

‘They just don’t understand us!’ Learning and reflection from commissioning relationships in the mixed economy of care

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Introduction: Challenging times

Policies driven by central government in England have sought to bring about a step-change in the quality of interaction between government and third sector organisations. In practice this usually means ensuring that the sector shares responsibility with state agencies for delivering local services to those in need. Indeed, the role of the third sector has become a key strand of the drive to improve public services (HM Treasury 2007). From the perspective of many third sector organisations (TSOs), contracting for public service delivery can help to ensure reliable income and the opportunity to influence policy. Nevertheless, there are concerns that funding in the form of contracts for services specified by state agencies brings significant challenges and threats. TSOs may struggle to preserve their missions and associated values in the face of government initiatives to transfer services out of the public sector (Brinton 1994; Blackmore 2006). It has been claimed that delivering public services can mean working towards ‘a bureaucratic mandate laid down by the state’ (Hodgson 2004:140) and that commissioning opportunities may tempt under-funded TSOs to re-orient themselves from social to market goals (Haugh and Kitson 2007). In the face of all this TSOs increasingly need to comply with demands to evidence their worth (Harris et al 2003; Paxton et al. 2005; Moxham and Boaden 2007; Nichols 2007).

While debates about public service delivery have been energetic and vehement, the evidence base for impacts upon those TSOs that participate is patchy. In this paper we overview some of the data and policy implications from a recently completed study entitled *Delivering public services in the mixed economy of welfare: Putting research into practice*⁵ (September 2007 – March 2008). This was funded under the Economic and Social Research Council (ESRC) ‘Impact Grants’ scheme, which is intended to promote practical learning from research. There are two sets of data: case studies of TSOs that deliver services for older people under contract to public sector agencies; and a series of facilitated workshops in which representatives of third sector organisations and public sector commissioners participated together. We examine how the case study organisations represented their experiences of change and growth in response to new opportunities for contracts to deliver public services. Then we discuss interactions between the third sector and public sector, and in particular the challenges confronted by TSOs in demonstrating the value they bring to services in ways that make sense to public sector funders.

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Data sources

The project included ten cases of services for older people delivered by TSOs. There were five cases based in each of two English regions, the North East and the East Midlands. We selected these case studies through local networks and on the recommendation of the 24 strong project reference group of experts from the third and the public sectors. The cases were not intended to be typical, but rather instances of service delivery that stakeholders thought were successful and likely to offer useful learning points for others. The size and form of organisation and the type of services varied widely. (For more detail see Baines et al 2008).

Members of the project team facilitated five workshops. The first two focused on issues identified by participants in each region, volunteering (Nottingham, 14th January) and 'social clauses' (Newcastle 25th January). 'Social clauses' within contracts are intended to allow commissioners to consider broader social and community objectives as well as the costs and benefits of specific services. The Office of the Third Sector commissioned the North East Centre of Excellence (NECE) to scope the potential of social clauses (NECE 2007). In response to demand from within the region after the Newcastle workshop, the team organised two more workshops on this issue in co-operation with NECE. We also obtained separate funding under the ESRC Festival of Social Science to share findings and seek feedback from another region at an event in Manchester.

Change and growth

In this section we consider change and growth experienced by TSOs as they have responded to the actions of public sector commissioners (and their implied intentions). Recurring themes from the case studies are trust, vulnerability, opportunism, and improving services. Many interviewees emphasised the trust service users tend to have in them in contrast to lower trust in public and market institutions. Vulnerability was associated with reliance on charitable grants (usually small, short term and intended to fund innovative services). Moving from charitable funding to public service contracts was seen as progress towards more dependable income, although all suppliers face the possibility of losing contracts and some are more dependent than others on single or few sources. Seeking public sector commissions 'looks opportunistic to some', we were told. But what may be interpreted as opportunistic can also be seen as being adaptable and responsive to a fast changing policy environment. TSOs claimed to improve services in the interests of service users, as well as being responsive to external change. For example, the Chief Executive of a charity providing domiciliary care to dependent older people reported being able to 'change the culture' of services from a 'housekeeping approach' (as with in house provision by the council) to a 'personal care' approach.

As a heuristic device for talking about these dimensions we draw upon a typology of generic third sector outcomes of which delivery of services is just one (Harris et al. 2002). This is consistent with Blackmore's (2006) analysis that in order to contribute to the improvement of public services TSOs not only deliver but identify gaps in service provision and help to design new solutions. Harris et al propose four outcomes: service delivery (i.e. meeting identified and accepted needs); 'expanding frontiers' (i.e. moving into new areas to mitigate needs); 'changing systems' (i.e. developing ideas or advocating for new needs); and 'communitarian' (i.e. addressing needs through communal activity such as volunteering). This typology has strong

resonance with what we were told by the case study organisations. Their stories of change and growth almost invariably featured movement between these outcomes in various directions and combinations. Space precludes exploring all this in depth. We therefore briefly highlight the paths reported by three case studies.

Case Study A: Community embedded local service 'home comforts'

Case study A was established in 1992 to provide meals and company to older people within the confines of a single community characterised by economic deprivation and a strong local identity. It is now a charity with a separate trading arm. Services have increased over the years to mitigate local needs, and now extend across the borough with funding from various sources including the local authority, the Primary Care Trust, and a social housing provider. The 'home comforts' service enables people to remain living at home by providing household repairs, fitting safety equipment, and gardening. To reflect its geographic reach the charity's name was changed from that of the community to the borough. Alongside 'expanding frontiers' the communitarian ideals on which the charity was founded are still strong. Volunteers from all sections of the community are recruited and supported to enhance their confidence, skills and qualifications.

Case Study B: Pioneering care for people with dementia

Case study B is a social care charity that develops services to empower people with dementia and their carers within the life of their local community. The origin was a small, local project funded in 1993 as a joint initiative between Health and Social Services. The current Chief Executive was project manager. At that time, she told us, there were no alternatives to care at home or residential care, and people with dementia were 'passed around like parcels'. They and their carers felt powerless and new approaches were urgently needed. When the project ended she founded an independent charity with carers and former carers as advisors. It took on a local authority contract when a much longer established TSO withdrew because it could not provide the service at the price the authority paid. At this stage the organisation was only 5 years old and very vulnerable so it was a difficult and risky decision. However, by working with the local authority they have been able to 'lead the way' in dementia care across the city and to 'put the city on the map'. The charity now has an annual turnover of four million pounds and 210 employees. The emphasis is on innovation and changing systems. There is also a strong communitarian strand, for example pioneering new intergenerational initiatives linking with local schools.

Case Study C: Established nationally available benefits outreach

Case study C started in 1990 as a not-for-profit company. It became an employee owned partnership in 1995, and a listed PLC in 2007. It now has 4000 employees. The not-for-profit company was established specifically to administer a national government scheme providing grants for low income households to improve the energy efficiency of their homes. Subsequent developments expanded its frontiers with new services (eg a telephone call-centre outreach service advising on a wide range of benefits throughout England), and geographically to the devolved administrations of the UK, and overseas. It has set up a charitable trust to fund research into innovative approaches to the challenges of energy efficiency (changing the system) and actively supports employee volunteering and community projects, thus also addressing communitarian outcomes

Interactions between TSOs and the public sector

Case study TSOs typically had multi faceted and sometimes very close relationships with public sector personnel. Their Chief Executives and other senior officers sit on partnership boards and local fora. Many of them are extremely proactive in seizing opportunities for recognition and profile raising. For example, they hold events and invite key decision makers. It is important, we were told, to be present in 'the right places at the right time' at local, regional and national levels. One Chief Executive pointed out, 'ours is the only [Service of this kind] provided by a charity and singled out as the best [in a national government document].'

Despite evidence of frequent encounters between the sectors at local and regional levels, a recurring theme in the case studies and workshops was claims that public sector bodies lack understanding of third sector values, ways of working and achievements. Participants argued that there is a gap between national policy on working with the sector, and interpretation at local level. The interactions in the workshops highlighted particular strains between third sector and public sector perspectives with regard to communitarian outcomes, and changing systems. It was commented that the notion of the third sector as innovators - prevalent in rhetoric - does not sit well with commissioning agenda because commissioners buy what they want and won't or can't risk the new and untried. Volunteering and valuing volunteers appeared to be one of the fault lines where mutual misunderstanding was particularly deep. One third sector Chief Executive told an anecdote about a council run event where a council employee stood up in front of dozens of experienced, senior officers from the third sector and lectured them about how to recruit volunteers, much to their annoyance. Public sector participants in the workshop on volunteering pointed to a need for a clearer definition of volunteering and to lack of robust data sets on numbers of volunteers and on the impact and sustainability of volunteering. They contended that the third sector perpetuates the idea that volunteering is cheap or free. Third sector participants countered that they struggle to get funders to recognise the financial costs of managing, training and maintaining their volunteer workforce.

The commissioning environment

The case studies focused on individual organisations. But their narratives, and interactions in the workshops, revealed over-lapping webs of interrelationships within and between those providing and commissioning services. These are played out within a range of arenas where differentiations, including diversity in values and organisational positions, are shaped and re-shaped. There is widespread consensus that within this environment more needs to be done to articulate evidence for what third sector service providers achieve. As in other multi-agency environments, managers and professionals, drawn from different domains, often struggle to find ways of bridging their respective 'social worlds'. Some participants in the case studies and workshops expressed a desire to improve understanding between the sectors. There is also a perception (mainly but not exclusively from the public sector) that it is the responsibility of third sector service providers to understand their public sector 'customers'. The metaphor of speaking and learning a 'common language' was often invoked to explain these tensions.

The five workshop events associated with this project were generally well received and participants appreciated them as opportunities for exchanging ideas and mutual learning. Social clauses were explored in some of these workshops as one tentative

way to include outcome criteria (rather than outputs) in contract specifications, and potentially better recognise the value of third sector providers. Work on such reform in the commissioning environment, however, remains at present exploratory (NECE 2007; Nicholls 2007). How Third Sector Organizations articulate and demonstrate their value is an evolving area. There is a place for more facilitated occasions to work towards shared understanding of what is practical now, and of visions for the future.

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