

## The Impact of Marketisation on UK Voluntary and Community Sector Educational Provision for Adults

*Independence of thought, of being as the great Archbishop William Temple described it, 'unpurchaseable'. Julie Unwin, Allen Lane Lecture, 2005*

In this paper, the impact of the long standing government policy of marketisation is explored, a policy that the UK's New Labour government has embraced and embedded in nearly every area of public service. The paper makes particular reference to how educational organisations in the voluntary sector have been and are still being affected. From the introduction of 'contract culture' to the segmentation of learner types into 'markets', the intentions behind marketisation, along with the intended and unintentional, positive and negative effects on organisations and on learners themselves are considered.

### *Marketisation defined*

Marketisation, according to Dexter Whitfield of the Sustainable Cities Research Institute at Northumbria University, which works extensively with the voluntary and community sector, can be defined as the *process whereby market forces are imposed in public services* (Whitfield, 2006). The process of marketisation has been underway for at least the past twenty years, and has featured in policy rhetoric for even longer. The widely-used rationale for marketisation is economic, in that it is intended to reduce wasteful spending on services for which there may no longer be a demand, to stimulate healthy competition between providers, and to stimulate providers to use existing resources to offer better quality services for lower levels of public investment.

Fields as diverse as healthcare, childcare, environmental services, universities and adult education, which have traditionally been planned, delivered and financed by local and central government, are now the subjects of created markets. In the field of adult educational provision, the introduction of market forces of supply following demand is a replacement for the previous situation, where local authorities were funded to provide adult education classes, with budgets based on historical patterns.

Using Whitfield's definition, marketisation of the voluntary sector could be argued to be a misnomer, because the chief characteristic of the voluntary sector is that it operates independently of government. The government defines the Third Sector as *non-governmental organisations that are value-driven and which principally reinvest their surpluses to further social, environmental or cultural objectives* (Cabinet Office, 2007).

### *The Voluntary and Community Sector/Third Sector*

In the UK, the term 'third sector' is used to provide as wide as possible a definition of a sector that includes any organisation that does not belong to the private, or profit-making sector, or to the public sector that is financed by tax revenues. Third sector includes the universities, housing associations, and

social enterprises, which can be profit-making if surpluses are ploughed back into activity and not distributed to private individuals.

The 'voluntary and community sector' or VCS, is sub-set of the Third Sector. 'VCS' covers organisations that operate for social reasons, but do not generate a profit. Their constitution prohibits them from distributing surpluses to private individuals, and they are generally not over endowed with surplus funds because they operate in areas of market failure, where the recipients of services require the services they provide but are not able to pay for them, and financial contribution is not expected.

Kendall and Knapp's, 'structural operational definition' (1996, 17) identifies characteristics that organisations should possess in order to be meaningfully described as 'non-profit' or 'voluntary'. These include, formally constituted, self-governing, non profit-distributing, and feature voluntarism in terms of freely given money and time.

The statement of the problem therefore, is that the UK voluntary sector has now arrived at a historical juncture where it is being expected to participate fully in a government-led national drive to raise adult skills. This reflects a long-term trend in public policy development and implementation around the idea of a 'mixed economy of welfare', with voluntary organisations alongside private companies and public sector offshoots all vying to tender successfully for government contracts.

#### *Voluntary and Community sector learning provision*

Voluntary sector learning and skills provision has a proud tradition of independence, stretching back to the last century's voluntary schools, adult schools, Mechanics Institutes, and the Workers Educational Association (Kendall and Knapp, 1996). Voluntary boards traditionally undertook their own analyses of the educational provision needed in their locality, and set up organisations in order to deliver it. Such provision was undertaken entirely using the sector's own organisational strength and resources from benefactors, donors, and fundraising efforts.

#### *Size and scope of present VCS Learning Provision*

The Voluntary and Community Sector has a small share of the general learning and skills provision for adults. Figures for 2007/08 from a recent research project show that VCS Learning and Skills provision was approximately 4% of the whole Further Education market, equating to 125,000 learners. In work-based learning, VCS employers account for 6% of trainees, with 42,000 learners; and for community learning provision, the VCS is in its traditional setting and accounts for 20% of ESF-funded provision, about 80,000 learners. (iff research, 2009)

#### *The Further Education market*

There is a sense in which the marketisation of the voluntary sector began with government incorporation of the education and skills provision of the voluntary sector to widen the market for Further Education provision. The sector was therefore co-opted to support government policy to widen the provider base for Further Education, and introduce competitive providers to the market.

Government marketisation of the whole Further Education (FE) sector has impacted on the learning opportunities provided by voluntary providers of learning, education, and training. The voluntary sector has officially been part of the Further Education sector since the Learning and Skills Council (LSC) prospectus *Agenda for Change* in August 2005. The LSC is the UK government body presently responsible for funding and planning education and training for the over sixteen year olds in England. It was formed in 2001 from the former Further Education Funding Council and the Training and Enterprise Councils.

*Agenda for Change* was the government's attempt to widen and broaden the market for educational provision for the 16-19 year group, whilst also expanding the adult education role that FE colleges traditionally held. Voluntary sector organisations found themselves suddenly included in the LSC's remit, and on a theoretical level playing field with colleges.

Following *Agenda for Change*, a national policy called *Working Together*, which was delivered through the government agency the Learning and Skills Council (LSC), sought to engage the voluntary sector comprehensively in the delivery of the types of learning the colleges were delivering, whilst simultaneously changing the nature of much traditional FE provision to focus on economically useful skills, or those skills in demand from employers.

By bringing voluntary organisations onto an equal basis for funding with FE colleges, and subjecting them to the same quality standards, management information demands, and inspection regimes, the element of competition was designed to drive up the quality of provision in both sectors. For voluntary sector organisations, the reality is that scarce management time is absorbed by bureaucracy, and diverted from the more important task of delivering education to adults.

#### *Early organisational experience of marketisation*

The early impact of marketisation on voluntary and community adult education interests was to view the opening of the market as an opportunity to expand. Historically, the voluntary and community sector providers of adult education viewed the allocation of budgets that favoured local authority classes, as unfair, as they struggled on with little secure funding to deliver often high quality learning opportunities. Instead of running classes, discussion groups, seminars and lectures on a donor or sponsor funded basis, they could now compete with local authorities for contracts.

An open contracting landscape was considered a chance to earn the resources they would need to develop and deliver their provision. Many

voluntary and community providers, and even some private providers were well placed to do this – amongst them the WEA, the Open College Network, and many European-funded educational settings in schools, colleges and community centres.

It can be argued that opening the market is responsible for the very existence of an independent adult learning sector, which had been suffering from drastic grant reductions for many years. Many of the benefits of voluntary sector provision, namely its responsiveness to local communities, its innovation, and motivation to respond to learners as individuals, coupled with the freedom to shape provision around their needs, have all been factors in the success of voluntary organisations in winning contracts. The existence of alternative providers has in turn sharpened the adult education departments of local authorities to re-think their strategies for attracting and retaining adult learners.

#### *Five main areas of impact*

Over time, the process of marketisation can be seen to have had five main areas of impact on voluntary organisations. The first and most evident is the commodification of services, where services are changed so that they can be specified and packaged in a contract. Because services are minutely specified in advance of their delivery, set numbers and definite outcomes characterise every contract, with little room for the vagaries of life, innovation or serendipity.

A second area of impact is the introduction of competition through the mechanism of funding following the individual service user. Only those organisations that can attract sufficient numbers of learners will be sustainable. This has the ring of complete freedom of choice on the part of consumers, but in reality is complex and clouded by considerations such as size of marketing budget.

Thirdly, service users are treated as consumers, with democratic accountability and user involvement; fourthly, public bodies no longer deliver services but only commission them; and fifthly there are opportunities created for partnerships using private finance, thus embedding business interests in public policy-making.

#### *The 'hard to reach' market*

A policy of market creation has been pursued by government, with the identification of an end-user market that has become known as the 'hard to reach' adult learner groups. 'Hard to reach' refers to groups of people who do not seek out educational opportunities and is a potentially stigmatising terminology. Freimuth and Mettger (1990:323) offer an illustrative summary of prejudices: 'Hard-to-reach audiences have been called obstinate, recalcitrant, chronically uninformed, disadvantaged, have-not, illiterate, malfunctioning and information poor'.

Services for drug abusers, homeless and vulnerably housed people, teenage parents, immigrants and asylum seekers, victims of domestic violence, people with mental health problems, disabled people, elderly people, and people with no or low education or skills, are just some of the client groups that are still very much part of the present make-up of voluntary sector activity. For some of these groups, it is the location of provision for adult learning that enables their involvement – the classroom in the mother and baby unit, or the literacy course run at the drug rehabilitation centre, extend the efforts to address the individual's main life challenges by offering positive educational activity.

'Hard to reach' is a term used from the perspective of authorities and commissioners. A working paper by Brackertz defines the term as covering *'those sections of the community that are difficult to involve in public participation'* (Brackertz, 2005, 1) In Australia, local councils have identified culturally and linguistically diverse communities, indigenous, young, elderly, disabled and homeless people as 'hard to reach'. Other groups include drug users, sex workers, those on low incomes, high rise apartment dwellers, faith based communities, businesses (traders), single parents, newly arrived residents, gay and lesbian people, homeless, problem gamblers and residents of hostels and boarding houses (Brackertz et al, 2005).

Voluntary organisations rarely require their 'market' to be 'segmented' in this way. Their traditional approach is to include all people as eligible for their services, and their particular organisational focus is sufficient to define their particular type of recipient. Voluntary and community organisations have well-established methods for reaching the people they serve, and generally excel at reaching them and gaining their trust.

### *Beginnings of VCS Engagement with Government*

Starting perhaps with the 1977 report by the Wolfenden Committee, which was appointed by the Joseph Rowntree Memorial Trust and the Carnegie UK Trust to review the role and functions of UK voluntary organisations. The resulting report espoused the:

*'positive role of voluntary organisations in our society and seeks to establish them as equal partners with the statutory social services, thus giving the consumer an element of choice'* (Wolfenden Report, Hansard vol. 388, cc 101-96)

From all sides of the political divide, UK government has increasingly realised the value, both social and economic, of encouraging and supporting the voluntary sector to care for the most disadvantaged groups in society.

### *Present relationship with government*

More recently though, government support of the sector has formalised into 'contract culture', where characteristics of the private sector and business world are adopted and used to secure services from voluntary organisations. There are two clear consequences of this relatively new commitment to a

mutual relationship between the government and the voluntary sector. On the one hand, it is surely gratifying for the voluntary sector to be recognised and supported, if not actually understood by the state.

On the other, a closer relationship with government, highlighted by the relatively recent advent of the Office of the Third Sector, for a sector that has always highly prized its independence, is not without significant downsides. Commissioning, where government agencies decide what sort and how much of any type of learning provision they want to buy, then commission organisations to deliver it; and the resulting contracts, are the 'business end' of the relationship, and as such they reveal the cost of the relationship in terms of obligations in return for cash.

A major casualty of the national economic competitiveness agenda, first formally expressed by Lord Leitch in his widely circulated report *The Leitch Review of Skills* (2006) when he warned that the UK must '*raise its game*' on skills at all levels if it is to sustain and improve its position in the global economy', is the variously named adult learning opportunities for leisure and interest, or 'social purpose' learning.

Adult and Community Education, Neighbourhood Learning, Personal and Community Development Learning, all contribute very little to the productivity of UK workplaces, and they have been penalised for having social rather than primarily economic purpose. Many voluntary organisations that used to provide this sort of learning opportunity, often at community level in the most disadvantaged places, have now to consider changing the nature of their offer, or struggling to keep their provision going with ever fewer sources of funding.

The recent DIUS publication *The Learning Revolution* (2009) recognises that '*Adult informal learning is taken up for its own intrinsic value.*' (p1) but clearly government does not share a commitment to this intrinsic value as later in the same document the writer attempts to tie vocational qualifications to direct community-level benefit:

*'The Government has taken the decision to re-prioritise LSC funding on longer, more valuable accredited courses that provide real help for people to get on in work and to earn higher wages, making a real difference to individuals, their families and their communities.'* (p7)

The offer that voluntary and community organisations can make to their learners is therefore circumscribed by government commitment to 'valuable' accredited, vocational courses. For this government, community cohesion and development results from training people so they can earn more.

### *Contract Culture – the Impact*

Many voluntary organisations consider they have no choice but to embrace contract culture, and feel that their survival depends on it. From a functional perspective, it makes sense for an organisation to get paid to do something it

would have done anyway. It especially makes sense when other sources of support are drying up. Why not take the government's money to help you to keep on doing it, or do more of it, or even do it better?

This may work when organisational and government priorities are exactly aligned, contract volumes are easy to predict, and where the bureaucracy of administering the contract doesn't distract from the effort and energy that needs to go into service delivery. But there are limitations to the 'fit' between any organisation and the requirements of a contract. To win a contract, there must be alignment between the voluntary organisation and what the government wants to fund. The voluntary organisation must be big enough to be able to bid for the contract, or sufficiently well organised to gain economies of scale by forming a consortium.

Paid staff rather than volunteers, are considered more reliable for the delivery of contracts, a stipulation that works against one of the cornerstones of the voluntary sector – the use of volunteers. Voluntary organisations must want to, or be able to tolerate being identified as part of the official 'system', which they may have a long tradition of standing outside. Many organisations will have taken the decision to compromise their own ethos, in the interests of survival, or they may believe that firm leadership can keep organisational ethos unchanged despite the bureaucratic strictures of contract culture.

When the main client group served by the VCS, those who are termed 'hard to reach' is considered in the context of contract outcomes, a main difficulty of contracting is highlighted. The 'hard to reach' are also often 'hard to help', and require persistence and ingenuity to engage, to work with, and to support through setbacks. Even then, when the individual may have made enormous progress in many ways, they may not have started to consider gaining a qualification that could enable them to gain employment. The work of engagement and mentoring, problem-solving and caring, that many voluntary organisations do well, will remain essentially unfunded and therefore vulnerable.

Some worst-case scenarios can make the use of government contracts appear perilous. When government priorities change, which they frequently do because they are politically driven, an agreed service may suddenly become unsupported. A complex stricture on the free use of money such as the rules on State Aid, that exist in order to protect private sector interests, can mean that an organisation is suddenly made aware it is operating illegally. Even where the government's current priorities are in line with those of a voluntary sector organisation, there is a serious risk that doing the work as a delivered service is the first step in 'mission creep', defined as a major shift in organisational values.

Any other scenario becomes problematic, as the voluntary organisation seeks to demonstrate aligned values through monitoring, evaluation and external reporting, whilst also trying to uphold and maintain organisational values that the trustees and staff hold dear. Some organisations can become literally split in two from the effort of conforming to two opposing sets of expectations.

Others find their reputation is affected, their staff time is soaked up with paperwork just administering the contract, and that the contract brings with it many distractions from the main purpose of delivering high quality person-centred services.

One problematic aspect of marketisation is that contracts are by definition, neatly expressed assemblages of actions that will be taken by voluntary organisations in relation to the adults who might use their services. Once set and signed, the contract becomes a legal document and is financially binding. Unlike contracts for delivery of consignments of toiletries to an NHS hospital, for which types of transaction the contracting systems and processes were designed, there are many more variables involved with adult learners, who may or may not be ultimately able to start and finish a qualification in the time allocated.

It follows that one of the most difficult aspects of contract culture is predicting the number of outputs. When voluntary organisations are asked to estimate the number of people they will assist over a given timeframe, and these estimates are then tied to funding, it is very easy, in real life scenarios, for the resulting 'profiled outputs' to go seriously astray, without anyone having made a mistake or error of judgement. There is an assumption that 'management by targets' is a rational response to the inherent complexity of service delivery, synonymous with professionalism.

This assumption, borrowed wholesale from private sector management theory, may be true for production units and in highly homogenous services, but rarely translates into services that are by and for human beings. Yet target setting and the resulting output profiles are not always used as guides, but as inflexible tools for commissioners to beat organisations with, and to 'claw back' funds when profiled outputs are not met.

A key feature of independence is that organisations are free to implement their values. If government simply converts the voluntary sector into an agent, the sector's independent ethos and credibility is undermined. If the learning opportunities offered by voluntary organisations are isomorphic, the variety and innovation that is necessary to meet the needs of all types of person will be lost.

If government maintains control through the crude mechanism of threatening to withdraw funds for breaches of contract compliance, everything that is good and creative in the sector will gradually be lost. The main loss, practically unquantifiable by any management measure, is the voluntary sector's strong concern for the individual as a whole. Users of voluntary sector learning organisations often have multiple disadvantages and challenges, and possibly also chaotic lifestyles, that don't fit the linear processes that bureaucracies expect.

The situation where service delivery is based on highly specified, imposed and arbitrary targets might be neat and tidy from a bureaucratic point of view. But in the messy business of real life, the imprecise art of delivering education

to disadvantaged groups of any sort, does not lend itself to prescriptive contracts. Voluntary sector providers cannot, and should not be expected to commit to achieving tightly defined, externally imposed targets.

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