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Stream 23: The boundaries between the Voluntary Sector and Neo-Liberalism

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To what extent is the voluntary sector colonised by neo-liberal thinking?

Abstract

The paper examines the voluntary sector's new role as a sub contractor to global corporates and the extent to which parts of the voluntary sector have been colonised by neo liberal thinking. As privatisation mutates, the corporate sector is rapidly extending its role as a provider of public services in health, education and social services. In pursuing neo liberal policies to dismantle the social state, post 2010 Coalition Government legislation constantly refers to the role of the 'voluntary and private sectors' as alternatives to a public sector. Over the past two decades the mainstream leadership of the voluntary sector has been an active agent in cultivating links with the corporate sector as case material will demonstrate. However, the new growth of sub contracting to the corporate sector, in the wake of the award of contracts for the 2012 Welfare to Work programme, raises fundamental ethical dilemmas. The attitudes towards this development in the voluntary sector highlight contested positions and growing ideological differences.

In the final part of the paper, the muted response of the mainstream voluntary leadership to the dismantling of the welfare state is considered. This silence is critically explored using three key theorists: firstly, Frazer's critique of emancipatory social movements as having engaged in a 'dangerous liaison with neo-liberalism' (2013:132). Secondly, Hoggett's (2006) argument that public and private sector represent different moral spheres and by implication voluntary sector sub contracting to the corporate sector has an inevitable ethical cost. Finally, the critique around re-assembly of 'publicness' as argued by Newman and Clarke (2009:184), is considered as a basis for rethinking voluntary sector strategy.

Introduction

The focus of this paper will be on that part of the voluntary sector which has been drawn into the 'contract culture' over the past two decades. Kendal's typology is helpful in pointing to these key segments with their focus on 'quasi market consumerism', 'civil order renewal' and 'democratic life' (2010: 251).

While much of the recent discourse of the sector has focussed on the changing relationship to the local state during the New Labour era, this paper explores how the sector has largely ignored a parallel process of co-option by the private sector and more specifically the corporate sector. It considers how neo liberal thinking has impacted on the sector over several decades and how this has been manifested through legislation, new forms of governance and partnering with the private sector. Case material from the past two decades will be drawn on to illustrate how acceptance of neo liberal ideas came to be embedded in the sector, particularly through its role as an active protagonist in the ‘modernising public services’ agendas pursued by all recent governments. Scrutiny of recent views by the different leadership roles in the voluntary sector towards this development reveals increasingly contested political positions.

A consequence of these changes has been the absence of any substantial mainstream voluntary sector presence in forming or leading a cross sector alliance to challenge the current dismantling of the welfare state. The sector it is argued has been effectively silenced. In the final part of the paper, this silence is explored using three key theorists. Firstly, Frazer’s (2013) argument that emancipatory social movements have engaged in a ‘dangerous liaison with neo-liberalism’ (p.132). Secondly, Hoggett’s (2006) critique that public and private sectors represent different moral spheres and, by implication, voluntary sector sub contracting to the corporate sector has an inevitable ethical cost. Finally, the critique around re-assemblage of ‘publicness’, as argued by Newman and Clarke (2009), is considered as a basis for rethinking voluntary sector strategy.

Neo liberalism

In the title of his book *the strange non death of neo liberalism*, Crouch (2011) captures the position we now find ourselves in following the economic crisis of 2008. Contrary to the initial optimism about a radical re-thinking of capitalism, neo-liberal ideas have re-emerged with a strengthened grip on the mindset of politicians. A consensus of neo-liberal economic ideas (deregulation, outsourcing, a cheap flexible labour force, a cult of the market and a smaller social / welfare state) in various forms have shaped the public service 'modernisation' agenda for three decades and with it popular assumptions about efficiency and innovation.

From Osborne and Gaebler’s (1993) exhortation of ‘steering not rowing’, we have had the pervasive equation of the public sector as intrinsically inefficient and bureaucratic over three decades rather than seen as those areas of life collectively decided as best left outside the market nexus, albeit always in need of challenge and re-thinking. This has been reflected in the ‘two waves’ of the government to governance thinking (Bevir, 2011). Davies (2011) has argued that both waves have been essentially neo liberal in purpose: the first being straightforward privatisation of public services and the second revolving around citizenship and its role in embedding neo liberal thought, in contrast to the bottom up activist impetus and movements for democratisation (Foot, 2009 ; Barnes, 2008).

The fundamental opposition to the idea of a public sector has been taken further forward under the post 2010 Coalition Government ‘modernisation’ of public services agenda , through the Open Public Services White Paper (July, 2011). This marked a

key stage in the push towards reduced welfare and a smaller local state role whilst enhancing the power of the central state in for example education or security. A prime concern of the Coalition Government is to open up social services, health and education to corporate public service providers through embedding a wide ranging competitive tendering regime. Its new legislation (Appendix 1), consistently speaks of the role of the ‘voluntary and private sector’ while explicitly seeking to exclude or undermine existing public sector roles.

Positioned as having a key role in this post 2010 legislation, parts of the voluntary sector now face the opportunity for significant growth while other parts, typically smaller and more local organisations working in partnership with local authorities and the health service, face a destabilising loss of contracts as they find themselves unable to compete in the competitive commissioning process of a ‘level playfield’.

A mutation in the form of capitalism

The growth of the role of corporates in public service delivery has been well catalogued in *The Shadow State* by Social Enterprise UK, (2012) and Harris (2013). Whitfield (2102a) has described the increasing marketising of welfare services and new legislation as a highly organised drive to open up a market in social services, health and education. Having effectively already taken over large parts of the manual and back office services of the public sector, welfare services now offer a way to meet the need for generating easy, short-term profits for the corporate sector alongside satisfying the ideological desire for a smaller state sector. It is perhaps best understood as a ‘mutation’ in the form of privatisation (Whitfield, 2012b). The next area to which it is being applied is the justice sector. Describing a meeting with Serco in 2012, a speaker from a small prison reform project reported the latter as saying “we are not interested in the work, you will do the work, we are interested in the money”, underlining how the primary interest of the corporate sector lies as much in finance capitalism.

It is important to emphasise that this corporate sector is not to be equated with the wider private sector of local small and medium sized companies. The voluntary sector has traditionally had many kinds of links with the private sector with its variable interests in philanthropic funding. In a typology of the private sector, the corporate sector and focus of this paper is a distinct subset and one which has grown more and more powerful and unaccountable over the past decade.

Hollowing out the public sector

40% of spending by local authorities already goes on contracts to the private and voluntary sectors (Cabinet Office, 2011). An analysis of NHS services in 2011 likewise indicated that 31% was already run by the private sector, and this would rise to 64% by 2013, under the original proposals of then Health Bill to hand over commissioning of health care to GPs (McCabe and Kirkpatrick, 2011). Despite modifications to this Health Bill the expectation is still that involvement of the corporate sector will grow rapidly as pressure to make budget savings in health intensifies. A third of GP’s are also known to have shares in the private health sector posing a fundamental conflict of interest (Cram, 2013; Campbell, 2012). Community health contracts are now being awarded by these new Clinical Commissioning

Groups and Toyne (2013) has claimed that a quarter to a half of community services in health are now already run by Virgin Care. The NHS is thus increasingly set to become a shell or a brand inside of which lodge these companies alongside the effectively privatised governance structure of Foundation Hospitals already outside day to day democratic scrutiny.

There are far reaching implications for both the growth of inequality (Hills et al, 2013; Dorling, 2010; Wilkinson and Pickett, 2009), and for the survival of any meaningful local democracy and idea of public services as being open to collective scrutiny and debate via local democracy. The role of local councils is therefore seriously undermined by much of the post 2010 legislation. It is no accident that local Councils have been the focus of the Coalition Government severest cuts as austerity politics and the ideology of a smaller local state take hold with 28% budget reductions between 2011-15 plus a further 10% announced in June 2013 which is now anticipated to be closer to 15% (MJ, 2013). Some authorities will have experienced a 40% cut in five years jeopardising their purpose and viability. Those areas most dependent on public services have also been those most severely cut. At some point the question must arise whether they become so hollowed out by outsourcing that democratic control becomes meaningless and that some will become financially unviable.

Recent change in the voluntary sector

Of the 800,000 plus voluntary sector organisations overall in the UK, we are talking here about a very specific segment of this wider sector – probably less than a 100,000 or so who have been significantly drawn into the contract culture. In 2010, only 4,082 charities had a turnover over a £1m. Under New Labour there was a 40 % growth in the voluntary sector paid workforce over the decade 2001-2010, rising to 765,000 (NCVO, 2011). Partnership and a shift towards a contract culture were the key developments. In 2011, the sector received 38% of its £ 36.7b income from government of which 79% was generated through contracts for provision of services - rising from £4.4 b on 2001 to £10.9b in 2009/10 (Barclays Corporate, 2011). The period since 2010 under the Coalition Government has seen a contraction with an anticipated loss of £3.3b income over the period 2011-16. There were 70,000 job losses in London's voluntary sector in 2011. Voluntary sector funding is significantly in decline and employment in the charity sector is falling, and yet employment across the voluntary sector as a whole is rising. The latter is often in the form of insecure and part-time jobs (Personnel Today, 2013) and recent research shows 38% of contracts in the sector are zero hours (CIPD, 2013) which is the highest of all the employment sectors.

With the phasing out of grants, and partnering by local Councils and the NHS, many medium sized and small groups offering niche services are now being sidelined in this unforgiving process of competitive commissioning as national charities 'hoover up' local contracts (Carmel and Harlock, 2008) or the private sector moves in. The voluntary sector is clearly no longer the automatic or preferred supplier for specialist niche roles and is now in hard nosed competition with the private sector for even services like rape crisis. Many closures appear to be now inevitable. As the new form of competitive commissioning becomes established, phrases from the 1980-90s, such

as ‘anti-competitive behaviour’ and a fear of ‘challenge by private contractors’, are returning to haunt the vocabulary of commissioning.

An ‘elephant in the room’

A decade ago my own research during the New Labour era of the early 2000s, led me to conclude:

‘...a handful of corporate monopolies are being brought into being, which are exercising day-to-day authority over a widening area of public service provision and which is now extending its reach towards enrolling parts of the voluntary sector as a sub contractor.’ (Murray, 2005:277)

Over the past decade I have raised the question at sector research conferences as to whether the growth of the corporate sector’s role and its indirect impact on the voluntary sector was a cause for concern for voluntary organisations. My question generally generated little interest and discussion would turn quickly back to critical discussion of local authorities and their commissioning practice. I was curious about this casual attitude in the face of the far reaching implications of blurring a key boundary. Had the traditional connections of the voluntary sector with private sector philanthropy created a barrier to addressing this ‘elephant in the room’ and an avoidance of confronting the real relations of what has been emerging during the last two decades?

This kind of willed ignorance came to an abrupt halt with the award of the Work Programme contracts in February 2012. The sector’s relationship with the private public services industry became an unavoidable point of debate. The sudden arrival, without public debate of voluntary sector sub-contractors to the global corporate sector clearly moved the relationship beyond philanthropy or even the contentious partnerships with corporates such as by Barnados with Serco selected as the preferred bidder for asylum support services (Serco, 2011, 2013; IRR, 2011)) or Nacro’s contracts with the same company (DWP, 2010-14). This same template of prime contractors and voluntary sector sub-contractors is now being extended to the wider justice sector but with potentially more voluntary sector prime contractors as a consequence of lobbying and concerns about fraud and incompetence of the corporate sector.

Until the middle of 2012, relatively few people in the voluntary sector were concerned to discuss the potential implications of drawing closer to the corporate sector. In contrast, much of the debate still lingered on the development of a ‘dispersed state’ and the loss of autonomy under the previous New Labour government’s partnership approach and contract culture. Or the discussion around hybridity and welfare hybrids (Billis 2010) has normalised the idea of partnering in previously unthinkable ways, But in becoming sub contractors to corporates rather than to public bodies even more fundamental dilemmas now arise for voluntary sector bodies. If the private sector constitutes a different moral sphere as Hoggett (2006) argues, can voluntary sector organisations crossing this boundary as sub contractors still claim to be values-led?

A silenced voice?

It is clear that the mainstream debates and leadership of the voluntary sector have shown little appetite to challenge the 2010 Coalition Government's flow of legislation now impacting with speed on every public service and intended to dismantle significant parts of the welfare state. As noted earlier, in this legislation the voluntary sector is consistently coupled with the private sector as an assumed alternative 'willing' or 'qualified provider' to the public sector. As the outsourcing momentum intensifies, much of the commentary in the sector and related media focus has been around complaints as to whether the voluntary sector has received its fair share of these public service contracts now being awarded via central government diktat. During progress through Parliament there has largely been a silence from the mainstream charities and voluntary sector, as the social state is effectively downsized and outsourced. Fear, uncertainty and ambition have ruled. The Baring study (2013) highlighted the way many mainstream voluntary sector organisations are no longer independent voices or advocates in civil society debate – that role now lies elsewhere with campaigns like 38 Degrees and it is important to emphasise that this wider voluntary sector is showing new activist energy with much of it unfunded.

There has been no broad enough alliance in the UK strong enough to stop the juggernaut of legislation dismantling the post war settlement. A key reason for this is the failure of civil society and by implication the voluntary sector as a key player to speak up collectively and in a solid cross sector alliance to mobilise public opinion. In a hard hitting statement in the introduction to their recent book on the privatisation of the NHS, Davis and Tallis (2013) argue that:

‘The betrayal of the NHS,’ has been conducted by ‘politicians, journalists, the unions and perhaps most culpably of all, the leaders of the medical profession... Without the active collusion, passive acquiescence or incompetence of all these players it would hardly have been possible for the Tories... to have succeeded in getting Lansley's nightmare vision for the NHS enshrined in law’ (Davis and Tallis , 2013 : x).

The question thus arises – has the voluntary sector been a similar mediating channel for neo liberal ideas and is the insistent inclusion of the voluntary sector in the new legislation a ploy to confuse and mislead a public unaware of its changing role?

Case examples: the embedding of neo liberal ideas in the voluntary sector

Is the present situation a consequence of an uncritical relationship of the voluntary sector to the development of market thinking over the past two decades? Drawing on case material since the early 2000s, I want to consider four themes which each reveal the embedding of market friendly thinking in the voluntary sector.

Case example 1: Voluntary sector agency in shaping links with the private sector

In the aftermath of the Welfare to Work Programme decisions in 2012, I found myself using phrases like naïve ‘pawn’ (Murray, 2012 : 62) to describe the sector alongside other terms being used such as ‘bid candy’ and ‘trojan horse’. The implication was that a part of voluntary sector has been naïve, manipulated, weak, or had little choice.

All these assumptions are undoubtedly true to some degree, but they also imply that the sector has had little agency in shaping events. How far the voluntary sector has been an active partner in shaping this terrain has been underplayed. So it is helpful to return to the emergence of voluntary sector/ private sector linkages over a decade ago when the voluntary sector was clearly active in developing a new kind of relationship as the two case examples below illustrate:

2002 Conference: 'Change is Possible: how emotional literacy can transform public services'.

This conference was organised in January 2002 by Antidote, the campaign for emotional literacy. It illustrates how deep the intervention already was a decade ago and also how negative assumptions about the public sector and new modes of network governance were woven into the agenda. The following is an extract from my own narrative drafted at the time.

‘.....I am looking forward expectantly to a mix of talks and experiential work and my first experience of a dramaturgic theatre group. I notice the conference is sponsored by BT and Serco but my momentary concern about this is quickly sidelined. Funding of voluntary and public sector conferences by private companies is becoming increasingly commonplace to make such events possible.

As I enter the spacious conference room at Church House beside Westminster Abbey, my eyes are immediately drawn to an eight-foot high exhibition space with the logo ‘*Today’s highly successful business results*’ stretched across it. Its grandiose shape dominates a corner of the room to the left of the speakers’ platform and its looming presence immediately irritates me intensely. I feel impelled to go and read it. The boards describe how Serco run different local government services including education and extending to cover diverse public services from IT to university pensions schemes. In my role five years previously, I had been responsible for evaluating tenders from this multinational company for large refuse and street cleansing contracts. I know that they now manage education in local authorities like Bradford and Walsall, run private prisons in America, and are a vigorous funder of conferences run by the think-tank, ‘The New Local Government Network’ an energetic local government think-tank funded by private sponsors. I am struck by the boldness with which it is now carving out a role, not just in seeking to run education services but associating itself with developing greater emotional literacy across public services in general.

.....Later in a pre-prepared scene, the theatre company plays out its reading of a bureaucratic style of relating in a popular caricature of self-serving public servants. It is very well acted and makes us all laugh.I go home confused ... thinking about how the sponsorship of the conference would have covertly shaped the event and the assumptions about what public services mean. The politics of welfare and its impact on emotional life had been missing. In a passing comment 18 months later, another delegate I meet refers back to “that appalling conference”’ (Murray 2005:149-152).

2006: The Employment Related Services Association (ERSA)

The ERSA was formed in 2006 as the representative body for publicly funded employment programmes with welfare to work programmes seen then as at the forefront of public service reform. The key players in its formation were the Confederation of British industry (CBI), Stephen Bubb of the Association of Chief Executives of Voluntary Organisations (ACEVO) and Ed Mayo of National Consumer Council (NCC) and co author of the *Mutual State* (Mayo and Moore, 2002) – an influential report on social innovation and enterprise which shaped New Labour’s ‘new localism’ strategy. The then Prime Minister, Tony Blair referred to these three organisations above as ‘outside opinion formers’ in Labour’s then ‘Lets Talk’ process, and as being key to his ‘rescue’ of public services. But in many respects, as I argued at the time (Murray, 2006), they could equally be seen as ‘part of a new, covert political elite of insiders’ in an era defined by its style of ‘politics on the sofa’.

The ERSA in 2013 is currently a key member of the Dept of Work and Pensions Partnership Forum and plays an important role as the interface between DWP and the prime and sub contractors delivering the Work Programme. It has jointly published a report *Perfect Partners* with ACEVO and NCVO (2012). The Board has many representatives from well known voluntary sector groups along with corporate interests such as G4S and A4E.

There is an ongoing continuity with the third sector interest groups and individuals who continue to seek to shape the post 2010 Coalition Government agenda. A key area where strategic and ideological choices are being made is that around the Coalition Governments promotion of the ‘spinning out’ of public sector services as ‘public service mutuals’ or social enterprises (Le Grand, 2013) with for example the RSA’s report by Hazenberg, Hall and Ogden- Newton (2013). In their advocacy of an entrepreneurial stance and ‘spinning out’ as the answer to public service modernisation, Dearden- Phillips and Mayo (2013) continue to ignore the crucial absence of a ‘lock’ on public assets which would prevent eventual take over by corporates. This can not be ignored whatever the positives of a more entrepreneurial stance to innovation. There is no guarantee of longer term survival. Swedish ‘free schools’ for example are now all owned by corporates with the public concerned that profits from education of their children are being transferred out of the country.

Case example 2: Redefining a public service ethos:

A public service ethos stems ultimately from a deep recognition of the underlying interdependencies and human well being expressed in material and institutional ways. The critical question is whether it is only non-market relations that can fully take account of this. The argument for and against the public sector having an intrinsically different set of core values was put to a key Parliamentary Sub Committee on Public administration in 2002. Its conclusions crucially served to blur the long standing **distinction** between public and private sectors as representing different moral spheres. It underpinned the further opening up of public services to outsourcing and

the role of the private sector and corporate providers as the following narrative extract below illustrates.

2002: The Parliamentary Select Committee on Public Administration

‘...The trade union delegation, under some pressure, defined the essential characteristic of a public service ethos as ultimately one of ‘kindness’ and argued that this would be differently manifested by an outsourced hospital cleaner working for a private contractor, than by an in-house service with a more continuous and holistic understanding of their role. The emerging private public service sector presented a very different argument. The case was put by Rod Aldridge the founder and then chair of Capita, one of the earliest and now most important private public services providers. The argument was subsequently published by the think-tank The New Local Government Network (NLGN) by Aldridge and Stoker in 2003. It proposed that all service providers, whatever the sector, can and should be prepared to advance a ‘new public service ethos’. They based this around five criteria: a performance culture, a commitment to accountability, a capacity to support universal access, responsible employment and training practices, and a contribution to community well-being (ibid: 17). These five points certainly reflect good practice in terms of quality and human resources management. A well-run private company with motivated staff could achieve these just as a poorly managed public sector organisation could fail.

The Select Committee (2002) adopted this perspective represented in the NLGN pamphlet, endorsing its well-argued position that private companies providing public services should develop an appropriate *new* public service ethos. It accepted that there is no reason why the public service ethos cannot be upheld by private and voluntary service providers, but did suggest that it needed to be reinforced by building it into contracts of service and employment to prevent it being ‘put under strain by the profit motive’. Tony Wright MP the chair of the Select Committee, writing subsequently, also rejected as a myth any equation of a public service ethos with public *sector* ethos (Wright, 2003). The CBI’s Director of Public Services (Williams, 2004). has also stated that the notion of a public service ethos particular only to the public sector is ‘not only incorrect but insulting to private sector employees who deliver excellent standards of service to users on a daily basis....’(Murray, 2005:130-131).

In his capacity as chair of the CBI’s public services strategy board and as founder of Capita, (now Sir) Rod Aldridge widely promulgated his vision of a new private sector public service ethos focused on customers and their needs. He was also a funder of New Labour and briefly a ministerial advisor. He is now a fellow of the Royal Society of Arts (RSA, 2013). The latter published the Hazenberg et al (2013) report on new public service mutuals mentioned in the case example 1 above. The director of the RSA since 2006 is Mathew Taylor who was previously Chief Adviser on Strategy to the Prime Minister Tony Blair and instrumental in developing the Labour Party’s ‘Big Conversation / Lets talk’ discussion forums in 2006. The latter was mentioned in the case example 1 above in which it was noted that members of ESRA such as Ed Mayo (then of NCC and now of Cooperatives UK) and Stephen Bubb (ACEVO) were referred to as ‘outside opinion formers’.

Case example 3: Student attitudes the role of the private sector

The attitude of mature post graduate student on a voluntary sector masters course towards the corporate sector is revealing of the change in the sector. In my role as a tutor on an MSc in voluntary and community sector studies over the past five years, I would tend to ask students the following question during my first session with them: 'would you get into bed with Serco' (Third Sector, 2009). In very general terms prior to 2012-13, about fifth would be vehemently opposed, about the same number could not see what the problem was and were positive in working with the private sector, and the remainder were undecided.

The questionable roles of some of these companies - maintaining US Navy weapons systems, dubious security roles in the Middle East conflict, deporting asylum seekers and so on are well known. The absence of concern to join up the ethical dots seemed to reflect a capacity although those with experience of local community groups were usually more politically aware of the contradictions. It was then interesting to see how attitudes changed completely with the 2012 -13 student intake. All the students had an immediate negative response to the question posed above. This suggested a major shift of perception most probably prompted by the publicity given to the award of the Welfare to Work contracts in March 2012, in which all but two prime contracts were awarded to corporates. Hundreds of voluntary sector organisations found themselves in the role of becoming a sub contractor prompting much debate and later in some case some withdrawals because the flow of sub contracts was problematic or insufficient. This event radically changed general awareness and prompted increased questioning.

A second student illustration is drawn from an inter group experiential event on the theme of competitiveness and collaboration in the voluntary sector. This has been run for social policy and management students over the past five years (Milbourne and Murray, 2011) and closely mirrored sector change dynamics. In the heat of the action the dominance of a market aware competitiveness was very noticeable. It shouldered aside theory on collaborative advantage and the well honed traditional capacity of people working in the voluntary sector to organise collectively to open up new ways of responding. Under pressure, the competitive ideas of neo liberalism seemed to have become unreflexively embedded as the sector and organisations compete to survive. The plenary after these events was always very interesting as people reflected on behaviour in the heat of action and were sometimes mortified to be confronted with the gap between desired theory, politics and practice.

Case example 4. Voluntary sector leadership attitudes to competition

Finally, it is useful to bring together the public statements by different leadership roles in the sector of NCVO, NAVCA, NCIA, TSRC as to their views about whether and how the voluntary sector should compete directly against the public sector for public service contracts. Tendering in competition to replace public sector bodies is consistent with taking a neo liberal stance. So these statements are indicative of underlying ideological positions in the sector and suggest a wide spectrum of openness to neo liberal ideas.

NCVO, ACEVO, NAVCA (2013)

The following example illustrates the response of the three national bodies that are largely assumed to represent the voluntary sector – ACEVO, NCVO and NAVCA – and how they actively support the privatisation and outsourcing agenda.

‘The first in a series of government-funded events set up to help voluntary sector organisations win public sector contracts will take place in London and Manchester at the end of March 2013. The Cabinet Office announced the [master class programme](#) in December.... The training is being run by a cross-sector partnership of organisations including the voluntary sector umbrella bodies [Acevo](#), the [National Council for Voluntary Organisations](#), [Navca](#) and [Social Enterprise UK](#), and the private sector companies Capita, Ingeus, Avanta and Serco’ (*Third Sector Magazine* 23 February 2013). This is consistent with many specific statements by the chief executive of the ACEVO, for example claiming that the public are interested in ‘top class services, regardless of who delivers them’ not which sector they belong too’ and arguing that the charities provide wider social outcomes (Bubb, 2013: quoted in the *MJ*, 2013).

Third Sector Research Centre: Futures Dialogue (2013)

In contrast to this the Third Sector Research Centre, the principal research agency serving the voluntary sector and funded by government, has taken care to remain on the fence on these issues:

‘For some organisations, public funding and regulation will remain central elements of their purpose and practice; and for some, competition and commercial trading will be critical to their mission and sustainability,’ the report says. ‘Others might be able to navigate a more autonomous path, relatively immune from the state and the market.’ (Alcock, Butt and Macmillan, 2013).

National Coalition for Independent Action (2013)

Alone at the national level, the National Coalition for Independent Action presses a perspective that is explicitly oppositional to the neo-liberal orthodoxy adopted so readily by the other ‘leadership’

‘We believe in public services run by publicly accountable institutions. The role of voluntary services is to complement, challenge and test out new ways of meeting need: not to take the place of public services. We will oppose the privatisation of public services whether into the private sector or through voluntary services’ (NCIA, 2013).

What can we learn from these various stories and examples?

The conclusion to be drawn from the case material overall is that there has been a great deal of colonisation of a part of the voluntary sector by neo liberal thinking and the voluntary sector has been an active agent in bringing this about. However, it is important to reiterate again that very large parts of the sector can equally be excluded from this judgment and lie outside this discourse of co-option. But the public discourse about voluntary sector discourse has been dominated by the former so it is important to critique its neo liberal drift. Two key themes can be identified.

Anti-statism rather than an 'in and against the state' stance

A key thread to be drawn from the case examples above suggest that the parts of the voluntary sector that have been most involved in the contract culture also often exhibit the most antagonism to the local 'social' state. Some of this anti-statism is the inevitable consequence of a process of a competitive contract culture. But underlying this, lies the more long standing role of ideas espoused by parts of the voluntary sector : that of governance replacing government; of the 'mutual state' (Mayo and Moore, 2002) and the rhetoric of empowerment and localism although in practice this has proved to be more about the centralising of power by the central state. Overall, the mainstream leadership of the voluntary sector has been a key player for over three decades in a 'modernisation' of public services advocating the voluntary sector as a potential competitor, rather than working as a collaborator and preferred supplier with the public sector to innovate and improve services and enhance governance.

Over the long term, third sector voices have sought to not just rightly criticise but also to more fundamentally undermine local councils. Yet these key, local and still democratic structures which advanced social justice are now the key line of defence for what remains of the idea of a welfare state and its taken for granted notions of publicness. Local authority services do vary in quality and need to constantly criticised, but the erosion of local authority role is inescapably linked to the rise in inequality. The scale of loss is most dramatically catalogued in the impact of those most dependent on it – that is women and children (Fawcett, 2013).

It is inevitable as the commissioning culture hardens that local authorities are the focus of voluntary sector complaint and bitterness. However, local Councils still remain a democratic space where class interest is most actively determined and this is reflected in the politics of commissioning. It is important not to reify local authority structures as profound differences still exist between local authorities in their response to the ideological onslaught of central government. To do so is to ignore how commissioning is itself a highly political rather than merely technocratic process. Yet the nuances of an 'in and against and for the state' stance (LEWRG, 1979) seem largely absent in the overall thinking of the voluntary sector during the last decade. A simplistic anti statism is both implicit and often explicit in public statements. Cuts and commissioning narrow the room for manoeuvre around partnership working with the voluntary sector. The impact is being felt most severely on small and medium scale parts of the community based voluntary sector which cannot competitively tender for services and where the effectiveness of new local consortia of voluntary organisations bidding for contracts remains to be seen. Yet holding on to awareness that local politics still matter and the capacity of those in commissioning roles to adopt a 'partisan' stance (Murray, 2005: 83).

The absence of any coalition of opposition

The second theme to emerge is the absence of a voluntary sector leadership promoting a coherent voice of opposition to the current destruction of the welfare state. The implication of some statements above in the case material suggests that private and public sectors have come to be seen as merely alternative sources of finance. But this assumes that public and private sectors do not inhabit different moral spheres which

fundamentally shape organisational values and practice. There is a documented fear of speaking out in a cuts and commissioning environment. Ambition and hubris among super charities has equally silenced debate. Overall, in parts of the voluntary sector one can argue a culture of survival has replaced one of development and innovation. In summary, it leaves parts of the voluntary sector open to the charge of being used in a much bigger process - the dismantling of the UK's welfare state in the interests of big business. It has become a largely passive bystander in this process, reluctant to generate or join any broad coalition of opposition to what is happening.

Crisis Politics

Three key questions emerge from this reflection. Firstly, why has the voluntary sector so lost its voice in shaping a response to austerity politics? Secondly, why are the values of public and private sectors different and if so what is the ethical cost to the voluntary sector of sub contracting to global corporates? Thirdly, can voluntary sector sub contractors claim a commitment to the idea of publicness rather than pursuing mere survival? In thinking about these questions I will explore the relevance of Frazer (2013), Hoggett, (2005; 2006) and finally Newman and Clarke (2009).

Why has the voluntary sector lost its voice?

In her recent paper Nancy Frazer (2013) draws a very apposite parallel between the current recession and the 1930s. She builds on what Karl Polanyi (1944/2001) called a 'double movement'. By this he meant that the market and 'social protection' (such as trade unions, local authorities) were polarized around a single fault line. Frazer then points out that 'social protection' became 'a broad based, cross class front including urban workers and rural landowners, socialists and conservatives won the day' (2013:120). She goes on to explore why today any such popular opposition fails to coalesce around a 'solidaristic alternative, despite intense but ephemeral outbursts such as Occupy' (ibid: 121) and sets out to try and explain this by interrogating whether it is a failure of leadership; the change in the character of capitalism with the loss of power by a labour movement no longer able to provide the backbone for the protective pole of a 'double movement' in our own century; or finally, how social protection can no longer be envisioned and enacted in a national frame.

Frazer then turns to the idea of a 'missing third' (ibid: 127) arguing a vast array of struggles don't find a place in the 'double movement' theory. All these emancipatory movements were highly critical in one way or another of the forms of oppressiveness of 'social protection' institutions. For example, feminists challenged the 'family wage'. So in Frazer's view these movements have remained ongoingly wary of those who idealized social protection and also view marketisation as not necessarily bad as it too is able to disintegrate the oppressive. She suggests the need for a 'triple movement' but recognises that this must then be inherently ambivalent relationship. She concludes that the conflicts between protection and emancipation cannot be understood in isolation from 'the mediating force of neo-liberalisation' (ibid: 129) and in short there is a need for a new synthesis and also a new political project. One in which she argues 'we might resolve to break off a dangerous liaison with neo liberalism and forge a principled new alliance with social protection' (ibid 132) – thereby integrating an interest in non domination with solidarity and social security.

I found Frazer's analysis helpful in understanding the source of the anti statist strand in mainstream voluntary sector thinking as well as posing a challenge to embark on a different kind of path towards more solidarity with 'social protection'. At the same time it is important to stress despite all the critiques in this paper, the community based voluntary sector *does* have such collaborative links with local authorities and trade unions (TUC, 2012). But they exist at a local level and this is not reflected by the mainstream national leadership level in its public statements. It points to the long overdue need for more solidly grounded national structures.

How are the values of public and private sectors different?

Frazer's use of the phrase 'a dangerous liaison with neo liberalism' (ibid: 132), ultimately means we are talking about how as a society we understand and want to differentiate between market and non market spheres of life. In a chapter in *Public Service on the Brink* (Manson ed, 2012: 41), I argue the case as to why the public and private sectors are different. In summary, while concern for efficiency, economy, and effectiveness has a proper place in meeting the social reproduction of communities, it is still widely accepted that 'it is not like shopping' (Clarke, 2007). It is not the same as managing a supermarket to which politicians continually turn for advice on how to modernise and manage public service delivery. A private sector ethos, as Jacobs (1992) pointed out, operates with its prime obligation being orientated towards making a profit for shareholders. She argued that the public and private sector work domains constitute two contradictory different 'moral syndromes': that of the 'commercial' and that of the 'guardians'. In her view the role of bureaucracies is to serve the public openly and above board, whereas this may be quite inappropriate in the commercial world. Jacobs suggests that combining fundamentally different moral practices does not work and that confusing the different spheres can only result in 'monstrous hybrids'.

Hoggett, likewise argues that public and private are different 'moral institutions' (2006:178) and in his view the public still has two unique characteristics: the continuous contestation of public purposes and secondly how they act as a receptacle for containing social anxieties. In relation to the first characteristic, he emphasises that government and the public sphere which supports it, is as much a site for the enactment of particular kinds of social relations as it is the site for the delivery of goods and services and concludes that:

'To reduce it only to the latter is to commodify such relationships, to strip them of their moral and ethical meaning and potential meaning which is inherent in the very concept of citizen but marginal to the concept of consumer' (Hoggett, 2006: 77).

Contrary to popular sentiment, Hoggett (2006, drawing on the work of du Gay (2000; 2005), argues that bureaucracies are also widely present in private companies and larger voluntary bodies for good reason, and also that public sector bureaucracies take on roles which define the balance between the particular and the universal, the individual and societal needs. Hoggett seeks to rehabilitate the negative understanding of bureaucracy as outmoded and inefficient, and emphasises this important but usually ignored distinction between bureaucracy and bureaucratic. He argues that a

bureaucracy is a unique kind of moral institution for the organisation of public affairs which is committed to norms of impersonality, neutrality and objectivity—all essential to the continuous contestation of public purpose and a means of containing moral ambivalence.

Of course ways of working can be problematic in the public sector but it is grossly inaccurate to caricature the British welfare state in this way (Crouch, 2003:58) as inevitably inflexible and unresponsive in the way illustrated in the case example from the Antidote conference above. It is not bureaucracy *per se* which is responsible for hierarchy or instrumentalism. In Scandinavia 40 years ago, a progressive social democratic movement humanised and decentralized the welfare state within a public sector form, far more than was the case in the UK (ibid:60). Furthermore, it can be argued that the network-based, contractual, inter-organisational partnership world of the 'New Public Management' and new forms of governance merely constitutes a different form of rationality. It is just as much an assertion of power and hierarchy, albeit more hidden, through the way centralised command is concealed by these new forms of decentralisation (Clegg, 1990).

A relational approach to understanding a public service ethos is desirable and Hoggett, et al (2006) emphasise that encounters in 'post bureaucratic' organisations are more fluid and traditional authority relationships are weakened, intensifying ambiguity and heightening reliance on deploying a personal authority. They write:

'Rather than an essential public service ethos, that can be enshrined in abstract principles, in practice public service workers constantly have to negotiate boundaries between such general principles, their own values and the particularist requirements of service users and different kinds of communities ... From the perspective of lived practice, what constitutes justice is therefore not abstract and immutable but has to be worked through often case by case' (Hoggett et al., 2006:767).

The crucial difference in the way Hoggett et al (2006) think about public services compared to for example Le Grand (2004) is in an avoidance of a technocratic stance which displaces the ethical, emotional and political issues. Hoggett brings to bear a wider psychosocial literature on thinking about public services in which the concepts of 'social defences' and the 'containment of social anxieties' are central (2000:150-151; 2005)). When failures of service or care arise citizens continue to turn to the structures of government for answers.

The public is becoming more skilled at tracing the ethical footprint of corporates and spotting their more disreputable activities. In the longer term charities who are engaged with subcontracting to corporates may find it harder to convince the public to fund them as charities, when they are viewed as effectively subsidising corporate business (Williams, Z. 2011, 2013). A commonly used logic is that political differences between the sectors matter less than 'a shared aim to improve the lives of children' (Williams, K. 2009), but ultimately there *are* different ethical systems in play - not better or worse – just different. As Hoggett (2006) warns in this context voluntary sector organisations are crossing a boundary into a different moral sphere. In crossing this boundary as a sub contractor, voluntary organisations cannot still claim to be independent minded and 'values-led' in the assumed sense usually

implied. To draw on Powell's (2007) typology, their choice is neo liberal not 'social left'.

Can voluntary sector subcontractors claim a commitment to publicness?

The more positive experiences of those already operating in subcontractor roles or in partnership relationships with a corporate organisation, appear to involve a capacity to split themselves and sustain a 'strategic compliance' (Cummins, 2002). For example, language used in specific working situations takes on a symbolic importance. There may be a clear difference between the kind of 'legitimate conversation' used in face to face meetings with a corporate/prime contractor compared to the specific vocabulary adopted when a prime contractor is not present. In other words a hidden 'shadow conversation' (Stacey 2003:364-373) is adopted: one drawn from the surviving voluntary sector culture. So a covert commitment to public values can linger on, with meanings are contested and the spirit of how things are done continually fought out or subverted by committed individuals.

But if the familiar post war structures of the welfare state become so hollowed out by outsourcing and new hybrid forms become the norm what then? Newman and Clarke (2009) sound a more optimistic and cautionary note about reading off the meaning of 'publicness' in a simplistic structural way. They offer a subtle, nuanced reading of public sector modernisation in which publicness is also being reassembled around the relationship between public services and public *values* (ibid:132). They draw out the complex and contradictory processes of change emphasising that it is emergent and unstable and one in which conflicts must be managed, contradictory imperatives balanced, and new and old agendas reconciled. They suggest:

'Public services have had a critical role in producing publics and mediating publicness. Their reform has certainly undermined some of its established and institutionalised versions. But public services remain a focus of collective aspirations and desires—perhaps all the more so in times of growing inequality division, anxiety and uncertainty' (Newman and Clarke, 2009:184–185).

They believe public services can be reconstructed in ways that both reflect and summon emergent publics because they hold the possibility of decommodifying goods, services and above all relationships and can enact principles of 'open access, fairness and equitable treatment' (ibid:184). In their view they have the potential to make people feel like 'members of the public' offering a sense of 'belonging, connection and entitlement' (ibid: 185). So how the public experiences their encounters with public services and of being treated with respect and fairness matters greatly. Like the earlier significance of 'kindness' in the second case example earlier, these qualities 'speak to the mundane qualities of publicness that people value and desire' (ibid: 185).

Conclusion

I have kept returning to two questions over the past decade - what will sustain and mobilise the meaning we invest in public services as the traditional taken for granted structures of the public sector erode; and secondly can public services remain

meaningfully ‘public’ outside the boundaries of a public sector or could new or transformed meanings be possible (Murray, 2005, 280-281)? In trying to answer these questions the voluntary sector appears as both part of the problem and part of the solution.

This paper has argued that a key part of the voluntary sector *has* been colonised by neo liberal thinking and has ultimately chosen subcontracting to the corporate sector as a means of organisational survival. If sub contracting with the corporate sector (both chosen or imposed) becomes the norm, a ‘voluntary sector’ working under such constraints would inevitably lose legitimacy as part of civil society. It would be unable to sustain ideas of ‘publicness’ which involve speaking up for social justice and building social solidarity with other parts of civil society, trade unions and local councils in an alliance which values social protection as well as emancipatory movement to draw once again on Frazer’s argument (2013).

However, as power drains away from the mainstream service delivery orientated voluntary sector, new energy is flowing into those parts of the voluntary sector which were never part of the contract culture. The debate is moving to discussion of resistance (Milbourne, 2013: 80; Milbourne and Cushman, 2013). Wide ranging reviews by the TSRC, the NCVO and a far reaching ‘Inquiry into the future of voluntary services’ (NCIA, 2013) are being undertaken. New campaigns are being launched and a new generation of voluntary sector leaders needs to emerge to take the sector forward and return it to a politics of development rather than survival.

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Appendix 1: Coalition Government Legislation post 2010

Third sector or social enterprises are defined alongside the private sector as the key players in the new legislation as an 'any (willing) qualified provider'.

- Public Services (Social Value) Act 2012
- Open Public Services White Paper 2012
- Localism Act (November 2012)
- Mutualisation /Pathfinder scheme/ spinning out public sector services 2011
- Health and Social Care Act 2012/ Welfare Reform Act (March 2012)