Impact case study (REF3b)

Institution: The University of Edinburgh

Unit of Assessment: 19 Business and Management Studies

Title of case study: Enhancing the role of the third sector in delivering public services in Scotland

1. Summary of the impact

Research conducted in 2006-13 on the role of third sector organisations (TSOs) in delivering public services in Scotland has shaped public policy, improved the management/impact of TSOs in delivering public services, and influenced public opinion on the role of TSOs. This has been achieved through research for the Scottish Government and the ESRC, input into the Christie Commission on public services reform, and by affecting the management of TSOs in Scotland through training events and through Osborne's role as Vice-Chair of the Scottish Council for Voluntary Organisations (SCVO). It has also had an international impact, including in Denmark and Australia.

2. Underpinning research

The third sector is an important part of the Scottish economy and society. There are approximately 45,000 TSOs in Scotland employing 137,000 paid staff and 1.2m volunteers. The annual income of the sector is £4.36bn, 42.5% of which derives from providing public services on behalf of government in Scotland – and 64% of this share is concerned with providing essential health/social care services for vulnerable communities (http://www.scvo.org.uk/about-the-sector/sector-stats/). Making this sector more effective benefits the economy as well as the quality of public services. The research presented here addresses this by evaluating the role of TSOs in delivering public services.

The underpinning research examined the role of TSOs in delivering public services. It comprised two projects, carried out by Stephen Osborne (Professor at the University of Edinburgh from 2006 onwards). First, an ESRC project within the Public Services Programme was completed in 2007. This looked specifically at the role of TSOs as an agent of innovation in the reform of public services. Second, and building on this, a longitudinal study of the role of TSOs in reforming and delivering public services in Scotland, conducted on behalf of the Scottish Government, was commenced in 2009 and is on-going. Osborne was the principal investigator for the former study and is principal investigator/research director for the latter.

The first study explored the contingencies of the innovative capacity of TSOs in relation to public services. It uncovered that this capacity is not something inherent to TSOs but rather is conditioned by and dependent on the public policy context and governmental funding of these organisations. This was a new insight that contradicted much public policy rhetoric across the world of the post-war period, which saw TSOs themselves as somehow inherently innovative.

The second study evaluated the role of TSOs in the "delivery and reform agenda" for public services in Scotland. Specifically, it explored how they have responded to this agenda in a time of austerity, and the strategies they have used to ensure organisational survival. These strategies have included mergers, resource sharing, entrepreneurial and non-mission critical enterprising activities, as well as having to cut back non-essential services and revise conditions of service for organisational staff. A particular contribution of TSOs to public services delivery which the research explored was their role in the co-production of public services. The research clarified what this means and provided policy advice on how to govern it more effectively. It also highlighted that the distinctive public policy context of Scotland, which has ring-fenced funding to these bodies, has helped them to continue both to make a key input into the public service reform agenda and to meet community needs in a time of austerity. This is in contrast to the current policy of UK government in reducing funding to TSOs as part of a broader policy of reducing

public expenditure.

The research has been published both in peer-reviewed international journals and as government reports.

3. References to the research

Research Grants:
The innovative capacity of TSOs
ESRC grant within the Public Services Research Programme on 'The innovative capacity of voluntary organizations'. Value: £37,503 (awarded 2005-07)

Longitudinal study of TSOs and public policy in Scotland
Funded by the Scottish Government under the title of 'The Opportunities and Challenges of The Changing Public Services Landscape for The Third Sector In Scotland: A Longitudinal Study'. Value £218,625 (awarded initially 2009-12 and now renewed for a further year 2012-13, with the option of a further extension)

The work has also led to EU FP7 funding (€2.5m) of a research consortium on social innovation in Europe, of which Professor Osborne is the co-director and a work package leader (http://www.lipse.org/home)

The innovative capacity of TSOs
3.1 S Osborne, K McLaughlin & C Chew 2008 'The innovative capacity of voluntary organizations: a longitudinal perspective' in *Public Management Review* (10, 1) pp. 51-70 (DOI: 10.1080/14719030701763187)
3.2 S Osborne & L Brown 2011 'Innovation, public policy and public services: the word that would be king?' in *Public Administration* (89, 4) pp. 1335-1350 (DOI: 10.1111/j.1467-9299.2011.01932.x) in REF 2
3.3 L Brown & S Osborne 2013 'Risk and innovation: towards a transparent framework for risk governance in public services' in *Public Management Review* (15, 2) (DOI: 10.1080/14719037.2012.707681) in REF 2
3.4 S Osborne & K Strokosch 2013 'It takes two to tango? Understanding the co-production of public services by integrating the services management and public administration perspectives' in *British Journal of Management* (24) (DOI: 10.1111/1467-8551.12010)

Longitudinal study of TSOs and public policy in Scotland
3.5 S Osborne, M Dutton, S Bond, R McQuaid, C Lindsey & E Honore 2012-14 *The Third Sector and Public Policy in Scotland. Years One – Three Reports {four volumes}* (Scottish Government, Edinburgh) [government report]

4. Details of the impact

1.   **Shaping public policy**. Findings from the "Innovation" stream of research have been communicated to public policy-makers at various fora, including the ESRC Public Services Programme Conference (2009), an ESRC Public Policy seminar series for Scottish public policy-makers and service managers (2009), and the Sunrise conference for public policy decision-makers in Denmark (2012). This latter event led to the signing of the declaration on social innovation and co-production by the Danish government and its partners in providing public services, which drew specifically on this research in relation to the role of TSOs in the co-production of public services [5.1].

This work is cited as underpinning research in the policy guidance on innovation in public services published both by the UK Cabinet Office [5.2, 5.3] and by the Australian Government [5.4], particularly concerning both the specific challenges of innovation compared to incremental change

and the governance of risk in innovation in public services. It has also been highlighted by the Academy of Social Sciences in their publication on effective research impact in Scotland [5.5]. The research was also submitted as evidence to the Independent Inquiry into Abuse at Kerelaw Residential School and is cited in the evidence presented to the Christie Commission on public services reform in Scotland [5.6, 5.7].

The four reports from the longitudinal study of TSOs [3.5] informed the decision making of the Scottish Government on the budget settlement for the third sector over the past three years and on its tendering policy for public services. It also led to roundtable discussions with heads of directorate in the Scottish Government. These influenced their evaluation of the role of the sector in engaging positively with the public service reform agenda, particularly around local partnership working and preventative measures [5.8]. The extension of this study for a fourth, and possibly fifth, year by the Government (at a time of restraint in public finances) demonstrates their belief in the import/impact of the research on public policy in Scotland [5.8]. The research was also submitted as evidence to the Christie Commission on public services reform in Scotland and influenced its final report, specifically in relation to the role of TSOs in the co-production of public services [5.6].

Directly as a result of this work, Osborne has been elected as Vice-Chair of the Scottish Council for Voluntary Organisations (SCVO) (2011– ongoing). The longitudinal research has been instrumental in shaping discussions and decisions of the SCVO Policy Committee, which comprises 60 senior TSO managers across Scotland, on the role of TSOs in providing public services [5.9]. It has been used by both SCVO [5.9] and the Association of Chief Officers of Scottish Voluntary Organisations (ACOSVO) [5.10] in negotiating with the Scottish Government over annual funding of the third sector in Scotland. Professor Osborne is also a member of the Community Planning Partnerships Overview Committee of the Scottish Government, where his work has fed into policy-making in relation to the role of TSOs in Community Planning Partnerships [5.9].

2. **Improving the management/impact of TSOs in delivering public services**. Research from the Innovation stream has improved the ability of TSOs to manage and deliver public services. First, findings have been presented at SCVO annual conferences (2011, 2012, approximately 300 practitioners at each) and at dedicated workshops for the research participants, leading to discussion of the implications for the management of their organisations, especially in recommending effective strategies for organisational survival and growth during and after the recession [5.9]. Second, it underpinned five training courses (organised by ACOSVO with approximately 40 participants in each) in strategic management and public service reform for chief officers of TSOs to enhance their impact upon the public services reform agenda in Scotland [5.10].

Further impact of the research has been engendered through Osborne's role as Vice-Chair of SCVO and Chair of its Finance and General Purposes Committee. The research findings have influenced the management of SCVO by informing risk and innovation policies and shaping its strategic orientation towards innovation in public services.

3. **Increasing public awareness of TSOs**. Finally, this research has also been used by Osborne to influence public opinion on the role of the third sector in Scotland through newspaper articles in the Edinburgh Evening News (2011, daily circulation=32,160) and The Scotsman (2012, daily circulation=28,500), and through public engagement workshops on the Big Society in Scotland, as part of The Gathering (2010, annual 2-day event organised by the SCVO, attracting 3,000 people), and on the role of the third sector in the future of Scotland, as part of the ESRC Festival of Social Science (2012). These events stimulated further online discussion through blogs discussing the impact of the research for Scotland and also further articles in The Scotsman responding to the research.

5. Sources to corroborate the impact

5.1 Document: RUC Sunrise Conference 2012 - *Transforming Governance, Enhancing Innovation* (http://ruconf.ruc.dk/index.php/sun12/sun12 or http://tinyurl.com/nngjrrt) (Illustrates the impact of the research on shaping public policy debates in the UK.)

5.2 C Leadbeater (2007) *Social Enterprise and Social Innovation* (Office of the Third Sector, London) (http://www.charlesleadbeater.net/cms/xstandard/social_enterprise_innovation.pdf) (http://tinyurl.com/q3bygfs) (Illustrates the impact of the research in conceptualising innovation in public policy debates in the UK.)

5.3 M Horne (2008) *Honest Brokers: Brokering Innovation in Public Services* (Cabinet Office Innovation Unit, London) (http://www.innovationunit.org/sites/default/files/Honest%20Brokers.pdf) or (http://tinyurl.com/ocrdchr) (Illustrates the impact of the research in conceptualising innovation in public policy debates in the UK.)

5.4 Australian Government Management Advisory Committee (2010) *Empowering Change: Fostering Innovation in the Australian Public Service* (Attorney General's Department, Barton) (http://ict-industry-reports.com/wp-content/uploads/sites/4/2010/06/2010-austr-public-sector-innovation-empowering-change-apsmac-may-2010.pdf) or (http://tinyurl.com/prj85tj) (Illustrates the impact of the research on Australian government policy on public sector innovation, especially in relation to risk management.)

5.5 Academy of Social Sciences (2012) *Making the Case for the Social Sciences – Scotland* (ASS, London). Public Launch (18/12/2012) was attended by over 100 people, including policy-makers from UK and Scottish Governments; mailed to 1000 members across the world. (http://www.acss.org.uk/docs/Making%20the%20Case/ACSS_Scotland_Making_The_Case%20final.pdf) or (http://tinyurl.com/o3rwd3u) (Illustrates the overall impact of the research in shaping the public policy agenda on this topic in Scotland.)

5.6 Christie Commission (2011) *Report on the Future Delivery of Public Services* (Scottish Government, Edinburgh) (http://www.scotland.gov.uk/Resource/Doc/352649/0118638.pdf) or (http://tinyurl.com/p77onth) (Illustrates the impact of the research on shaping public policy debates in Scotland.)

5.7 Independent Inquiry into Abuse at Kerelaw Residential School (2009) *Independent Inquiry into Abuse at Kerelaw Residential School* (Scottish Government, Edinburgh) (http://www.scotland.gov.uk/Resource/Doc/271997/0081066.pdf) or (http://tinyurl.com/ouebql6) (Illustrates the impact of the research on shaping public policy debates in Scotland.)

5.8 Principal Researcher, Local Governance and Reform Analytical Services, The Scottish Government (Illustrates the impact on the budget decisions of the Scottish government and to its effect on policy discussions within the Government – contact details available from HEI.)

5.9 Chief Executive, Association of Chief Officers of Scottish Voluntary Organisations (Illustrates the impact of the research on TSO funding negotiations with the Scottish government and to training programmes for senior managers in the sector – contact details available from HEI.)

5.10 Chief Executive, Scottish Council for Voluntary Organisations (SCVO) (Illustrates the impact of the research on TSO funding negotiations with the Scottish government and to training programmes for senior managers in the sector, as well as to its effect upon awareness of these issues by senior managers in the sector – contact details available from HEI.)