

**Maintaining voluntary sector autonomy while
promoting public accountability: managing
government funding of voluntary organisations**

Royal Irish Academy Third Sector Research Programme

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**The development of partnership relationships between the
government and the voluntary and community sector and
the implications for funding**

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1. Partnership – What is it and why the interest?

Background

Before going into the evolving partnership relationship between the voluntary and community sector and government, it is important to put this relationship within the wider context of social partnership in Ireland. Social partnership, particularly through the development of national-level multi-year economic and social development programmes, is widely seen as helping to deliver industrial stability and moderate pay settlements, thus contributing to competitiveness and economic growth (NESC, 1998). But as the National Economic and Social Council (NESC) also indicate, in recent years the collaboration of the social partners at the national level has contributed more generally to the development of a social partnership ethos in the public policy arena (NESC, 1999). At national level, partnership has become more encompassing through the inclusion of the community and voluntary sector on the NESC. At local level, a partnership approach is being used in the development of county strategies for economic, social and cultural development (*Preparing the Ground*, 1999). Again, the voluntary and community sector are formally involved in the process. At the level of the individual organisation or enterprise, partnership between employers, trade unions and staff is an objective of public policy (Boyle, 1998).

This is not to say that social partnership is seen as a panacea. O'Donnell (2001) in a review of the future of social partnership in Ireland, indicates a sense of unease about partnership among some constituencies. The ability of social partnership to deliver a continuing stable pay and industrial relations climate and help address key public policy issues has been questioned in some instances. There is a sense that social partnership must evolve if it is to continue. But from the perspective of this study, the main points arising from social partnership here are: (a) the formal inclusion of the voluntary and community sector in the social partnership process, and (b) the contribution that social partnership has made to the development of a wider ethos of partnership as a useful and effective approach to joint problem solving and decision making.

Partnership definitions

Partnership is a word that means different things to different people, depending on where they are coming from. Social partnership, mentioned above, is concerned primarily with the relationship between the main social partners (government, employers, trade unions, farmers, voluntary and community sector). Partnership within organisations is concerned with the relationship between managers, trade unions and staff. Here, however, we are concerned with the concept of partnership in terms of the relationship between government and the voluntary and community sector, and in particular between government agencies and voluntary organisations, i.e. inter-organisational partnership.

A legal understanding of business partnerships indicates that all partners are jointly and severally liable for both the successes and failures of the venture. In a public service context, Kernaghan (1993) defines partnership as ‘... a relationship involving the sharing of power, work, support and/or information with others for the achievement of joint goals and/or mutual benefits.’ Wilson and Charlton (1997) refer to partnership as ‘... organisations – representing the public, private and voluntary sectors – acting together by contributing their diverse resources in the furtherance of a common vision that has clearly defined goals and objectives.’ More specifically from the point of view of this study, a draft guide for public/voluntary sector partnerships states that partnership exists ‘... where each party has an opportunity to contribute to the decisions of the partnership and to influence the provision which arises from it, be this at policy, strategic or implementation level’. (Compact Working Group, 2001)

A number of key points emerge from these definitions. The notion of jointly agreed goals shared among the participants in the partnership is indicated. So too is the fact that participants have obligation under a partnership arrangements. Further, the notion of actively working together in a spirit of common interest and common ownership is stressed.

Partnership may also operate at one or a number of different levels between organisations. Gaster and Deakin (1998) have developed the concept of a ladder of

partnership to illustrate the different types of partnership arrangement that may exist between local government and the voluntary sector. This 'ladder' is outlined in Figure 1.

Figure 1
A ladder of partnership

Type of 'partnership'	What it might involve
Information exchange	Identifying local and service needs where cross-boundary working is needed and could be effective.
Action planning	Mutual learning, knowledge of what each partner does and could do. Joint problem-solving approaches to agree actions and processes. Identifying (the need for) new partners.
Co-ordination	Active co-ordination process: co-ordinator knows what's going on, draws on each partner as appropriate, helps to nurture development and involvement of new partners.
Implementing projects and service plans	Mutual trust, identifying specific inputs from each partner, commitment to act on agreed elements.
Collaboration	Joint problem-solving and action. Shared values and agendas.
Full partnership	Shared value, pooled resources, blurred boundaries, continuously developing to meet changing needs. Less powerful partners supported to play a full role.

Source: Gaster and Deakin, 1998

Partnerships may also address different objectives, such as the development of policy, the development of strategy, or the implementation of strategy (Compact Working Group, 2001).

Why partnership?

Pursuing partnership as an end in itself is unlikely to be productive. Rather, it needs to be seen as a way of working that aims to address particular social, economic and environmental issues. Wilson and Charlton (1997) outline four reasons why the move to cross-sectoral partnership has increased in prominence in the 1990s:

1. The political agenda is encouraging partnership developments.
2. Partnerships are often seen as the most appropriate vehicle for addressing social and economic needs, offering greater involvement by all sectors of society in the allocation of public funds.
3. The notion of partnership fits in with the emerging concepts of communitarianism and a stakeholder society. Individuals and organisations from all sectors are increasingly demanding a voice in defining and implementing responses to policy challenges.
4. Most social problems have multiple causes and therefore need a multi-agency approach to solutions.

More generally, and building on the last point above, Huxham (1995) suggests that partnership is appropriate where seeking to achieve objectives that no single organisation can achieve alone. Huxham uses the term ‘collaborative advantage’ to describe a situation where, through the collaboration something is achieved that no organisation could achieve on its own, and where individual organisations also achieve their own objectives better than they could alone.

However, Huxham (1995, 1996) also indicates that partnership is not without its problems and pitfalls, including:

- *Loss of control.* The ability to take action if things seem to be going wrong or differently from expectations may be reduced in partnerships. The sharing of decision making may act as a constraint on actions.
- *Multiple goals.* Specification of common goals for the partnership may cause problems, in that it can make existing differences more explicit, with the advantages of ambiguity being lost. Also, stakeholders are likely to want to achieve their own particular goals through partnerships, which may not relate to the stated purpose of the partnership.
- *Tensions between autonomy and accountability.* For those actively involved in partnership, autonomy of action –being able to respond to positions of the other actors in the partnership arrangement – can be important in progressing actions. Yet members may be accountable to their stakeholder groups (government departments to ministers, voluntary organisations to boards) which may mean checking back before committing to a decisions. This tension can cause problems.

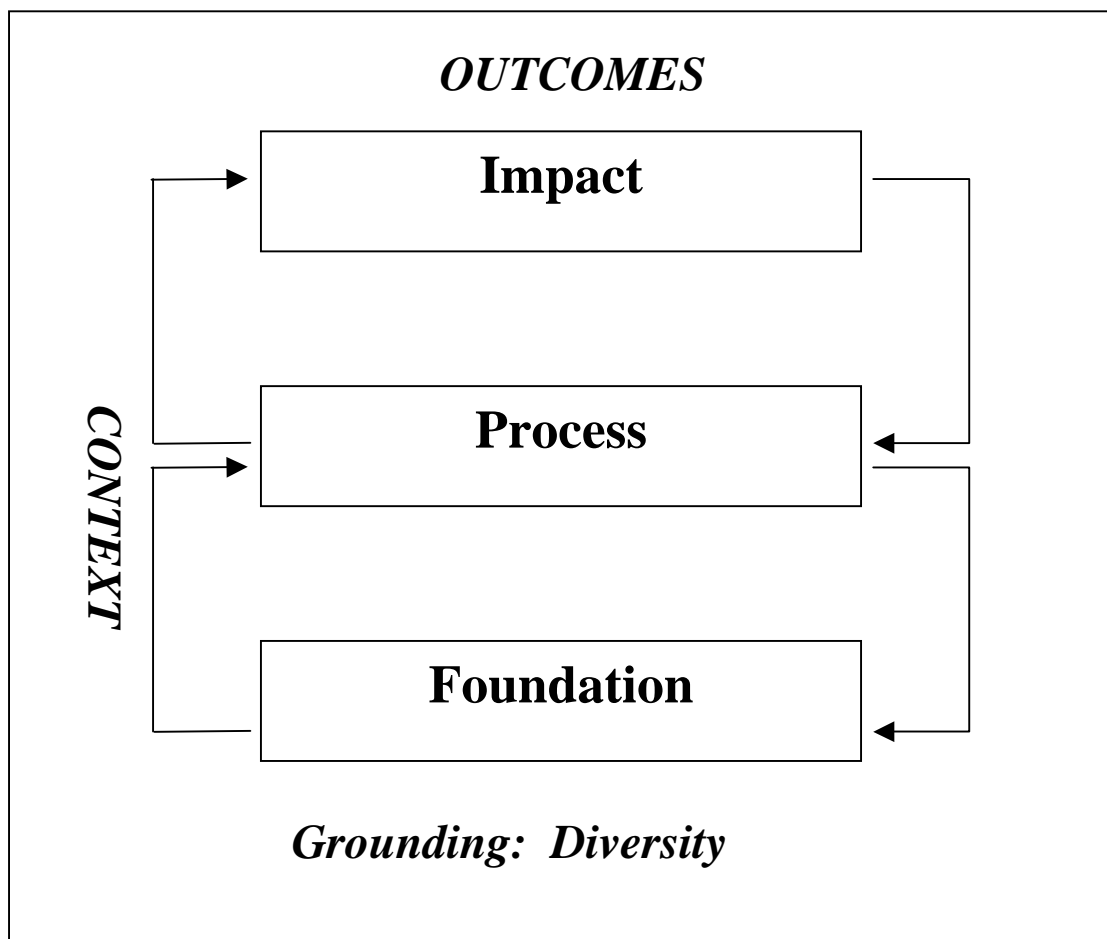
Thus while partnership between the voluntary and community sector and government offers advantages as a way of working, it is not without its problems. From the perspective of the funding relationship, the positive aspects of partnership involves issues such as the development of a longer-term relationship rather than once-off funding allocations, joint decision-making as to the appropriate level and use of resources, and shared agreement as to the objectives which funding is aimed at achieving. The more negative aspects of partnership involve potential problems such as inertia rather than responsiveness to emerging needs, slowness of decision making, and conflicts between individual organisational goals and those of the partnership with relation to funding. There is also the issue of inequality in the partnership, with smaller and more marginalized groups in particular in danger of being sidelined.

There is also a close relationship between partnership and contracting. In England, ‘Increasingly contracting is seen as the mechanism through which partnerships pay for the partnership agenda to be implemented or delivered’ (Compact Working Group, 2001). Also, partnerships may themselves have money allocated to them which they in turn allocate on the basis of tendered for contracts.

2. A framework for partnership

If partnership between the voluntary and community sector and government is to play a role in influencing the funding relationship that exists, among other things, it is important to understand how partnerships work to achieve desired outcomes. To this end, the Institute of Public Health in Ireland (2000) have developed a framework model for understanding how partnerships work. This model is set out in Figure 2. The main elements of the model are set out below.

Figure 2
The Partnership Framework



Source: Institute of Public Health in Ireland, 2000

1. *Context.* This refers to the wider environment within which partnerships operate. It includes factors such as previous history of working together, the political climate and policies/laws/regulations.
2. *Grounding.* This refers to the need for the partnership to be grounded in valuing and respecting diversity. Understanding the different perspectives of participants and managing differences of opinion constructively are key factors.
3. *Foundation.* This involves building a shared purpose and strategy. The main tasks involved here are the development of:
 - Vision – image of a desired future.
 - Mission – purpose of working together and the fundamental reason for the partnership’s existence.
 - Principles – guidelines for style of working and decision making.
 - Values – the beliefs individuals and the group hold.
 - Measuring impact – how impact will be evaluated.
 - Infrastructure – how the day-to-day business will be carried out.
 - Contribution – making explicit what is expected from members, why they are there, how they will be held accountable and the incentives they need to stay involved.
4. *Process.* This relates to the skills and dynamics of the partnership, associated with building effective working relationships. Process factors include leadership, communication, team-building, sustainability and research and evaluation.
5. *Impact and Outcomes.* Outcomes refer to the difference made by partnerships: the tangible improvements to the different constituencies served by and who make up the partnership. However, outcomes (such as increased employment rates, lower alcohol and drug rates) are virtually impossible to attribute directly to the efforts of partnership alone. Consequently, the framework proposes the use of impact measures. These are measures that can be directly related to the activities and outputs of the partnership and which create the conditions necessary to achieve outcomes. These impacts are sometimes referred to as intermediate outcomes (see Working Paper No. 3 for details). Impacts may result in changes in (a) peoples behaviour and attitudes, (b) policy development, (c) systems development (improvements in co-ordination or infrastructure), and (d) resource

development (changes in social and economic capital). Impacts may also be either expected or unexpected.

From the perspective of the funding relationship, this framework can be used to improve understanding of how negotiations on funding may occur in a partnership setting. Key issues to look out for in determining the success of the funding negotiation can be determined. For example, if the foundation is insufficient, in that not enough time has been given to agreeing the goal of the partnership, problems may occur. Similarly, joint agreement on the desired impacts and outcomes may facilitate agreement on funding needs and appropriate levels of funding.

3. Voluntary and community sector – government compacts: formal expressions of partnership

The development of a compact or accord between the voluntary and community sector and government as a formal expression of partnership is a relatively new phenomenon. In terms of the model outlined in Figure 2, such compacts are aimed in particular at securing the foundation for partnership relationships between government and the voluntary and community sector. In England, Scotland, Wales and Northern Ireland, compacts between the government and the voluntary and community sector have been developed in the late nineteen-nineties. A federal government-voluntary sector accord was introduced in Canada at the end of 2001 (Voluntary Sector Task Force, 2001). According to Phillips (2001) ‘the overarching goal of an accord is to develop a framework to enable relations to be carried out differently and better than before. It is a framework agreement between a government and the voluntary sector that articulates a shared vision, agreed-upon principles and mutual undertakings to shape and guide their relationship.’ Good (2001) makes similar points and further elaborates with regard to the compacts in use in the UK:

Their stated intent is to provide a framework to guide the relationship and mutual understanding between the two parties including recognition by the government of the importance of the sector to society. Such compacts are not backed by the force of legislation. Their force is moral, not legal. Their

authority comes from the involvement and endorsement of members of both government and the voluntary sector through broad-based consultation and involvement.

Phillips (2001) also makes the point that compacts are both a framework document and a process: ‘Experience clearly demonstrates that the process of getting to an agreement and the ongoing means for implementing good practices, monitoring and reporting are as important, if not more so, than the content of the document itself.’

The phases of compact development and implementation

Phillips (2001) further notes that three distinct phases can be discerned in the development and implementation of a compact:

- *Phase 1 – Development*, involves drafting the text of the framework agreement, engagement of the voluntary and community sector and government on its content, redrafting and formal agreement.
- *Phase 2 – Development of codes of good practice*, involves giving substance to the framework through drafting one or more detailed guides about what constitutes good conduct for both government and the voluntary and community sector, engaging all sides in a dialogue on the acceptability of the codes, and initial implementation of them.
- *Phase 3 – Monitoring, reporting and compliance*, involves monitoring on both sides to ensure that the framework agreement and codes are being followed, public reporting of the state of the relationship, and addressing issues of non-compliance.

In the development phase in the UK, the compacts were drawn up by joint government/voluntary and community sector working groups. The participation of the voluntary and community sector was co-ordinated by national umbrella groups (for example the Northern Ireland Council for Voluntary Action, and in the case of England, the National Council of Voluntary Organisations). The compacts themselves represent an agreed statement of the general principles and shared values

governing the relationship between the voluntary and community sector and government. For example, in the case of Northern Ireland (Northern Ireland Office, 1998), the main elements of the compact cover:

- *Roles*, defining the respective roles of government and the voluntary and community sector in the relationship.
- *Shared values*, outlining the common ground and understandings of the relationship. From the point of view of this study, one significant shared value is accountability, defined as ‘being answerable to all relevant stakeholders in relation to the propriety of policies, actions and use of resources’.
- *Shared principles*, detailing the key principles underpinning the relationship, including interdependence, co-operation, anticipation, representation and good practice. From the point of view of this study, the representation principle recognises the right of the voluntary and community sector to comment on, challenge and seek to influence government policies. It also recognises that the advocacy role is a distinctive characteristic of the voluntary and community sector.
- *Commitments*, outlining the commitments made by both the government and voluntary and community sector to lend substance to the values and principles in the compact. From the point of view of this study, on resourcing the government commits itself ‘to allocate resources to the voluntary and community sector in accordance with clear objectives linked to departmental priorities and to monitor and evaluate their use against criteria of quality, efficiency, effectiveness, equity, sustainability and accountability.’ The voluntary and community sector commits itself ‘to maintain high standards of governance and conduct, to meet reporting and accountability obligations, and to develop quality standards, especially where public funds are provided’, and ‘to develop systems which ensure accountability to both funders and users.’

As noted above, the agreed principles recognise the advocacy role of voluntary and community organisations. This is also the case in the Canadian accord where, included under the heading of independence it is recognised that ‘the independence of

voluntary sector organisations includes their right within the law to challenge public policies, programmes and legislation and to advocate for change; and (that) advocacy is inherent to debate and change in a democratic society and, subject to the above principles, it should not affect any funding relationship that might exist.’ (Voluntary Sector Task Force, 2001).

After the compacts themselves have been agreed as high-level framework documents, the next phase is the development of codes of good practice. These codes outline recommended practice in more detail for particular activities. For example, in England there are five codes covering funding, consultation, volunteering, black and minority ethnic groups and community action. The funding code is obviously particularly relevant to this study. In the English funding code, ten key points for an effective funding framework are set out, and elaborated on in the text of the document (Compact Working Group, 2000). The ten key points are:

- Value for money.
- Procedures that are consistent with the principles of good regulation and the need to provide effective protection of, and proper accountability for, public money.
- Respect for the sector’s independence.
- Improved sustainability and longer-term planning, for example, through multi-year roll-forward funding.
- Recognition of core costs and the different ways these can be met.
- Support for the sector’s infrastructure.
- Fair access to strategic, project and contract funding.
- Improved co-operation and consistency between departments.
- Clarity in funding conditions.
- Joint approach to monitoring and evaluation.

In addition, the code includes detailed appendices outlining the process to be followed by government departments in assessing grant applications and a guide set of standard terms and conditions on the use of grants received by voluntary and community organisations.

The final phase of compact implementation concerns monitoring and compliance. In the UK, monitoring is built around an annual review report to a meeting involving members of the voluntary and community sector and the government. In England, the report is also presented to parliament.

Local compacts

In England, progress has also been made in the development of local compacts between the voluntary sector and local authorities. Local compacts are designed to strengthen the relationship between local government and the voluntary sector and promote better partnership working.

Work on the development of local compacts is co-ordinated by the Compact Working Group, a consortium of English national voluntary organisations also involved in the national compact (Osborne and McLoughlin, 2002).

A survey undertaken in 2001 indicated that 60 per cent of local authority areas are 'compact-active', with 18 per cent having published a compact and 42 per cent developing one. A further 16 per cent indicated that they intend to make a start within a year (*Report of the Second Annual Meeting, 2001*).

Strengths and limitations of compacts

Phillips (2001) identifies three ways in particular in which compacts have the potential to improve the situation of voluntary and community organisations. The first improvement that compacts can bring about is in the everyday practices that government uses in how it interacts with voluntary and community organisations. This can happen through the introduction of better practices within government departments, and greater consistency of practice across departments. However, it is also possible that departments fail to react or respond to the compact in practice. Here, expectations have been raised but the practice remains as before.

The second improvement compacts may bring is in changing the way government thinks about the voluntary and community sector. Here, the compact acts to enhance

the autonomy of the sector, and in particular its advocacy role. As has been seen, the independence of the voluntary and community sector is formally written into compacts. However, in practice, government may emphasise the service delivery role of voluntary and community organisations at the expense of their policy influencing role. This may limit the practical independence of voluntary and community organisations (Young, 2000). Also, governments view of the role of compacts may change as the political make-up of the government itself changes over time.

The third improvement that compacts may bring is in enhancing the coherence of the voluntary and community sector as a sector. Through the process of engaging local organisations and groups in the development of a compact, national leadership may be able to improve trust and co-operation among the diversity of voluntary and community based organisations. However, such action requires a strong umbrella organisation/organisations, which may not exist or not have sufficient legitimacy across the sector.

In practice, while compacts have only been in existence for a limited time and it is too early to develop lessons from their existence, there is some evidence of overall positive effects to date. The first annual review of England's compact included findings from a survey of government departments where 75 per cent said that they had seen a positive improvement in their relationship with voluntary and community organisations. A smaller number, approximately one-third of voluntary and community organisations who responded to a similar survey, said that the relationship with government had improved. The second annual review, in 2001, also reported improvement on the previous year (*Report of the Second Annual Meeting, 2001*). However, this second annual review also noted that there had been limited implementation of the funding code within individual departments, with only 18 per cent of respondents saying that they found the code useful. Set against this, examples were given of how the funding code is changing practice in some areas, with almost half of government funded organisations now paid in advance and strategic three-year roll-forward funding starting to be introduced across government.

Scotland has also reviewed implementation of the Scottish Compact, based on questionnaires sent to the Scottish Executive and its agencies and to the voluntary

sector (Scottish Executive, 2001). Of government departmental responses, 72 per cent felt that the compact was a useful reference document, especially the sections on funding and consultation. With regard to funding however, some concerns were raised around a commitment given in the compact to give the voluntary sector three months notice of funding decisions. In the voluntary sector, survey results suggest a limited improvement in working relationships, although 73 per cent recorded no change in the funding review relationship. On deciding and administering funding, 53 per cent recorded no change. Knowledge of the compact was also found to be low among local/regional voluntary organisations, with over 50 per cent unaware of its existence

4. Conclusions

Partnership relationships between the voluntary and community sector and government are a growing feature on the scene internationally. Promoting joint problem solving and decision making approaches through partnership fora is now seen as a preferred way of working in many circumstances. Partnership, however, is a difficult term to pin down, and may be interpreted differently by participants in the partnership. Thus the importance of having a clear framework, as outlined in Figure 2, for understanding how partnership will work in practice. In terms of laying a solid foundation for the development of partnership relationships, several countries have recently moved to develop formal compacts or accords between government and the voluntary and community sector.

In terms of this study, a key issue is how voluntary and community sector autonomy is maintained in the funding relationship with government. One way which partnership arrangements aim to address this issue is through the development of explicit statements guaranteeing the independent and advocacy role of the voluntary and community sector. In the various UK compacts and the Canadian accord, there is formal expression of the independent and advocacy role of the voluntary and community sector.

Similarly, partnership agreements more broadly aim to set out the main principles and commitments regarding the funding relationship between government and the

voluntary and community sector. These act as general guides for how the funding relationship should work in practice. The extent to which such formal statements influence practice is still open to question, as compacts are a new development. However, initial indications are showing a positive, but limited improvement in practice.

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