

Work in Progress? Developing Public-Voluntary Sector Relationships

Claire Moxham

University of Manchester, UK

c.moxham@mbs.ac.uk

Introduction

The UK government is calling for more voluntary and community organisations (VCOs) to engage in the delivery of public sector services. Whilst there is general agreement from both public sector commissioners and from the voluntary sector that this policy would benefit service users, consensus is yet to be reached on how it can or should be achieved. The majority of studies on this topic focus on public service provision from either the perspective of public sector organisations or from the perspective of voluntary sector organisations. This study aimed to take a more balanced approach and examined the challenges and enablers to engaging voluntary sector organisations in public service delivery as perceived by twenty-five public and voluntary sector managers. The results of the study identified a number of challenges and enablers that were common to both sectors. Knowledge of the ‘other’ sector and accountability practices were perceived by both sets of managers as key challenges to engaging voluntary organisations in public service delivery. Both sectors shared the view that capacity building, in the form of knowledge, communication and shared accountability, was the key to developing public-voluntary sector relationships.

Review of Literature

Advantages of using voluntary organisations to deliver public services

The UK government is calling for more voluntary and community organisations (also referred to as nonprofits, third sector organisations and charities) to engage in the delivery of public sector services (H M Treasury, 2002; Chew and Osborne, 2008). The UK voluntary sector comprises over 600,000 not-for-profit organisations, including 188,000 registered charities (NCVO, 2006). It can therefore be argued that it is well placed to provide a wide range of services (Mitchell and Drake, 2005). In addition, the general consensus among practitioners and academics is that the voluntary and community sector has a key role to play in public service delivery due to:

- Its expertise in specialist areas (Froelich, 1999; Austin, 2000)
- Its ability to connect with groups which are difficult for state organisations to reach (Little, 2005; Burt and Taylor, 2004)
- The opportunities for VCOs to innovate (Feiock and Andrew, 2006)

The benefits of public and voluntary sector collaboration in the delivery of state funded services is well documented (May and Winter, 2007; Entwistle and Martin, 2005). Literature examining the UK perspective points to the opportunities available to both the public and voluntary sectors and describes voluntary sector service providers as moving from the margin into the mainstream (McLaughlin, 2004).

Challenges to engaging the voluntary sector in public service delivery

Despite the benefits that can be realised from engaging voluntary and community organisations in public service delivery, consensus has not been reached as to how these

benefits can be achieved. Young (2000) describes three possible models for the voluntary sector-state relationship:

- Supplementary: the voluntary sector is seen as fulfilling the demand for public goods left unsatisfied by the government.
- Complementary: voluntary organisations are seen as partners to government and are financed by government to deliver public goods.
- Adversarial: nonprofits lobby government to make changes in public policy and to maintain accountability to the public, and government responds by regulating its services and responding to advocacy initiatives.

Feiock and Andrew (2006) expand upon this framework to classify a voluntary organisation's relationship to government as one or more of the following: autonomous service provider, coordinated service ally, subsidised provider, contractor/agent, strategic competitor, partner and/or partner/lobbyist. Consensus has not been reached as to which type of relationship is appropriate to a particular context, and tensions between the voluntary sector and the state are well documented (Brown and Troutt, 2004; Young, 2000; Kendall and Knapp, 2000). A common source of tension concerns the role of the voluntary sector: voluntary organisations often have a key advocacy function to fulfil, however this is often viewed as being in conflict with the provision of state funded services (Young, 2000; Brown and Troutt, 2004).

In addition to the range of theoretical notions of how the relationship between the state and the voluntary sector should function, there are practical challenges to managing such relationships. Research suggests that the practical challenges stem from the gradual development of the state-voluntary sector relationship (National Audit Office, 2007; Martikke, 2008). For example, voluntary sector service providers are rarely involved in the design of public services (Harrow et al., 1999; Martikke, 2008). This manifests in voluntary organisations having little input into how services are delivered or how their performance is measured. Such practice contrasts with the literature on service design, which concludes that services frequently fail because they have been inadequately designed (Johnston and Clark, 2005). This body of literature stresses the need to manage the chain of service processes (often designated end-to-end, or e2e, processes) rather than to simply focus on the final stage of delivery (Johnston and Clark, 2005; Voss and Zomerdijk, 2007)

Despite the number of documented challenges to voluntary sector public service provision, there is limited research that examines how these challenges can or should be overcome. Some reports have been commissioned that examine broad generic themes, including funding relationships, governance and contracting arrangements (National Audit Office, 2007; Packwood et al., 2007). Although useful, such reports provide limited analysis of any common strategic and practical challenges facing both public and voluntary sector organisations in the commissioning and provision of public services. This paper aims addresses this shortcoming by presenting the barriers and enablers to voluntary sector public service delivery as perceived by public and voluntary sector managers.

Findings

From the data collected from the interviews, it was clear that the delivery of public services by voluntary organisations was high on the agenda for both sectors. A number of challenges and enablers to adopting such a strategy were identified:

Common Challenges: Accountability and Sectoral Knowledge

The key challenges to engaging voluntary organisations in public service delivery transcended beneficiary focus, and were common to both sectors:

- Accountability
- Sectoral knowledge

Accountability: All of the voluntary organisations expressed concern about their ability to meet public sector accountability requirements. Voluntary sector managers cited difficulties in demonstrating the value of their services, which was perceived as a key requirement for public sector commissioners. In particular, the tracking of users in order to demonstrate the long-term benefit of the service was cited as a key barrier to engaging in public service delivery. For example, the locally focused voluntary organisations in the study provided a range of drop-in sessions where the names of attendees were not known, thus making the tracking of users unfeasible. The ability of voluntary organisations to attribute benefits directly to their own organisation was also viewed as being of importance to public sector commissioners. As most of the voluntary organisations delivered services as part of a network of providers, this requirement was seen as extremely challenging, if not impossible: *'we're usually unable to control what happens in our development initiatives, which is no bad thing in the real world. It forces us to stay humble and remember we are only tiny players, which is actually true of any development agency under the sun. But of course it's a real challenge in an era where every organisation is under pressure to prove that x happened because we did y'* (Impact Advisor, International Development Charity). This perceived requirement discouraged some of the voluntary sector managers from engaging in public service delivery.

Sectoral Knowledge: All of the public sector organisations expressed concern about their knowledge of the voluntary sector. Whilst they were keen to engage with voluntary organisations, it was often the case that they did not know which organisations to approach. Engaging with voluntary sector organisations was seen by some as *'new territory'* (Auditor, City Council), which involved *'scoping the market for different types of providers, rather than the bog standard one down the road'* (Manager, Health Service Commissioner). This theme concurs with findings from voluntary organisations. Locally focused voluntary organisations in particular, did not know whom to approach for funding. In general, an ad hoc approach was used and information regarding funding opportunities came through *'experience and word of mouth'* (Development Worker, Community Centre).

Challenges Identified by the Voluntary Sector: Strategic Positioning and Funding Insecurity

In addition to the challenges of accountability and sectoral knowledge that were common to both sectors, voluntary sector managers identified two further challenges that were specific to the third sector: strategic positioning and funding insecurity.

Strategic Positioning: All of the voluntary organisations raised concerns about their engagement with the public sector. A key concern was the potential to drift from the aims and mission of the voluntary organisation: *'chasing funding streams can change your image so drastically that you lose people who supported you for years'* (Chair, Community Centre). In addition, some voluntary sector managers felt that they needed to alter their practices if they were to engage with the public sector: *'in order to raise funds I am using words that commissioners like such as 'outcome' and 'impact'* (Manager, Legal Support Charity). This approach was felt by some to divert attention from the core aims of the voluntary organisation, therefore undermining their strategic position.

Funding Insecurity: The smaller locally and nationally focused voluntary organisations saw funding insecurity as a key challenge to public sector engagement. Changes to public policy and to the political landscape were seen to have adverse effects on the security of funds and made planning extremely difficult: *'we need £45,000 to keep the service running for another year. If I don't receive that in the next month then I am going to have to consider closing the service and getting rid of a member of staff'* (Manager, Legal Support Charity). Managers reported the delay in receiving funds: *'I had to put a loan of £25,000 in the bank, otherwise we would have been able to manage because we only got the cheque due at the end of December last week and it's now April'* (Chair, Community Centre). Many of the voluntary organisations relied on donations and fundraising instead of engaging in public service delivery, as this strategy was perceived to be *'less risky'* (Development Worker, Community Centre).

Challenges Identified by the Public Sector: Capability and Control

Public sector managers identified two challenges that were specific to their sector: the capability of the voluntary sector to deliver services and challenge of ensuring consistent quality when the service has been commissioned.

Capability of the voluntary sector: Nationally and internationally focused public sector organisations expressed concern about the capability of the voluntary sector to deliver public services: *'voluntary sector organisations don't necessarily have the skills in writing a tender document, they don't necessarily have the skills in writing a business plan, and they don't necessarily understand the terminology that we use'* (Manager, National Funder). Such comments appeared to be based on perception, and dissuaded a number of public sector organisations from engaging with voluntary organisations.

Loss of control: The challenge of ensuring consistent quality once the service has been commissioned to a voluntary organisation was also a key concern. *'Measuring the quality of the commissioned services is difficult'* (Head of Policy, City Council). Public sector managers were reluctant to commission services that they had limited control over.

Common Enablers: Capacity Building – Knowledge, Communication and Shared Accountability

All organisations, regardless of focus or sector, identified capacity building as the key enabler to engaging voluntary organisations in public service delivery (see Table 2). In particular, a requirement for knowledge of the public sector from the voluntary sector, and vice versa, was seen as crucial. All managers discussed the need for improved communication and the building of relationships across sectors. Particular reference was made to the engagement of the third sector in public service design: *'voluntary sector providers may have more of an idea about what is required than we do because they are the expert in the field'* (Manager, Health Services Commissioner). There was some practical evidence of capacity building in the form of provider support packs and guidance notes, but it was not widespread. Both sectors highlighted a need for clear accountability practices that were *'simple and useful'* (Auditor, City Council). The majority of enablers were common to all organisations in the study.

Discussion

The majority of the challenges identified by both sectors were practical rather than strategic. This finding indicates that both sectors see potential for the voluntary sector and the public sector to work together to effectively deliver publicly funded services, which concurs with research by Entwistle and Martin (2005) and May and Winter (2007). To facilitate this relationship, a number of key enablers were identified by both sectors:

Both sectors should be involved in the design of accountability systems

The key finding from the study is that the practical challenges to engagement were common to both sectors. Regardless of beneficiary focus, all voluntary sector organisations involved in the study perceived accountability as a key barrier to engagement with the public sector. It is interesting, however, that public sector managers also perceived the practicalities of accountability as extremely challenging. In particular, they expressed concern about retaining the quality of the service once it had been commissioned to a voluntary sector provider. A key concern across all of the voluntary sector managers was how to ensure that their accountability practices met those stipulated by the public sector. This finding concurs with research by Moxham and Boaden (2007) and illustrates that voluntary sector managers are willing to provide accountability information, but lack the knowledge and skills in performance measurement practices. It would seem that there is the potential for public and voluntary sector managers to work together to design appropriate accountability systems.

The development of strategic relationships is crucial

Capacity building, with specific reference to knowledge, communication and accountability practices, was perceived by all of the organisations in the study as a key enabler to voluntary sector public service delivery. The development of strategic, long-term relationships across the two sectors was a common theme. Voluntary sector managers expressed these relationships in terms of support, partnerships and the dissemination of good practice from the public sector. In addition, public sector managers saw the potential for shared strategic planning. The development of strategic

relationships may have the potential to involve voluntary sector providers in service design; an activity that is seen to be lacking in recent research on public-voluntary sector service provision (Packwood et al., 2007; Martikke, 2008).

There is a practical requirement for knowledge of both sectors

In building relationships, there was a clear practical requirement for both sectors to develop their knowledge and understanding of the sector that they wish to engage with. A finding that has not been addressed in detail in the available literature. This may be because the majority of research on this theme has focused on larger public and voluntary organisations that have a clear understanding of potential service delivery partners. In addition, the national and internationally focused voluntary organisations were unclear as to whether they should engage in public service provision. There was a perception that such activity may conflict with their mission, which concurred with research by Brown and Troutt (2004) and Young (2000). A greater knowledge of the public sector may go some way towards providing an evidence base for this perception or may alleviate such concerns.

Conclusions

The findings provide empirical evidence that developing public-voluntary sector relationships is high on the agenda for public and voluntary sector managers. Specifically, the findings highlight a requirement for:

- The development of strategic public-voluntary sector relationships.
- The sharing of knowledge and understanding between sectors.
- Both sectors to be involved in the design of accountability systems.

Despite the challenges to engaging the voluntary sector in public service delivery identified in the study, the potential for developing relationships, jointly designing services and improving accountability practices has emerged. The study shows that both sectors have similar concerns; however both sectors also have similar recommendations to enable voluntary sector organisations to engage in public service delivery.

The findings have relevance for both voluntary and public sector managers that are considering cross-sector service delivery. They will also be of interest to academics, as the study provides evidence of the similarities, rather than the differences, between the two sectors in terms of the challenges and enablers to engaging the voluntary sector in public service delivery. Further work needs to be carried out to determine whether the findings are applicable to organisations outside the UK and whether the challenges and enablers identified in this study are generalisable across the public and voluntary sectors.

References available from the author