery is scarce, much more is now known about the overall scale and patterns of public service delivery by the third sector (IFF Research 2007, Charity Commission 2007). A useful starting point for gauging the extent and form of public service work undertaken by the third sector is NCVO's statistical overview of public service delivery and statutory funding *'The State and the Voluntary Sector'* (Clark et al. 2009), published in September 2009. The report indicates that statutory funding for general charities[3] is growing and changing form, but also presents a differentiated picture of where statutory funding to the sector goes, in terms of organisation size, sub-sector and geography:

- *statutory funding to the sector has grown*: increasing from £8.4bn in 2000–01 to £12bn in 2006–07 (£4.2bn of the statutory funding in 2006–07 was received as grants, down from £4.6bn in 2000–01, whilst contract funding increased over the same period from £3.8bn to £7.8bn)(p.14);

- *the statutory funding relationship is asymmetrical*: in 2006–07, statutory funding represents 36% of the sector's total income (35% in 2000–01), but this only represents 2.2% of total statutory expenditure (2% in 2000–01) (pp.14,16);

- *a minority of organisations receive statutory funding*: Some 40,000 organisations have a funding relationship with the state in 2006–07, but this represents only 25% of general charities, and is down from 30% in 2005–06 and 27% in 2004–05 (p.14). The report notes a growing concern about polarisation between those organisations that deliver public services, and those that do not (p.19);

- *a small proportion of organisations are heavily reliant on statutory funding*: 25,000 organisations (16%) receive more than 75% of their funding from statutory sources. These tend to be larger organisations (p.34);

- *some service areas are more reliant on statutory funding than others*: Organisations working in employment and training receive 71% of their overall income from statutory sources, compared with law and advocacy (54%), education (52%), housing (51%) and social services (51%)(p.19);

- *there are some marked geographical contrasts in statutory funding to the sector*: The proportion of organisations receiving statutory funding by local authority area varies considerably. At regional level statutory funding represents more than half of the sector's income in Yorkshire and the Humber, East Midlands and Wales (p.30).

Together these findings suggest some fundamental questions for the sector and policy makers in the new economic and political climate, such as:

- how has the role of the sector in service delivery been envisaged, promoted and supported, and how has this been organised and implemented?

- how might this develop?

- how has the shape and role of the sector changed as a result?

- how have third sector organisations become involved in delivering public services, and what has been the impact of doing so?

- what has an enhanced role in public service delivery meant for debates about the nature of the sector and its future?

- what is the likely impact of the changing financial and political climate in which the sector operates?

This paper does not purport to answer these questions fully. However, by examining what we think we know and suggesting priorities for ongoing research, the paper aims to contribute to the ongoing discussion of the sector's role in service delivery.

The rest of this paper is structured as follows. A context-setting section (section 2) examines firstly debates around the 'contract culture' which emerged in the 1990s, and secondly more recent policy developments on the sector and public services during the Labour administrations from 1997. The main part of the evidence review (section 3) then examines in turn four themes developed from the literature on public service delivery, commissioning and procurement:

1. emerging commissioning and procurement *practices*, including funding relationships;
2. the *experiences* of third sector organisations in the new service delivery landscape;
3. the *support needs* of third sector organisations in the new service delivery landscape, and

4. the *impact* of the new service delivery landscape on third sector organisations.

A concluding section draws out the main issues arising from the review, and suggests a range of research priorities for further investigation.

2. Recent historical and policy context

2.1   1990s: the 'contract culture'

For those with longer memories, or access to older literature, much of the recent debate on the third sector and public service delivery would not be seen as particularly new. Charities and other non-profit organisations have long been involved in delivering public services, but the nature of the relationships between the sector and the state has been framed differently at different times.

This section considers service delivery by the third sector, and the consequent relationships between the sector and the state, in more recent historical terms. Concerns about the impact of the state's interest in harnessing the sector in social welfare tend to dominate current debates. Much is made of whether and how the state might incorporate the sector in its activities, and in doing so erode its autonomy and what are considered to be its distinctive characteristics. The issues are longstanding, but the impact of public service delivery across the sector has perhaps been more significant in recent years.

The early 1990s saw the development of a market-making strategy in social care, in which an expanded role was envisaged for voluntary agencies and private companies in delivering services as part of a 'mixed economy of welfare'. The development of quasi-markets in health and social care (Le Grand and Bartlett 1993), following the implementation in April 1993 of the NHS and Community Care Act 1990, embraced the idea of competition between providers to generate both efficiency and greater choice. Based on an institutionalised separation between purchasers and providers, and reconfigured funding relationships from grant-aid to services provided under contracts and fees, it opened up new areas of work for voluntary organisations, and new implications framed around the notion of an emerging 'contract culture'. The state, acting on behalf of both taxpayers and service users, would design, organise and purchase services based on detailed service specifications. Care managers would work to devise individual care packages and senior managers would act as strategic commissioners of services from a diverse supply base (Walsh et al. 1997).

The key issues for voluntary organisations in the new contracting environment seemed to be the drive for greater formalisation and its impact on volunteers and trustees; the potential for 'mission drift' as organisations deliver services for the public body; the potential erosion, under the confines of contract specification, of the independence, distinctive characteristics and advocacy role of the sector; and the marginalisation of the sector's policy shaping role (Flynn 1996, Lewis 1996, Scott and Russell 2001).

Echoes of these earlier developments, debates and concerns sound through the current conversations in and around the sector, but a remarkable, and yet in some ways sad, feature of current writing on service delivery, commissioning and procurement is the lack of reference to these

earlier debates. It is possible that a lot of useful learning and reflection, particularly around the issues involved in establishing markets for particular services, could be derived from this literature.

In a broader perspective, commentators regarded these developments as the formulation of an 'instrumental' view of the sector. Under the aegis of new public management, voluntary and community organisations were regarded as little more than 'alternative providers' in efforts to diminish the state (Lewis 1999: 260), or as 'service agents' for the delivery of government policy (Osborne and McLaughlin 2004: 575). The sector's roles in community action, campaigning and policy making were sidelined.

The reviews and commissions on the role of the sector of the early to mid-1990s took up many of these themes (see Kendall 2003, ch.3). The 'CENTRIS' report (Knight 1993) proposed that the sector be split into two 'forces', one which would focus on bidding to win public sector contracts, but would lose its tax advantages, whilst the latter would focus on campaigning and advocacy. The 'Deakin' Report (Commission on the Future of the Voluntary Sector 1996) articulated a variety of roles for the sector, including community action in civil society, rather than a singular focus on service delivery. The suggestion was that the state and the sector would develop a closer relationship guided by a 'Concordat' (an idea which was eventually developed into the Compact). A 'partnership culture' would replace the 'contract culture', where:

> *'New Labour's insistence on modernisation was intended to promote more bottom–up change via partnerships than the simple top–down deregulation associated with 'marketisation' and contracting-out under the Conservatives. During Labour's first term, the idea of partnership emphasised collaboration rather than competition, and more recently has stressed the importance of a shared 'public service ethos' between providers from different sectors. However, the issue remains as to how far voluntary sector organisations are being harnessed to the overarching goals and ambitions of government, rather than experiencing a more equal relationship as an 'active' partner, particularly in respect of agenda setting and policy shaping.'* (Lewis 2005: 122)

2.2   1997–2010: enhancing the role of the third sector in service delivery

There are of course differences between then and now. Earlier developments were specifically in health and social care, whilst the current discussions are about delivering public services across a much wider range of policy fields and sub-sectors (ACEVO 2003, Aldridge 2005). Cunningham and James (2009) refer to a much more rapid outsourcing of services from the state under the Labour governments from 1997 than under the previous Conservative administrations. Many organisations are thus engaging in commissioning and contracting for the first time. Arguably the institutional context is also different given the post-1997 Labour government's concern to develop a wider ranging 'partnership' with the sector (Lewis 2005), underpinned by the Compact, reform of charity law and new investment in building the capacity of the sector.

The Labour governments from 1997 signalled an interest in promoting and enhancing the involvement of the (then termed) voluntary and community sector in public service delivery through the Treasury's 2002 'cross-cutting review' (HM Treasury 2002). This led directly to new investment from the Comprehensive Spending Review to establish Futurebuilders (a loan finance programme designed to improve access to finance and build capacity to enable third sector organisations to win public service contracts) and ChangeUp (the support programme designed to improve third sector

infrastructure). The rationale was clear: in order for the third sector's involvement in public service delivery to be increased, its capacity needed to be boosted. This was allied to the government's explicit aim, and second term leitmotif, of transforming public services through the notion of contestability and the utilisation of a broader mixed economy of suppliers, including those from the third sector.

Some commentators noted how the cross-cutting review posed fundamental questions for the sector in terms of its willingness to engage with the new agenda. The review, it was argued, signalled a change in the relationship between government and the sector with an emphasis on 'modernising' the sector through improvements in governance, leadership and performance management (McLaughlin 2004). Others have noted how the interest in developing the sector's role in public service delivery might suggest a return to the pre-1997 idea of third sector organisations regarded in instrumental terms as 'service agents' (Osborne and McLaughlin 2004, Carmel and Harlock 2008).

As this agenda developed, a number of cautious critiques were articulated around the need to maintain the independence of the sector, about the over-emphasis on 'delivery' at the expense of 'voice' (and therefore procurement over commissioning), and particularly around the barriers faced by the sector in engaging with the new agenda (see inter alia: National Audit Office 2005, Blackmore et al. 2005 and Paxton et al. 2005).

From around 2005 onwards a subtle shift of policy focus began to emerge. Early experience from the Futurebuilders programme, and other research articulating the difficulties facing third sector organisations in the contracting process (Alcock et al. 2004) suggested that the policy 'problem' may not simply be the capacity of the third sector to engage in public service delivery. Subsequently greater attention has been given to the commissioning and procurement process itself, and the awareness, understanding and capabilities of public sector commissioners.

The publication of the Office of the Third Sector's action plan for third sector involvement in public services in December 2006 (OTS 2006) marked a significant reorientation of policy to address the concerns experienced by the sector in contracting for public services. A set of 18 actions on commissioning, procurement, learning and accountability were outlined specifically to address barriers faced by the third sector in the commissioning and procurement environment. Perhaps most significantly, the action plan proposed the establishment of a national programme for third sector commissioning, designed to train initially 2,000 commissioners in working with the third sector.

An assessment in 2007 by the Audit Commission (2007), based on interviews with commissioners and third sector organisations (including local infrastructure organisations) in 14 localities, called for a more coherent and clearer approach to commissioning by articulating a model of what it called 'intelligent commissioning'. This involves careful consideration of:

- the kind of services commissioners want to procure for a range of service users;
- the types of organisations that are likely to be able to deliver these; and
- how best to construct a process that will ensure that a variety of delivery organisations can deliver services, with funding in the most appropriate form.

The idea of 'intelligent commissioning' has also been championed by the House of Commons Public Administration Select Committee's report (2008) into the role of the third sector in public services. Overall the report draws a more sceptical note on the whole public services delivery agenda: welcoming a shift in emphasis away from the then government's idea of wholesale transformation of public services through third sector involvement, towards a more incremental approach of removing barriers to, and encouraging participation in, certain service areas where the third sector might play a distinctive role. The report calls for a much stronger evidence base for the potentially distinctive and added contribution third sector organisations can make.

2.3   Towards 2010 and beyond

A more animated debate surrounding the third sector began to emerge from around 2008 in advance of a subsequent general election, both between political parties and from third sector umbrella bodies. Much of the ongoing debate around Labour's policy framework focused on the capacity of the sector (and particularly smaller groups) to be engaged, the extent to which it might compromise the sector's independence, the priority given to service delivery over voice, and the degree to which such engagement entangles the sector in regulation and bureaucracy. The argument has centred on the extent to which parts of the sector may have been co-opted as part of a 'shadow state'.

A number of these questions were taken up by the Conservatives in their efforts to establish a distinctive policy position. In opposition, the Conservatives argued that the sector had been underused, undervalued and controlled like a 'mini public sector'. In June 2008 the Conservatives green paper on civil society, *A Stronger Society: Voluntary Action in the 21st Century* (Conservative Party 2008) described policies designed to encourage voluntarism, altruism, and the independence and diversity of civil society in the task of tackling social breakdown. Of particular relevance for service delivery, this included proposals on reducing burdens, interference, bureaucracy and wastefully complex initiatives, and going beyond full cost recovery to the idea of returns on public service work with longer term outcome-based contracts. The sector, re-characterised as 'civil society', would be freed from Labour control and bureaucracy, from 'state failure', and put at the forefront of social renewal. Some of these themes were reiterated in the pre-election speeches and publications on the idea of the 'Big Society' (Conservative Party 2010).

Meanwhile, the Labour Party was rethinking its approach to the sector, including proposals to simplify contracting processes and, in the light of the financial and economic crisis, re-engaging with debates on mutualism (Blunkett 2008). Support for a 'Commission on Ownership' signalled an interest in conceptualising new models for delivering public services and engaging citizens. Mirroring similar developments on the right of the political spectrum (Blond 2009), this suggested the possibility of a cross-party consensus on new institutional structures to take forward public sector reform, and remains a debate to watch as the 2010 government takes forward its policy plans.

The next section examines recent evidence on the third sector's experience and role in public service delivery. This may be regarded as an evidence 'baseline' for the newly emerging political and policy configuration which results from the 2010 general election.

3. The third sector and service delivery – examining the evidence base

A steadily growing literature has addressed some of the questions which arise from the developing policy context around the role of the third sector in public service delivery. Four main topics or themes are identifiable in the literature, and this section examines each of these as questions in turn:

1. What does the literature tell us about how the new service delivery landscape is being organised and practiced on the ground, including the nature of funding relationships?
2. How is this new landscape experienced by third sector organisations?
3. What are support needs for third sector organisations around the new service delivery landscape, and how are these addressed?
4. What is the impact of the developing service delivery environment on third sector organisations?

3.1 Organising the third sector's role in public service delivery: emerging practices of commissioning and procurement

A notable feature of recent debates around the role of the sector in public service delivery has been the proliferation of new terms and concepts, including 'full cost recovery', 'procurement', 'commissioning' and even 'intelligent commissioning'. It is worth identifying broadly what is meant by 'commissioning' and 'procurement', since they are often conflated. 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.

Thus the Office of the Third Sector (2006: 5, see also Cook and Monk 2009: 9–10) distinguishes between:

- commissioning – *'the cycle of assessing the needs of people in an area, designing and then securing an appropriate service'*; and
- procurement – *'the specific aspects of the commissioning cycle that focus on the process of buying services, from initial advertising through to appropriate contract arrangements'.*

The literature tends to note that service commissioning is still in its infancy across public bodies, and is taking some time to develop (Tanner 2007, Shared Intelligence 2008a, OCVA-Framework 2008). The result of this is that understandings of commissioning processes are limited on both sides, with different terms used in a variety of ways and often interchangeably (Audit Commission 2007, Packwood 2007, House of Commons Public Administration Select Committee 2008, Shared Intelligence 2009). Perspectives on commissioning and procurement appear to differ between TSOs and commissioning bodies (Alcock et al. 2004, Packwood 2007, Shared Intelligence 2009). Finally, comparative studies across local authorities suggest that commissioning practices appear to differ geographically (Audit Commission 2007, Tanner 2007).

There is a suggestion that commissioning is sometimes under-resourced, and many officers lack the skills required and an understanding of the diversity of the sector (Tanner 2007, OCVA-Framework 2008). Tanner (2007) suggests that the eight principles of good commissioning outlined in the public services delivery action plan (Office of the Third Sector 2006), embracing the whole commissioning cycle, were used in practice only rarely.

The Labour government's approach on commissioning emphasised utilising the specialist knowledge of third sector organisations in needs assessment, outcomes planning and service review, mapping the potential provider base, including its capacity, and ensuring transparent and fair contracting processes with appropriate risk sharing:

The Government believes that all commissioners of services should:

- *develop an understanding of the needs of users and communities by ensuring that, alongside other consultees, they engage with third sector organisations as advocates to access their specialist knowledge;*

- *consult potential provider organisations, including those from the third sector and local experts, well in advance of commissioning new services, working with them to set priority outcomes for that service;*

- *put outcomes for users at the heart of the strategic planning process;*

- *map the fullest practicable range of providers with a view to understanding the contribution they could make to delivering those outcomes;*

- *consider investing in the capacity of the provider base, particularly those working with hard-to-reach groups;*

- *ensure contracting processes are transparent and fair, facilitating the involvement of the broadest range of suppliers, including considering subcontracting and consortia-building where appropriate;*

- *seek to ensure long-term contracts and risk sharing wherever appropriate as ways of achieving efficiency and effectiveness; and*

- *seek feedback from service users, communities and providers in order to review the effectiveness of the commissioning process in meeting local needs.*

Office of the Third Sector (2006) *Partnership in public services: an action plan for third sector involvement* (London, OTS), December 2006, p.17.

The House of Commons Public Administration Select Committee (2008: 3) similarly argued for a culture change in commissioning:

> *'Our understanding of intelligent commissioning is that it should be based on a knowledge of potential providers and of desired outcomes, based on user needs. Intelligent commissioners should be able to make judgements such as whether contracts or grants are the right way to fund a service, how important price should be in determining who wins a contract, and whether there is scope for innovative methods of delivery. The persistence of perverse practices, like unnecessarily short-term contracts, suggests that a culture change is still needed if the potential benefits of commissioning are to be realised.'*

Of central concern was commissioners' lack of knowledge of the range of third sector providers, and the need for greater local market intelligence. Combined with a lack of knowledge by TSOs of commissioning practices, Martikke (2008:17) refers to an 'information deficit' on both sides:

> *'commissioners have incomplete knowledge of the VCS market for any given area of work and VCS organisations are often at a loss when it comes to finding out about opportunities of delivering services for the statutory sector. This is both cause and symptom of a situation, in which personal relationships are paramount; historic arrangements are continued in the absence of real evidence that they are delivering useful outcomes; and commissioning from the VCS lacks a strategic approach to needs analysis and service design.'*

The National Programme for Third Sector Commissioning, announced originally in 2006, aimed to improve the understanding of the third sector by commissioners through a range of training sessions and other activities. The programme evaluation (Shared Intelligence 2009) noted increasing knowledge of the eight principles and understanding of the third sector, but with continuing doubts about the capacity of TSOs to engage in contracts:

> *'67% of participants said that they now thought more positively about the third sector's capacity to be involved in commissioning…Yet …perceptions of third sector's ability to manage public sector contracts were still predominantly negative, even amongst Programme participants. 59% of participants agreed that 'third sector organisations often do not have the resources or capacity to successfully manage public sector contracts' …where participants say they now think more positively about TSOs' capacity, this is primarily related to capacity to be involved in the early stages of commissioning – for example, needs analysis, service design and setting priority outcomes.'* (Shared Intelligence 2009: 18–19)

However, the composition of training participants suggested that the programme had reached those with a relatively good understanding of the sector, or who were otherwise well-disposed towards it. A second phase involves a shift of emphasis towards three outcomes: increased awareness and understanding of the value of third sector commissioning; more third sector involvement throughout the commissioning cycle, and improved bidding practice from third sector organisations (IDeA 2009).

Turbulence in the public policy environment appears to have an impact on commissioning and procurement practices. The interim evaluation of the Futurebuilders programme (Futurebuilders Evaluation Team 2008: 61, 77–8) notes that investee organisations were drawing down funding from the programme (in the form of loans) at a slower than anticipated rates, and some had not made as much progress in securing contracts as expected. Changing policies, local institutional structures and uncertain budgets in commissioning bodies were thought to be contributory factors. The final evaluation indicates that a change in the programme's governance and management in 2008 led to a faster dispersal of funds, but also variable circumstances and opportunities in different procurement fields also affects the likelihood of securing contracts (Futurebuilders Evaluation Team 2010: 19, 41).

The funding relationships which follow through the public service delivery agenda are likely to have a significant bearing on third sector organisations, and unsurprisingly this has featured in the research literature. In recent years there has been a growing recognition that the sector is and may be funded through a range of financing options and arrangements, for example, through 'giving' (grants), 'shopping' (purchasing goods and services) and 'investing'; each suitable for a different purpose (Unwin 2004). The development of the commissioning agenda has led to some concern that

'shopping' by public bodies takes priority over 'giving', and that as a result grants from public bodies may diminish (Cooke 2007, NAVCA 2007). NCVO's Almanac programme of research has consistently charted a gradual shift in the sector's funding from statutory sources. The total amount of finance represented by contracts has increased (from £4.7bn in 2003/04 to £9.1bn in 2007/08), whilst the total amount represented by grants has fallen (from £5.0bn in 2003/04 to £3.7bn in 2007/08) (Clark et al. 2010: 47).

Despite a favourable policy environment for the sector, the former national hub of expertise on Finance noted:

> "a creeping sense of crisis' regarding voluntary sector funding and a widespread perception in the sector that funding has not only changed markedly in character in recent years but has also significantly reduced. In particular, it is felt that 'grant' funding for the third sector available from local authorities has faced the greatest decline, gradually being replaced with more 'restricted' types of funding, such as contracts and funding for the purchase of commissioned services.' (Finance Hub 2008a: 4)

However, research exploring the issue was largely unsuccessful in its attempt to assess the reality behind the concern of a decline in grant funding by local authorities (Finance Hub 2008a, b). The study found that data of suitable quality and detail was almost non-existent to identify whether grant funding was being replaced by contract funding and service commissioning. However, from those local authorities able to supply more detailed data, the study notes that contract-based funding tends to far outstrip the sums available for grant aid, that a decline of 13% in grant aid was noted over a three year period[4], but that it was not possible to identify whether grant aid was simply declining or being reformulated as contract funding (Finance Hub 2008a: 5–6).

Reviewing government funding practice in 2005, the National Audit Office found that the government's commitment in 2002 to changing funding relationships with the sector appeared to have been rather hesitantly applied in practice. There was considerable variation in practice across departments but with annual funding agreements still the norm (National Audit Office 2005, Bhutta 2005). A 2007 review of the experience of public funding by large charities notes the sheer complexity of government funding regimes for single charities, involving multiple processes and timescales, shifting priorities and high transactions costs (National Audit Office 2007c).

There are frequent references in the literature to the hidden costs and associated bureaucracy of contracting (Cairns et al. 2006, OCVA-Framework 2008, Shared Intelligence 2008a, b), and some evidence that this acts as a deterrent to sector engagement in public service delivery (Leman 2007). Buckingham (2009: 245) notes:

> 'competitive tendering was adding to already increasing administrative burdens. While this was generally accepted by providers, who appreciated the need for accountability and efficient use of public money, this clearly increases overhead costs and frustrations were expressed about the reduced proportion of human and financial resources available for working directly with clients.'

A respondent in Cairns et al's study (2006: 24) describes this colourfully:

> 'there is a more transparent tendering process, but it's so costly in terms of time and the competition element of it means the whole agency is on tenterhooks until the outcome is known. Who pays for that time? God knows how many hours it took to write the tender.

Also it's based on unit costs, and this approach doesn't fit with services to people – you might as well be talking about sausages'.

Bennett's survey of 246 large service providing charities indicated a contrasting view of funding relationships with the state: nearly two thirds of respondents were more or less satisfied with relationships with government bodies (Bennett 2008: 288).

The promotion of the idea of Full Cost Recovery (FCR), and the development of tools to support it, has the potential to strengthen the position of the sector in contracting. In particular the principles of FCR are designed to ensure that services are not unwittingly subsidised by third sector organisations to the detriment of their financial position (ACEVO 2004, 2008). There is some concern expressed in the literature that commissioning and procurement are guided primarily by budget pressures and cost-cutting imperatives, and that this forms too narrow a view of value for money (Leman 2007, Neitzert and Ryan-Collins 2009, Cunningham and James 2009). Some commentators argue that the sector's position would be strengthened further by a focus on 'price' rather than 'cost', in order to gain full comparability with private sector contractors.

In practice, FCR has proved problematic for both the sector and public bodies. Much of the literature reports the difficulties TSOs have in gaining acceptance of the idea of FCR, and often fail to achieve it (Alcock et al. 2004, Cairns et al. 2006, Charity Commission 2007, Leman 2007, Martikke 2008). A National Audit Office review in 2007 concluded that although there was a commitment to FCR in central government, it was hard to translate this into practice and implementation was patchy. An expectation gap between TSOs now demanding FCR, and public bodies unable or reluctant to accept it, was a likely consequence (National Audit Office 2007b). Packwood's (2007: 30) research amongst commissioners seems to support this view, with doubts about how to judge when FCR is appropriate to use, how to evidence it, and how to compare costs amongst different providers. Many appeared to believe that FCR has been used as a stick with which to beat them.

3.2 Third sector experiences in the new service delivery landscape

In several sources commissioning and procurement is acknowledged to be a complex set of processes, so it is hardly surprising to find reports of how difficult, confusing and uncertain TSOs find the new service delivery landscape (Alcock et al. 2004, Packwood 2007, OCVA-Framework 2008, Martikke 2008, Shared Intelligence 2008a, Buckingham 2009). Particular concerns are noted for smaller organisations (Martikke 2008, OCVA-Framework 2008, Shared Intelligence 2009), BME organisations (Shared Intelligence 2008b) and organisations in rural areas (Alcock et al. 2004).

For example, Buckingham (2009: 249) suggests from her research that:

'In a sector accustomed to more informal cooperative practices, the introduction of increasingly formalized business-orientated relationships is likely to cause considerable unease and upheaval. Greater recognition and understanding of these social relations might enable procurement strategies to be better tailored to the working practices of the voluntary sector, thereby minimising disruption.'

Alcock et al's empirical study (2004:4) confirms this point:

'there was continuing confusion and uncertainty about the negotiation and implementation of contracts within voluntary organisations, and clear differences of

perspective and understanding between organisations engaged in delivery and public sector contractors.'

Given this uncertainty and unease, why might TSOs wish to become involved in service delivery under contract? A survey of over 3,800 charities by the Charity Commission indicated that around 30% of charities deliver public services, although this varies considerably by size of organisation. Only 14% of charities not currently delivering public services were actively considering doing so in the next 12 months, whilst 64% said they would not consider doing so (Charity Commission 2007: 18). A contrasting picture is provided by Rees (2008), albeit from a much smaller survey of TSOs across the North West. Here 56% of 145 respondents were already involved in service delivery under contract, and only 5% were opposed to the idea (Rees 2008: 11, 16):

> *'there appears to be a strong appetite for involvement in public service delivery, particularly from the bigger organisations. Much of this confidence stems from the strong perception and identity within the VCS that they are well equipped to provide specialised services and have strong connections to client groups and communities.'* (Rees 2008: 32)

Wynne's (2008: 4) small survey of 21 front line organisations indicates that several considerations are in play for third sector organisations considering involvement in public service delivery. On the one hand reference is made to issues of financial sustainability and survival. But on the other hand delivering such services is considered to be an integral part of the purpose of TSOs and they have a belief that they are in a better position to deliver services than other sectors.

Research in the last couple of years has sought to examine the perspectives of TSOs and commissioners on the success factors and barriers for TSOs in winning contracts for services. From this, the key features of TSOs thought to be successful and/or 'commission-ready' (Packwood 2007, Tanner 2007, Wynne 2008) include:

- a good reputation;
- strong relationships with the local community;
- awareness of local needs;
- ability to achieve targets and outcomes;
- being trusted by service users;
- ability to work in partnership;
- flexibility; and
- awareness of new agendas.

Packwood (2007: 18) notes the importance (and ambiguity) of reputation:

> *'VCS groups feel that they are predominantly valued by commissioners for their reputation. However, it was not always clear whether this was a historical reputation or a genuine 'track record' reputation for delivery,'*

whilst commissioners in Tanner's 2007 study of practices in London expressed the value of TSOs in terms of their specific knowledge of local needs and specialist expertise (Tanner 2007: 20):

> *'Commissioners (mainly in local authorities, but with limited PCT examples) identified that the VCS was usually successful because they were often best at knowing local service*

needs well, offered niche or specialist services not available elsewhere, and could support the delivery of specific local targets.'

This was echoed in the evaluation of the National Programme for Third Sector Commissioning (Shared Intelligence 2009: 37):

'commissioners [were] overwhelmingly positive about the third sector's ability to understand hard-to-reach users; its "unique way of delivering services" and the value of having access to a broad provider base… However, TSOs themselves often felt undervalued by commissioners. Over half (56%) felt that commissioners did not understand the contributions that third sector can make in planning and delivery of public services; while only a third thought the opposite. In addition, 72% of respondents said they sometimes felt patronised by the public sector and thought that they were seen as unprofessional and amateurish.'

Interestingly, offering lower cost services is rarely mentioned by commissioners as a reason for contracting with the sector, although the extent to which it may in practice be a factor in decision making is unknown. However, there is some evidence that TSOs also tend not to highlight the potential to offer cheaper services (Bennett 2008, Chew and Osborne 2008, 2009a). For example, Bennett's survey of 246 large charities (2008: 290) indicates that:

'the fact that VOs are able to provide welfare services at much lower labour (and other) cost than for-profit suppliers was not stressed by charities in their dealings with government bodies. The reasons behind this, and the question of whether it was a wise decision, are worthy of further investigation.'

Conversely, the reasons cited by commissioners for unsuccessful tenders from TSOs include poor quality bids and a poor understanding of the changing agenda, lack of staff capacity and insufficient attention paid to the outcomes specified in the tender (Tanner 2007: 21). Packwood (2007: 29) notes that:

'one of the biggest barriers to commissioning VCS groups was their lack of capacity to deliver new work. However, a number of commissioners stated that this was relatively easy to overcome through the funding available within commissioning, which would enable the VCS groups to expand. There was also agreement that capacity problems for the VCS are often due to short-term funding streams.'

A belief that the sector lacks capacity to deliver also featured strongly in the findings from the evaluation of the National Programme for Third Sector Commissioning: 59% of training participants agreed that 'third sector organisations often do not have the resources or capacity to successfully manage public sector contracts' (Shared Intelligence 2009: 18). As noted in section 3.1, the second phase of the programme involves some focus on improving bidding practice in the third sector.

Of interest, TSOs also mention lack of capacity, but also note a lack of understanding of the third sector amongst commissioners. In the research, this focuses on a lack of value or understanding given to the so-called 'soft' or intangible outcomes TSOs often provide, competition and inappropriate timescales to bid (Packwood 2007, Wynne 2008, TPP Law 2008). Support to address capacity issues is discussed further in section 3.3.

Relationships between commissioners and TSOs feature as important aspects of the new environment. The importance of previous history, strong local authority–sector relationships and good

boundary spanning inter-personal relationships between commissioners and TSOs appears as a recurrent theme in the literature (Cairns et al. 2006, Tanner 2007, Martikke 2008, Bennett 2008).

Tanner's study of commissioning experience across six London boroughs suggests a close link between levels of sector engagement in commissioning activity and the level of previous working relationships between the sector and local authorities (2007: 19):

> 'those local authorities and departments where a long history of working with the VCS existed tended to have greater levels of engagement by the VCS in their commissioning activity.'

More specifically, Martikke's (2008: 4) findings from interviews with 20 voluntary sector organisations in Greater Manchester suggest that success in winning contracts is determined by establishing and maintaining good relationships with service planners and commissioners. However, this runs against the need for open and transparent tendering processes. Good contract management is also underpinned by closer relationships and regular monitoring meetings as a basis for learning and service responsiveness. However, the study indicates that many arrangements are managed remotely, prioritising contract compliance over service learning (Martikke 2008: 12). That new commissioning and procurement processes lead to a significant shift in relationships is further evidenced in a study of commissioning experience in Oxfordshire:

> 'Some respondents commented on the apparent difference in culture between Commissioners and the Procurement Team. Where there had been trust, good working relationships and confidence that Commissioners knew the field, there was some sense that Procurement Officers did not have a fundamental grasp of the specific service they were tendering out, or were less aware of the impact of their decisions on service-users…Many respondents felt that relationships between commissioners and service providers were becoming more distant. Previously, these informal and productive relationships had allowed service providers to contact their opposite numbers and undertake rapid negotiations or adjustments to their service… However, many respondents felt that the open procurement rules were mitigating against informal discussions and explorations.' (OCVA-Framework 2008: 5, 7)

The development of strong working relationships is formulated as a deliberate and conscious strategy by many third sector organisations. Bennett (2008) refers to this as 'strategic account management' (SAM), and involves:

> 'differentiating among individual clients, identifying clients whose contracts are critical for the financial well-being of the supplying organisation, and then serving these key clients in a more individual manner...SAM views the buyer–seller linkage in a long-term relational context and stresses the creation, nurture, and maintenance of stronger ties with the customer. ' (Bennett 2008: 273–4)

Bennett suggests that SAM has four particular aspects: frequent and more intense communication, a pro-active approach to conflict resolution, preparation of an 'account plan' to cover the dealings with the commissioning body and flexibility in how the TSO operates to meet its requirements. Based on a survey of 246 large service providing charities in England and Wales, Bennett found that around a sixth of respondents engaged heavily in strategic account management, and those deploying it most intensively depend quite heavily on government funding. He suggests (2008: 289) that:

> 'The use of SAM enhanced satisfaction with relationships with government bodies and was associated with successful bidding for fresh contracts. This suggests that SAM is a

worthwhile activity in the voluntary sector context and that more VOs should master the practice.'

Despite the move towards a market-based commissioning framework, in which personal contact might be expected to be ruled out or marginalised, Martikke (2008: 17) concludes her study by noting the ongoing importance of relationships, but also the inherent tensions in this:

'personal relationships continue to be at the centre of the commissioning experience in many ways. On the one hand, they can facilitate mutual understanding and can enhance contract management, opening up opportunities even for smaller organisations; on the other hand, they might stand in the way of broader market awareness and the creation of a level playing field. The question of personal relationships is closely related to the topic of historic funding relationships and how to reconcile a desire to maintain arrangements that are working with the need to be seen as even-handed.'

3.3   Supporting the third sector in the new service delivery landscape

Much of the research reviewed here has sought to identify the main kinds of problems experienced, and support needed, by TSOs in the new service delivery landscape, particularly in relation to commissioning and procurement.

Alcock et al. (2004) note from their case study research that many organisations lack resources for service and organisational development, whilst on a broader canvas Chapman et al. (2006, 2008) argue, on the basis of a survey of 356 TSOs in the North East of England, that the sector lacks capacity to respond to the new funding environment: *'much of the third sector in North East England is uninformed* [23%]*, unwilling* [17%] *or ill-prepared* [39%] *to engage with the government's contracting agenda'* (Chapman et al. 2008: 9, percentages derived from table 1, p.7).

In particular, business and strategic planning skills appear to be missing:

'many small and medium sized VCOs lack capacity and capability in terms of business planning and strategic planning because they have inadequate governance structures in place to provide the support the organisation needs. As a result organisations run on a 'hand to mouth' basis in the belief that a new funding source will come along soon; and, of course, there is plenty of evidence to suggest that in the past, this is precisely what has happened….This research casts serious doubt about the preparedness of the VCS as a whole for change and instead suggests that the general sense of optimism about sustainability in the longer term may be misplaced.' (Chapman et al. 2006: 6)

This concern about misplaced optimism, lack of awareness and vision is echoed in other research (Packwood 2007, Wynne 2008):

'Some VCS organisations reasoned that they spend so much time struggling for survival that they have very little time or energy to develop leadership skills, or to undertake the research needed to gain a clear picture of what is coming round the corner.' (Packwood 2007: 36)

Buckingham (2009) notes the need to develop new forms of expertise, and several sources identify the need for a wider culture shift for the sector engaging in commissioning. This would involve, for example, appreciating a changed context where TSOs frame bids around what purchasers want to buy, not what TSOs want to deliver. Packwood (2007: 30, 36) makes a similar point:

'Many VCS groups still write a tender based on what they want to deliver, rather than what the commissioner wants to buy. VCS groups are often more concerned with the process that their work undertakes with children, young people and families than the product or outcome that is achieved…

There was agreement between commissioners and VCS groups that the largest skill gap was in writing bids and tenders. Through discussions with both groups it was clear that this gap lay not only in the process of writing tenders and completing the complexity of forms and processes, but also in the culture of commissioning. It was clear that many groups have not grasped the difference in culture between grant regimes – which were based on money being given by a benevolent sponsor such as a local authority, often because the group was known and liked – and commissioning, which is based on a purchaser/provider culture with commissioners buying and expecting the achievement of clear outcomes and outputs.'

More prosaically, however, there is a concern, especially for smaller organisations, around finding information about tender notices (Wynne 2008). As Martikke (2008: 17) also notes, '*VCS organisations are often at a loss when it comes to finding out about opportunities of delivering services for the statutory sector'.* The survey of 204 TSOs for the evaluation of the National Programme for Third Sector Commissioning identified that support was needed by approximately two thirds of respondents to help develop relationships with commissioners (Shared Intelligence 2009: 35–6):

'the most common area where TSOs thought that they needed support – and the one where support was least likely to have been received so far – was around developing closer working relationships with public sector commissioners. TSOs also perceived a high level of need in relation to tendering and to understanding public sector procurement.'

Specific support on business planning and financial management (including full cost recovery, VAT and loan finance) arises as a need in several studies (Packwood 2007, Wynne 2008, Futurebuilders Evaluation Team 2008):

'very few people within the VCS had been able to access finance or business training, and were therefore unable to gain an awareness of cash flow, budgeting, cost accounting and full-cost recovery. As a result, many VCS groups did not have the systems in place to manage funding even if they were fortunate enough to gain it from commissioners or other funders. This was of considerable concern to the commissioners. It was stated that in some cases this proved too much of a risk for them, and they were unwilling to give large amounts of public money to groups with poor financial and business skills.' (Packwood 2007: 36)

Other significant issues around which support appears to be needed include:

● new skills for trustees about the implications of public service delivery for TSOs (Shared Intelligence 2008a);

● support around legal issues and challenging public decisions (Wynne 2008);

● relationships between TSOs, for example, how to develop consortia as a potential solution to scale issues (Wynne 2008) and buddying between large and small organisations (Packwood 2007);

● support for marketing what TSOs can do (TPP Law 2008).

More appears to be known about the support needs of TSOs around service delivery than about the organisation and effectiveness of initiatives for providing that support. As the third sector's experiences in the new service delivery landscape have been articulated and become more understood, a range of national support initiatives have been put in place around different aspects of public service delivery, commissioning and procurement. These include:

- the National Programme for Third Sector Commissioning (led by IDeA);

- the Sustainable Funding Project and Public Services Delivery Network (led by NCVO);

- the Local Commissioning and Procurement Unit (led by NAVCA);

- the Procurement and Commissioning Support Service (led by ACEVO).

Some research and evaluation material in relation to these initiatives is publicly available (e.g. Chadwick-Coule and Batty 2009), but further evidence and learning from the ongoing work and evaluation of these initiatives is likely to add to our understanding of the role, position and challenges for the third sector in public service delivery.

In general the literature suggests that support on the ground for TSOs in the commissioning and procurement environment is either lacking or fragmented (Tanner 2007, OCVA-Framework 2008, Chapman et al. 2006):

> *'there appears to be insufficient support at ground level offered to VCOs to engage in the tendering process. Whilst there is an increased expectation that VCOs should be more 'businesslike', support for the sector from agencies which have a responsibility to build business confidence, capacity and competence is patchy.'* (Chapman et al. 2006: 47)

Martikke's suggestion (2008: 7) that 'infrastructure organisations are themselves in need of support to improve their understanding of commissioning and existing support has to be improved to meet rising demand for advice from frontline organisations', is confirmed by NAVCA's survey of its members (2009: 1–2). The survey reports that the number of dedicated commissioning and procurement support workers local infrastructure organisations is relatively small and growing slowly. 73% of 103 respondents were involved in influencing local commissioning strategies, 70% were delivering awareness raising events with the local sector, 60% were providing general information and advice on tendering, and 59% were facilitating relationships between purchaser and provider. However, only 42% provided individual information and advice, and only 33% provided individual support with writing tender bids.

There are some calls for a more differentiated support response for the sector in commissioning and procurement, and particularly a concern for more in-depth and tailored training – a call also requested by commissioners (Wynne 2008, Shared Intelligence 2009). The Charity Commission reiterated this as a recommendation from its study of public service delivery (2007: 23):

> *'There is clearly a need for increased support to locally-based, lower-income charities that want to get involved in delivering public services but which currently lack the capacity to do so. 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. The government may also wish to consider what can be done to ensure that smaller and more local organisations have access to appropriate capacity building opportunities. Potential barriers created by current frameworks for commissioning services, procurement and contracting, funding and monitoring need to be fully investigated, understood and addressed.'*

However, overall it appears from this discussion of concerns and support needs, that more attention (and resource) has been devoted to supporting organisations in navigating and coping with the demands of commissioning and procurement arrangements, rather than necessarily with how to improve services to users.

3.4 The impact of the new service delivery landscape on the third sector

The emerging research literature has also sought to examine the impact of the new service landscape on third sector organisations and the sector as a whole.

Martikke (2008: 12) found that organisations that had won contracts were able to grow, and their financial security and reputation increased:

> *'Many of the organisations we spoke to had experienced growth, developed a sharper focus, a boost in reputation and more planning security as a result of taking on a statutory contract. Notwithstanding, there were also a number of cases where there were some negative impacts on the organisation as a whole in terms of independence, sustainability, and staff retention.'*

However, the bulk of literature appears to follow the second half of Martikke's claim in reporting sector anxieties of various kinds and other negative consequences. The key issues echo some of those articulated through earlier debates on the 'contract culture'.

In contrast to the misplaced optimism found about the prospects for survival in the changing funding environment amongst TSOs in the North East (Chapman et al. 2008), many studies tend to report rather pessimistic perspectives in the sector. These focus on organisational sustainability, the future funding environment and changing funding arrangements (Cairns et al. 2006, Simmons 2008, Rees 2008, Martikke 2008).

However, a slightly different tone is struck by research into commissioning experiences and arrangements in Oxfordshire (OCVA-Framework 2008). Respondents here are reported to be anxious about change and the implementation of new commissioning arrangements, but tentatively optimistic about the new funding landscape:

> *'Despite the criticisms and anxieties, many respondents from both sides of the commissioner / provider divide could see value in the contracting process. It would build change into the care system and work against complacency. Many respondents felt cautiously optimistic about the future. Voluntary organisations themselves were being forced to think laterally and entrepreneurially about how they might develop, and this could be further supported, for example through action learning sets for CEOs and senior managers.'* (OCVA-Framework 2008: 12)

More fundamental concerns about the impact of the new service delivery landscape on the shape and direction of the third sector are frequently aired in the research reviewed here. Six key impacts are discussed in the literature:

1. compromised independence;
2. 'mission drift';
3. loss of responsiveness and innovation;
4. employment conditions;
5. inter-organisational relationships; and
6. polarisation within the third sector.

We discuss each of these in turn, but, as we have seen from section 2, some of these appear to be perennial concerns for the sector.

Firstly, studies indicate that TSOs can face pressure to conform to statutory funders agendas and a risk that they might lose their independence and ability to campaign. However, evidence is mixed. The

House of Commons Public Administration Select Committee (2008: 3) took a sceptical line in its assessment:

> *'Just as the potential benefits of commissioning are unproven, so too are many of the risks which were identified to us. We do not believe some of the more alarmist claims made, such as the suggestion that the sector's ability to campaign independently has been diminished.'*
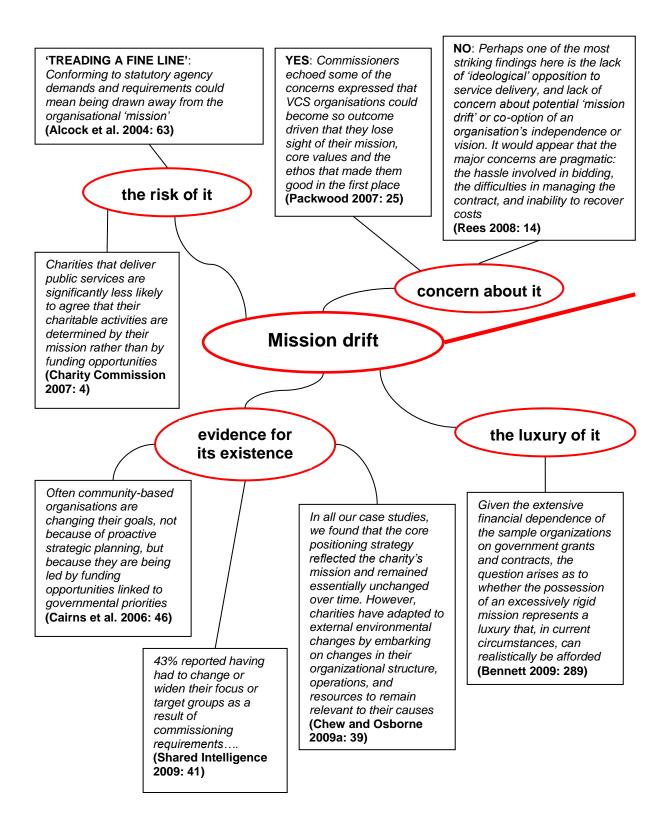
However, the Charity Commission survey of public service delivery (2007: 16–17) finds startling differences in the views of charities which deliver a public service compared to those which do not. Only around one quarter of charities that deliver a public service agreed that they are free to make decisions without pressure to conform to the wishes of funders, compared to nearly three-fifths of charities that do not deliver public services. The baseline survey of third sector organisations conducted for the evaluation of the National Programme for Third Sector Commissioning (Shared Intelligence 2008a: 11) found that 37% were worried about losing their independence and 41% thought that the delivery of public sector contracts would make it difficult for them to play an advocacy or campaigning role.

Some organisations in Martikke's qualitative study of commissioning experiences in Greater Manchester report undue expectations and interference by statutory funders, but also 'many cases in which organisations have been able to defend their own way of working against attempts by statutory funders to influence the way they deliver the service' (2008: 14). Similarly Cairns et al. (2006: 28) report divided opinion amongst community-based organisations as to whether and to what extent their independence had been compromised. Nevertheless, in an overall assessment of the impact of public service delivery, the authors express concern at the potential loss of their advocacy role:

> *'some* [study participants] *are struggling to maintain their ability to set their own priorities in the face of external policy pressures. We note how some organisations have been drawn by the availability of funding away from community development and community responsiveness towards delivery of public services and services designed externally rather than in direct response to local need. We suggest that, in making this shift, their potential to act as agents of community change or as advocates for local people has been diminished.'* (Cairns et al. 2006: 6)

Secondly, a number of the studies in the review make reference to the possibility that delivering public services under contract may lead to a distortion of the core purpose of TSOs. The pursuit of specific funding streams, with service design, priorities, and target client groups set elsewhere by commissioners, may incentivise or cause TSOs to drift away from their mission. However, as illustrated by figure 1, the research findings on 'mission drift' are somewhat ambiguous and even contradictory.

Figure 1: The impact of public service delivery – evidence on 'mission drift'

'TREADING A FINE LINE': *Conforming to statutory agency demands and requirements could mean being drawn away from the organisational 'mission'* **(Alcock et al. 2004: 63)**

YES: *Commissioners echoed some of the concerns expressed that VCS organisations could become so outcome driven that they lose sight of their mission, core values and the ethos that made them good in the first place* **(Packwood 2007: 25)**

NO: *Perhaps one of the most striking findings here is the lack of 'ideological' opposition to service delivery, and lack of concern about potential 'mission drift' or co-option of an organisation's independence or vision. It would appear that the major concerns are pragmatic: the hassle involved in bidding, the difficulties in managing the contract, and inability to recover costs* **(Rees 2008: 14)**

the risk of it

Charities that deliver public services are significantly less likely to agree that their charitable activities are determined by their mission rather than by funding opportunities **(Charity Commission 2007: 4)**

concern about it

Mission drift

evidence for its existence

the luxury of it

Often community-based organisations are changing their goals, not because of proactive strategic planning, but because they are being led by funding opportunities linked to governmental priorities **(Cairns et al. 2006: 46)**

43% reported having had to change or widen their focus or target groups as a result of commissioning requirements…. **(Shared Intelligence 2009: 41)**

In all our case studies, we found that the core positioning strategy reflected the charity's mission and remained essentially unchanged over time. However, charities have adapted to external environmental changes by embarking on changes in their organizational structure, operations, and resources to remain relevant to their causes **(Chew and Osborne 2009a: 39)**

Given the extensive financial dependence of the sample organizations on government grants and contracts, the question arises as to whether the possession of an excessively rigid mission represents a luxury that, in current circumstances, can realistically be afforded **(Bennett 2009: 289)**

The evidence variously suggests that:

- organisations are at risk of 'mission drift' (Alcock et al. 2004, Charity Commission 2007);

- respondents express concern about 'mission drift' (Packwood 2007, Rees 2008);

- 'mission drift' exists: organisations change their goals due to funding requirements (Cairns et al. 2006, Shared Intelligence 2009);

- despite flexibility in organisational structures and operations, mission remains essentially unchanged over time (Chew and Osborne 2009a, b); and

- that a flexible mission might actually be desirable, in that 'mission rigidity' may be harmful to sustainability (Bennett 2008).

In the absence of focused empirical research on the maintenance or elasticity of third sector organisation missions over time, we are left with some concern about the *potential* for mission drift, but no clear indication of its prevalence or the causes and consequences of drift.

The third significant concern in the literature arises from the belief that TSOs have distinctive qualities in relation to their responsiveness, flexibility and ability to innovate. Several studies address these issues. Some respondents in the Oxfordshire study report, amongst a range of anxieties about commissioning and procurement, that: 'a narrow contracting ethos might discourage service providers from being flexible or innovating – or from doing any more than the minimum specified in the contract' (OCVA-Framework 2008: 12). More concretely Cairns et al. (2006: 6) argue that:

> *'community-based organisations have become less able to be responsive to local circumstances and increasingly preoccupied with providing public services and with ensuring their own financial sustainability. The latter appears to be at the expense of carrying out activities that would contribute to civil renewal and neighbourhood governance.'*

Osborne et al. (2008) argue, on the basis of a mixed-method comparison of third sector organisations in 1994 and 2006, that innovative capacity is not a constant or inherent organisational characteristic, but varies according to the cues and incentives of the public policy context:

> *'Far from being a 'constant' in terms of their role in delivering public services, innovation has been revealed as a variable. It has argued that the prime driver for this shifting pattern of organisational activity has been a significant change in the public policy context of VCOs. In 1994 this context privileged innovative activity above other types of activity. This led VCOs both to focus more of their activity on innovative work and to portray their other work as innovative, irrespective of its true nature, in order to gain governmental funding. In 2006, this context has shifted to favour the development and provision of specialist services that enable local authorities to meet their own performance targets from central government.'* (Osborne et al. 2008: 66)

Fourthly, the literature on service delivery suggests a range of impacts on employment in the sector, including terms and conditions, pay and work intensity (Cunningham 2008, Cunningham and James 2009); insecurity (Alcock et al. 2004, OCVA-Framework 2008) and problems of staff retention and morale (Martikke 2008, Buckingham 2009).

Cunningham and James' qualitative study of contracting relationships in social care saw the emergence of a *'market place characterized by growing financial pressures and insecurity'* (Cunningham and James 2009: 72) based on short term contracts. A range of employment outcomes

appear to have resulted from such arm's-length 'transactional' contracting, including incentives to dispense with existing local authority pay scales or use voluntary income or reserves to cover the costs (p.369), increased job insecurity and expectations of greater flexibility, with management restructuring a common feature of funding decisions. This increased the work of fewer managers and reallocated responsibilities to more junior staff (pp. 370–1).

In a similar vein, Cunningham's (2008) study of 24 voluntary organisations providing social welfare services in Scotland suggests that there are pressures for a 'race to the bottom' in pay and conditions through the operation of an instrumental contracting model. All the organisations in the study reported pressure on pay, conditions, work intensification and dilution of skills (Cunningham 2008: 1039–40). However, organisations are differently positioned in terms of their ability to resist and manage such pressures. Cunningham (2008: 1049) suggests three types of organisation across the 24 in the study:

> *'Across the three types, over and above the impact of unionization, success in protecting pay and conditions appeared to be dependent on the application of three strategies – that is, taking advantage of product market/type of service and degree of competition; developing a multi-customer base; and utilizing voluntary sector finance and capital. The successful application of these strategies was shaped by institutional, organizational and inter-personal factors. Type 1 organizations – 'On the Inside Track' – were able to apply the three strategies most successfully through a combination of an advantageous position in the market associated with type of service, income dependency, size and geography, underpinned by a capacity to partially influence their institutional environments through lobbying, marketing and close inter-personal relations. This contrasted with Type 2 and 3 organizations – 'Holding their Own' and 'Struggling to Care' – where although some of the former retained pay and conditions comparability, weaker influence over their institutional environment, looser links between boundary spanners, and the majority of contracts with funders being subject to competition, meant greater degrees of vulnerability and subordination in their relations with local authorities.'*

This study suggests that relationships between commissioners and third sector organisations cannot be viewed as homogenous, uni-directional or static, but rather subject to a range of dynamic contingencies shaped by organisational strategies and 'market' position.

A fifth set of impacts of the changing service delivery landscape covers the relationships between third sector organisations. Establishing a market for services in a particular field, based on competitive procurement processes, is likely to impair collaborative relationships between third sector organisations (Buckingham 2009, Milbourne 2009).

Buckingham's study of homelessness services under the Supporting People programme in Southampton found that voluntary organisations struggled to reconcile the contradictory demands of competition for funding (out of a reduced budget) with co-operation between organisations to provide effective services (2009: 247). One respondent aptly describes the change in relationships:

> *'I think it's a real disadvantage, in terms of the collaborative working in the city, but I think that in the past I would have been quite proud of the fact that, certainly the voluntary sector in Southampton have worked very collaboratively together. Whereas now I think there is a nervousness and a stress about joint working. For instance, when the tenders came out, one of the providers made it very clear that they were now competitors and they would be tendering alone. And I think that's a bit sad.'* (Buckingham 2009: 247)

Milbourne's (2009) study of community-based organisations providing children and young people's services in deprived areas drew similar conclusions, arguing that local commissioning arrangements, based on competitive contracts, are damaging to collaborative work:

'As long as state remodelling of the third sector advances competitive frameworks for determining local services, the scope for increased collaboration at community level is problematic.' (Milbourne 2009: 294)

Finally, many sources in the literature touch on the issue of the potential polarisation of the sector, between on the one hand those organisations successful in winning contracts to deliver services, and on the other those that are unsuccessful, or who are unable or unwilling to engage in the service delivery agenda (Cairns et al. 2006, Tanner 2007, OCVA-Framework 2008, Simmons 2008, Rees 2008, Shared Intelligence 2009).

There are overlapping concerns reported around, firstly, the outcome of competition between larger and smaller organisations (which leads some to worry about the so-called 'Tesco-isation' of the sector with resources increasingly concentrated in fewer larger organisations):

'Many interviewees felt that smaller organisations lost out to larger ones in this process – despite the promise of a 'level playing field'. They felt that smaller organisations lacked resources to invest in costing services, in skilling staff or in writing comprehensive proposal documents. They had little experience with this style of funding and did not know how to engage with the process. Some suspected larger organisations could make 'slick' presentations to win contracts because they had the skills and resources. One interviewee commented that larger organisations could hide costs within their systems, thus making a mockery of full cost recovery; smaller organisations did not have this leeway.' (OCVA-Framework 2008: 6)

and, secondly, between national and local organisations (where non-local organisations bidding for local contracts are accused of 'parachuting in'):

'Many respondents worried that some of the qualities of using local providers would be lost. These included: local accountability through trustee boards made up of Oxfordshire residents, having good contacts with local authorities and with other service providers, having local knowledge, having local accountability to the public. Some of the nuances between smaller providers, which meant a service user might have some choice or variation in the service available, might be flattened out with the awarding of more monolithic contracts… local providers were more likely to 'stick around' even if they lose some contracts [and] invest a great deal of time contributing to the strategic planning of services for Oxfordshire, which providers from outside the county would not be able to do.' (OCVA-Framework 2008: 7)

However, although these concerns were raised by respondents across a range of studies, the extent to which these trends are actually materialising remains unclear and under-researched[5].

4. Conclusions and a new research agenda

In the last three to five years the public service delivery agenda for the third sector has come under much greater research scrutiny. A range of studies have been published, from academics, consultants and other research bodies, focusing on topics such as the willingness and capacity of TSOs to engage in public service delivery, the subsequent experience of TSOs in commissioning and procurement, and the consequences of involvement for the third sector. These have involved large- and small-scale surveys, case studies and interviews with TSOs and commissioning bodies.

Overall greater attention appears to have been given to the voices and concerns of staff involved in TSOs, rather than other stakeholders such as trustees, volunteers and particularly TSO members and service users. By contrast, far less research attention has been given to the nature of the services

commissioned, whether new commissioning processes are leading to service improvement, and fundamentally what difference services make.

As the Oxfordshire commissioning study rather tellingly notes (OCVA-Framework 2008: 6):

> *'One respondent felt that a lot of investment was being applied to training voluntary sector staff and trustees to help them write better tenders. However, this effort did not necessarily help them deliver better services; there was a real danger that the new system was forcing voluntary agencies to focus on presentation to win contracts, rather than on service-users' needs.'*

In addition, the emerging research examined here appears to highlight a need for a more differentiated research agenda, involving comparisons between different parts of the third sector, operating across different geographies and between different policy or service fields.

Accordingly, a number of key research gaps and priorities arise from this review of the literature on third sector service delivery. Five clusters of issues are outlined below, which can be seen as research questions for which scant research attention appears to have been given so far. An underlying theme running through all of them is the 'so what' question – whether and how service outcomes are increased and a greater difference made:

1. *Commissioning models, personalisation and co-production* – how different approaches to commissioning (in different service areas, such as health, employment services and services for children and young people, or across different geographical areas and scales) are impacting on TSOs and the services they provide.

   The review has demonstrated how commissioning practice has been a rapidly developing 'work in progress'. Further work might usefully provide comparative research material in order to bring a dialogue to bear between different approaches to commissioning services from third sector organisations. This should, for example, address the implications for TSOs of the shifting balance between 'spot' and 'block' contracting in different fields, influenced by the developing agenda around personalisation (Dickinson and Glasby 2010). Research on the impact of personalisation would cover the consequences for internal structure, management and sustainability of TSOs, and impacts on the services they deliver, such as responsiveness to need, quality and innovation. There is a need also to investigate the possible existence and consequences of distinct commissioning practices and cultures across different institutional settings, for example between local authorities, and between different central government departments. In addition qualitative and comparative research is needed to examine the extent and manner in which TSOs, and their members and users, are involved at various stages of the commissioning cycle, as 'co-producers' of services, and with what impacts.

2. *Inter-organisational responses to commissioning* – charting the development of new forms of collaborative relationships, alliances and partnerships between TSOs, and between TSOs and providers from other sectors, in the commissioning and procurement environment. Examples include the formation of local and national consortia to address issues of scale and capacity, 'prime' contracting and 'supply chain' models, and the operation of national–local federations of third sector organisations.

How TSOs relate to each other in complex and multiple arrays and structures seems overall to be a rather neglected aspect of third sector study, although more work is coming on stream. Urgent questions here include the impact on individual TSOs of inter-organisational working at various levels; the nature of inter-organisational exchange and the allocation of risk and reward across levels, particularly where power and resource asymmetries are involved; challenges involved in new forms of organising across boundaries; and the success or otherwise of new models of inter-organisational collaboration, where success is regarded in terms of organisational learning and sustainability, improved services and better outcomes. The very practices, behaviours and skills involved in organising across boundaries in response to new policy developments are a significant area for future research. In particular, how TSOs approach and negotiate the tension between and divergent pressures for competition and collaboration is likely to remain a pressing issue given the likelihood of future resource constraints. Finally, further research is needed into the various drivers, obstacles and resistances involved in enhancing collaborative inter-organisational working. This would include comparative study of the extent and manner in which policy-makers in different fields and organisations encourage collaboration, partnership and reconfigured services.

3. *Polarisation, proximity and national versus local provision* – whether the 'proximity' of local service providers (understood here as closeness to users, local knowledge, and a sense of local ownership or affiliation) really matters in service delivery, compared with issues around scale, capacity and efficiency.

A lively debate within the sector continues over new arenas for competition across geographical scales, expressed in the concern that larger, often national, service providing third sector organisations, may be seeking to compete for and 'mop up' local service contracts. Although touched upon in the literature, this issue has yet to receive close research attention. The extent to which such developments are *actually* taking place, beyond apprehension, anecdote and well-publicised individual cases, has not been documented. Debates about the future shape of the sector could be much better informed by comparative evidence over the relative advantages and disadvantages of local versus non-local provision, and all the variations and hybrids in between. Finally, there is a need to understand whether and how the geographies of service provision (whether it originates or is seen to be from 'round here' or 'from elsewhere') really matter for commissioners and service users, and if so, how different commissioning approaches seek to shape service providing 'markets'.

4. *Sustainability and resilience* – whether delivering public services under contract serves to strengthen the longer term sustainability and resilience of TSOs and the work they do, and if so how and in what circumstances.

There is a lively ongoing debate within the sector about the pros and cons of different types of funding arrangements. This covers, for example, the purported shift from grants to contracts, and the extent to which this might add to or detract from third sector organisational autonomy and sustainability. The strength and vitality of the third sector will become increasingly salient in an emerging era of constrained public finance. Research examining overall patterns and trends

of organisational income over this period would be a hugely important contribution to the debate, particularly where it is possible to relate this to longer term prospects for organisational survival and sustainability. Can large scale sector datasets help discover and unpick significant factors in the sustainability of third sector organisations? Alongside this, studies at 'close hand' of the experience and consequences of shifting forms of service delivery finance would be welcome, especially where this can examine the complex inter-relationships between different aspects of organisational sustainability over time (between, for example, finance, governance and human resources), and can draw out the connections between internal organisational dynamics and changing external context.

5. *The impact of public service delivery on TSOs* – whether and how prized aspects of third sector work, including mission, independence and influence, are enhanced or compromised by TSO involvement in public service delivery.

The positive impacts which might accrue from involvement in public service delivery, including expanded services and 'reach', greater influence and, as indicated above, financial sustainability, should also be examined more thoroughly in order to ascertain the circumstances in which they arise, how they are understood, and the potential trade-offs which TSOs may be prepared to make to secure them. Alongside this, further work could usefully examine in more dedicated ways the range of apparently negative impacts on the sector of involvement in service delivery under contract, such as 'mission drift', and threats of independence. Much of the existing research hovers around the risks and anxieties of these (often ill-defined) consequences, rather than paying close attention to their actual incidence and different circumstances in which they might materialise. These questions would benefit from a much closer and more detailed qualitative examination of the ongoing experience of TSOs involved at various stages of service delivery under contract, such as bidding for and winning contracts for the first time, expanding services through new or extended contracts, or providing services where policies and contracting arrangements change direction significantly. In these different circumstances, how are the prized but apparently precarious notions of independence and mission understood by different participants, and to what extent and how do they seek to preserve or rethink them?

The third sector has been the subject of some significant policy development over the last 10 to 15 years, much of it directed towards its role in delivering public services. As a 'stock-take' and baseline, this review has indicated where research attention has been focused, and where it hasn't. The third sector's experience of the new service delivery landscape developed under the Labour governments has been somewhat mixed and varied. But the economic and political context in which the sector works has changed, and this may lead to a reassessment. New questions will be asked about the sector's experience in an era marked by public finance retrenchment and under different political and ideological priorities. It will take some time for a new picture to emerge. In the meantime commentators will be looking closely at emerging policies, and the words policy makers use in framing them, to ascertain whether the new context might signal a return to a primarily instrumental view of the sector as 'alternative provision' in public services, or whether the experience of the last 10 to 15 years has put the sector in a qualitatively different position.

End notes

[1] The template is reproduced in appendix 1.

[2] A more recent study, though published too late to be included in this review, considers the outcomes for users of public services in adult social care and early years education (Office for National Statistics 2010). Comparison across sectors suggests little or no systematic differences in outcomes between voluntary sector providers and those from the public and private sector (Office for National Statistics 2010: 69).

[3] Hence Clark et al. 2009 does not cover third sector organisations which are not registered charities, such as many social enterprises.

[4] This figure is derived from 27 local authorities (from a stratified sample of 90 across the nine English regions) able to provide precise figures for grant aid, and a further 10 where estimates were supplied. The period in question covered the three years 2004/5, 2005/6 and 2006/7. In this period the aggregate grant aid figure declined from £37.65m to £32.93m (Finance Hub 2008a: 21).

[5] See Backus and Clifford (2010) for recent analysis of trends in the concentration of income in charities, which examines the so-called 'Tesco-isation' thesis.

Reference details (including web-link)

Reviewed by
Date reviewed
Commissioned/funded by
Parameters: geography
Parameters: time period
Parameters: themes covered

What was it for? (Background and aims)

What does it say?

1. Central argument or findings

2. Other key points, findings and supporting evidence/argument

Research design/methods

Critical assessment: what are the main strengths and weaknesses of the research?

Issues arising which require further research/gaps in research

Key findings for policy

Other comments, findings-of-interest

Links and signposts to other research or sources

Year	Source	Focus of research	Methods	Specific service areas, types of third sector organisation or regions
2004	Alcock et al. 2004	Experience of contracting	Twelve TSO case studies (6 urban and 6 rural)	Social care and health
	McLaughlin 2004	Policy commentary	Documentary analysis	–
	Osborne and McLaughlin 2004	Policy commentary	Documentary analysis	–
2005	Blackmore et al. 2005	Policy commentary	Documentary analysis, seminar and draws from Alcock et al. 2004	–
	NAO 2005	Review of funding relationships between government and the third sector	Survey of 13 government departments; focus groups; expert workshops; sector-based research by NCVO	–
2006	Cairns et al. 2006	Role of community-based organisations in public service delivery and civil renewal	Ten case studies involving 35 interviews – staff, trustees and people in statutory agencies responsible for funding	Community-based organisations
	Chapman et al. 2006 (also Chapman et al. 2008)	Tender readiness	Survey of TSOs (n=356)	North East of England
	Davies 2006 (also Davies 2008)	Value added of third sector provision	Analysis of policy documentation and evaluation reports	Employment services
2007	Audit Commission 2007	Commissioning practices and experiences at local level	Semi-structured interviews and documentary analysis in 14 English local authorities with: council policy officers and service commissioners; representatives from VCOs; and local CVSs.	Social care for older people; children and young people's services; and community transport
	Charity Commission 2007	Involvement in public service delivery	Online survey of charities (n=3803)	–
	Cunningham and James 2007 (also Cunningham and James 2009)	Employment implications of outsourcing	Interviews with senior managers of 12 voluntary organisations and 13 union officials; interviews with activists and focus groups with staff in three of the 12 organisations	Social care
	Hopkins 2007	User satisfaction of third sector services	Qualitative – focus groups and interviews with service users and commissioners of six TSOs Quantitative – survey of service users (n=1231) across public, private and third sector	Employment, domiciliary care for older people, social housing
	IFF 2007	Involvement in public service delivery	Surveys of TSOs (n= 1519) and local authorities (n=70)	Health and social care
	Kelly 2007	Policy commentary	Documentary analysis	–
	Leman 2007	Service delivery in Children and Young People's Services	Online survey (n=173)	Children and Young People's services

Year	Source	Focus of research	Methods	Specific service areas, types of third sector organisation or regions
	NAO 2007a	Local Area Agreements and Public Service Delivery	Survey of local infrastructure organisations (n=75); interviews with key stakeholders in government regional offices, central government department, local authorities and local TSOs umbrellas; expert panel.	–
	NAO 2007b	Implementation of full cost recovery	Interviews with central government departments	–
	NAO 2007c	Public funding of large charities	Interviews, workshop discussions and analysis of accounts of 12 large charities	Large charities
	Packwood 2007	Skills analysis of third sector involvement in commissioning	Telephone interviews with TSOs of various sizes (n=127), face to face interviews and focus groups with commissioners (n=20)	Children's services
	Tanner 2007	Experience of commissioning	Interviews (n=25) with senior local service managers, commissioners and sector representatives in six London boroughs	London boroughs
2008	Bennett 2008	Marketing and relationships between charities and commissioning bodies	Survey (n=246)	Large service providing charities
	Buckingham 2009	Experience/impact of contracting	In-depth interviews with 9 managers in voluntary organisations, plus one with a statutory representative	Southampton; homelessness services
	Carmel and Harlock 2008	Analysis of government policy towards the sector	Documentary analysis	–
	Chew and Osborne 2008 (also Chew and Osborne 2009a & b)	Strategic positioning of charities	Postal survey (n=95) and four cross sectional case studies of large charities (27 semi-structured interviews, group discussions, documentary review)	–
	Cunningham 2008	Contracting relationships between TSOs and local authorities and impact on employment relations	Semi-structured interviews with respondents from 24 voluntary organisations and 12 heads of service and contracting officers from 7 local authorities.	Scotland; Organisations working with people with disabilities and children and young people
	Futurebuilders Evaluation Team 2008	Evaluation of Futurebuilders programme	Mixed methods – case studies of TSOs with Futurebuilders investments (n=14); surveys of applicant organisations; policy review; analysis of monitoring data; stakeholder interviews	–
	Martikke 2008	Experience of commissioning	In-depth semi-structured interviews with 20 voluntary sector organisations	Greater Manchester
	OCVA-Framework 2008	Experience of commissioning	Semi-structured telephone interviews with 14 large and medium-sized TSOs	Oxfordshire, mainly social care

Year	Source	Focus of research	Methods	Specific service areas, types of third sector organisation or regions
	Osborne et al. 2008	Innovative capacity of TSOs	Re-study in 2006 of similar 1994 study involving surveys (n=115) and ten 'mini case studies' of voluntary and community organisations in three contrasting localities, plus interviews with key national and local stakeholders.	–
	Rees 2008	Involvement in and attitudes towards public service delivery	Survey of TSOs (n=145)	North West of England
	Shared Intelligence 2008	Evaluation of commissioner training programme	Surveys of commissioning organisations (n=162), TSOs (n=417), focus groups (5), stakeholder interviews (n=15)	–
	Shared Intelligence 2008	BME VCS experiences of commissioning	Focus group of 8 BME organisations	BME TSOs
	Simmons 2008	Funding environment for TSOs	Survey of TSOs (n=39)	South West of England
	TPPLaw 2008	Attitudes towards social enterprise in health and social care	Survey (n=88) of commissioners, providers, funders and consultants to social enterprises	Social enterprise; health and social care
	Wynne 2008	Challenges experienced and support needed in commissioning and procurement	Survey (n=21) and case studies (n=8) of third sector organisations	Greater Manchester
2009	Chadwick-Coule and Batty 2009	Evaluation of commissioning and procurement support unit	Stakeholder interviews (5) and survey of local infrastructure organisations (n=163)	Infrastructure organisations
	Clark et al. 2009	Public service delivery and the state	Secondary data analysis	–
	Milbourne 2009	Commissioning experiences of community-based organisations	Interviews with 50+ community-based organisations and additional interviews with local umbrella bodies, local authority service managers; documentary review of local plans	Children and young people's services
	NAVCA 2009	Support on commissioning and procurement	Survey (n=103)	Infrastructure organisations
	Neitzert and Ryan-Collins 2009	Value for money and commissioning	12 case studies of third sector organisations	–
	Shared Intelligence 2009	Evaluation of commissioner training programme	Surveys of commissioning organisations (n=238) and third sector organisations (n=276) plus 47 semi-structured interviews with programme beneficiaries and stakeholders	–
2010	Futurebuilders Evaluation Team 2010	Evaluation of Futurebuilders programme	Mixed methods – case studies of TSOs with Futurebuilders investments (n=17); quasi-experimental comparison of accounts data; analysis of monitoring and performance data; stakeholder interviews	–

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About the Centre

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

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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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