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**UNIVERSITY OF SOUTHAMPTON**

**FACULTY OF LAW, ARTS AND SOCIAL SCIENCES**

School of Social Sciences

Accommodating change?

An investigation of the impacts of government  
contracting processes on third sector providers of  
homelessness services in South East England

Heather Buckingham

Thesis for the degree of Doctor of Philosophy

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ABSTRACT

FACULTY OF LAW, ARTS AND SOCIAL SCIENCES  
SCHOOL OF SOCIAL SCIENCES

Doctor of Philosophy

ACCOMMODATING CHANGE? AN INVESTIGATION OF THE IMPACTS OF  
GOVERNMENT CONTRACTING PROCESSES ON THIRD SECTOR PROVIDERS  
OF HOMELESSNESS SERVICES IN SOUTH EAST ENGLAND

By Heather Buckingham

This study investigates the impacts of government contracting on third sector providers of services for single homeless people in Southampton and Hampshire, in South East England. It focuses particularly on tendering and quality measurement. 24 interviews were conducted with representatives of 21 third sector organisations (TSOs) and a further two with local government representatives. Quantitative data were used to describe the characteristics of the TSOs. Different TSOs experienced and responded to government contracting in different ways, and a typology was therefore developed which categorised the organisations into one of four types: Comfortable Contractors; Compliant Contractors; Cautious Contractors; and Community-based Non-contractors.

Tendering and quality measurement consumed significant amounts of time and required TSOs to access legal and tender-writing expertise. This was more problematic for the smaller Cautious Contractors, whereas larger TSOs with multiple contracts could meet the requirements more cost-efficiently. The quality measurement processes introduced as part of the Supporting People programme were deemed to have considerably improved standards. However, there were concerns that the emphasis on achieving measurable outcomes and moving clients on within a specified time could lead to the neglect of less tangible aspects such as improved self-esteem, and did not take sufficient account of longer term outcomes for clients.

The impacts of contracting were ambiguous and varied amongst the different types of providers. However, the commissioning processes seemed to favour larger, more professionalised TSOs, which exhibited fewer of the distinctive characteristics upon which New Labour's support for third sector involvement in service provision was premised. This points to the need for a more carefully differentiated policy discourse which acknowledges the third sector's diversity and is more transparent about which types of TSO the government is seeking to engage with for which purposes.

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## DECLARATION OF AUTHORSHIP

I, Heather Buckingham, declare that the thesis entitled ‘Accommodating change? An investigation of the impacts of government contracting processes on third sector providers of homelessness services in South East England’ and the work presented in the thesis are both my own, and have been generated by me as the result of my own original research. I confirm that:

- this work was done wholly or mainly while in candidature for a research degree at this University;
- where any part of this thesis has previously been submitted for a degree or any other qualification at this University or any other institution, this has been clearly stated;
- where I have consulted the published work of others, this is always clearly attributed;
- where I have quoted from the work of others, the source is always given. With the exception of such quotations, this thesis is entirely my own work;
- I have acknowledged all main sources of help;
- where the thesis is based on work done by myself jointly with others, I have made clear exactly what was done by others and what I have contributed myself;
- none of this work has been published before submission.

**Signed:** .....

**Date:** .....

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## ABBREVIATIONS

ACU: Active Communities Unit

DCLG: Department for Communities and Local Government (also known as CLG)

HCC: Hampshire County Council

HSP: Hampshire Supporting People

ODPM: Office of the Deputy Prime Minister

OTS: Office of the Third Sector

RSI: Rough Sleepers Initiative

SCC: Southampton City Council

SSP: Southampton Supporting People

TSO: Third Sector Organisation

## INTRODUCING THE THIRD SECTOR

### 1.1 AIMS AND INTRODUCTION

Homelessness service providers in the UK have found themselves operating amidst a rapidly evolving policy and funding environment over recent years. The majority of the UK's homelessness services are provided by third sector organisations (TSOs) and consequently these services have been influenced not only by changing homelessness policy, but also by broader policy initiatives concerned with the third sector. Increasing third sector involvement in public service provision has been a key component of New Labour's political strategy. Whereas in health care and other areas of welfare provision these changes have seen service provision responsibilities being transferred from statutory to third sector agencies, single homelessness services<sup>1</sup>, upon which this study focuses, represent a rather different case. TSOs played a major part in the provision of single homelessness services throughout the twentieth century in spite of the consolidation of the welfare state, and this has continued to be so in the first decade of the twenty-first century. As such, recent increases in the funding and regulation of these organisations represent an extension, rather than a retraction of government responsibility for homelessness. However, as a result of this government intervention, homelessness TSOs have become increasingly involved in contractual arrangements with the state, and therefore encounter similar processes, changes and challenges to TSOs operating in other fields. Studying the impacts of government contracting on homelessness TSOs therefore yields insights that are relevant to broader debates about the third sector and its changing role within the welfare mix.

TSOs' increasing involvement in government contracts has raised concerns about the exertion of state power over the third sector (e.g. Fyfe, 2005) and the potential erosion of TSOs' autonomy, comparative advantages, campaigning capacity and ability to engage local communities (e.g. Cairns *et al.*, 2005a; Osborne and McLaughlin, 2004).

There are also concerns that the tendering processes used to allocate these contracts undermines collaboration amongst TSOs (Milbourne, 2009) and that the resultant emphasis on cost efficiency puts pressure on wages in the sector and may lead to reduced service quality in the longer term (Cunningham and Nickson, 2009). The increasing regulation and formality imposed by contractual relations may ameliorate some of the limitations typically associated with third sector services. However, it has been suggested that the commissioning process favours large, highly professionalised organisations which perhaps exhibit fewer of the distinctive characteristics upon which political support for the third sector was premised (Morris, 2000). TSOs allegedly have comparative advantages over other providers in fostering trust, working with vulnerable people and taking account of socio-relational and emotional needs, all of which are very relevant to homelessness services. Indeed, my own involvement as a volunteer at a soup kitchen operated by a local TSO over three years has enabled me to observe first hand the ability of third sector services to meet material and socio-relational needs, as well as some of the difficulties they encounter in seeking to do so. This involvement has also given me the opportunity to hear directly from service users about their experiences of different TSO services, and although these accounts were not a formal part of the research, they played an important role in shaping it by drawing my attention to the importance that individual service users attached to their relationships with volunteers, paid support workers and other services users.

It is therefore important that concerns about the erosion of TSOs' distinctiveness as a result of government contracting are explored in the homelessness field, and this study investigates the impacts of local government commissioning processes on homelessness TSOs in Southampton and Hampshire, in South East England. In doing so it builds upon previous research conducted by the author in Southampton in 2006 (Buckingham, 2009). Recent policy developments have brought issues of state control and competition to the fore in many homelessness TSOs, and those that are involved in government contracts have been increasingly affected by competitive tendering and quality measurement processes. This thesis therefore focuses particularly on tendering and quality measurement, and explores their implications for TSOs. However, a diverse range of TSOs are involved in the provision of homelessness services: some are not involved in government contracting at all, and those that are respond to it in different

ways. In order to acknowledge and make sense of this diversity, the TSOs in the study are classified into four types, allowing the different experiences of each type to be investigated and represented. The empirical data revealed the impacts of the tendering and monitoring processes to be complex and ambiguous, but it was clear that these processes had a significant role in shaping the working practices, priorities and services of TSOs that were involved in government contracts. Homelessness services are strongly influenced by many of the issues currently being debated amongst third sector scholars and by bringing the homelessness and third sector literatures into dialogue with one another, this thesis seeks to contribute to each of these research areas.

This introductory chapter serves primarily to situate the study within broader debates about the third sector, its distinctiveness, and its role in the welfare mix. It briefly discusses the difficulty of defining the third sector and suggests that it is best understood in the context of the welfare mix. TSOs are then defined, and some of the distinctive characteristics typically ascribed to them are highlighted. The third sector's contemporary political importance is explained, and the significance of tendering and monitoring processes is discussed. At the end of the chapter the research questions that guide the rest of the study are presented and the thesis structure is outlined.

## **1.2 WHAT IS THE THIRD SECTOR?**

### **Untangling the terminology**

A wide range of terms are used to describe the collection of organisations referred to in this study as the third sector. The terms 'voluntary sector', 'non-profit sector', 'charitable sector', 'non-governmental sector', 'community sector' and 'values-based sector' give prominence to different attributes and draw their boundaries in slightly different places (Halfpenny and Reid, 2002). The term voluntary sector (or more recently, the voluntary and community sector) is widely used in the UK; however, this seems somewhat misleading given that many of the organisations it refers to have sizeable paid workforces and little or no voluntary input (Kendall, 2003; Taylor, 2004; e.g. Sampson, 2009). Similarly, labelling and defining the sector according to characteristics such as organisations' legal status, resources, or values (Kendall and

Knapp, 1997; Salamon and Anheier, 1997a) is problematic given that these characteristics are often contested or in flux as a consequence of the very policy and funding changes which studies such as this one seek to investigate. The term third sector, by contrast, carries fewer normative connotations about the characteristics of the organisations it comprises, and best accommodates the diversity and dynamism of the homelessness organisations involved in this study. Furthermore, the third sector overarches and includes all the concepts mentioned above and has been posited as a potential ‘consensus concept’ in the face of intra-national differences (see Salamon and Anheier, 1997b) in the usage of terms such as the social economy, the non-profit sector and the voluntary sector (Seibel and Anheier, 1990; Moulaert and Ailenei, 2005). In the UK, the third sector has become a key word in New Labour’s Third Way vocabulary, and as such it is now widely used amongst policy makers and academics across a range of disciplines. This widespread currency further supports the adoption of the term third sector in this study<sup>2</sup>.

### **Locating the third sector within the welfare mix**

Defining the third sector remains highly problematic (Kendall and Knapp, 1995) and difficulties in deriving a consistently applicable definition based on endogenous characteristics such as charitable status or volunteer involvement have led to an emphasis on exogenous definitions which highlight how the third sector differs from the other sectors that comprise the welfare mix<sup>3</sup>. The concept of the welfare mix describes the way in which the welfare needs of a population are provided for by a combination of different sources (or sectors), the configuration of which varies over time and space (Rose, 1986; Esping-Andersen, 1990; Pinch, 1997). Work on this theme initially conceived of three main sectors: the market, the state and the informal welfare sector, the latter being made up of the support that families, friends and neighbours might provide for one another (Kamerman, 1983; Rose, 1986; Esping-Andersen, 1990, 1999). However, as political and academic interest in the third sector increased, Evers (1988) observed that voluntary organisations (as he termed them in this text) also contributed significantly to people’s welfare but did not fit into any of the three sectors within the ‘welfare triad’. Other scholars had conceived of the third sector as a domain located between the market and the state (Gidron *et al.*, 1992; Seibel and Anheier, 1990), and as



a response to market and state ‘failure’ (Hansmann, 1980; Weisbrod, 1977, cited in DiMaggio and Anheier, 1990). Evers, however, suggested that the third sector could be better understood as existing within a triangular ‘tension field’ between the three other sectors (Evers, 1988; 1990; 1995; Evers and Laville, 2004).

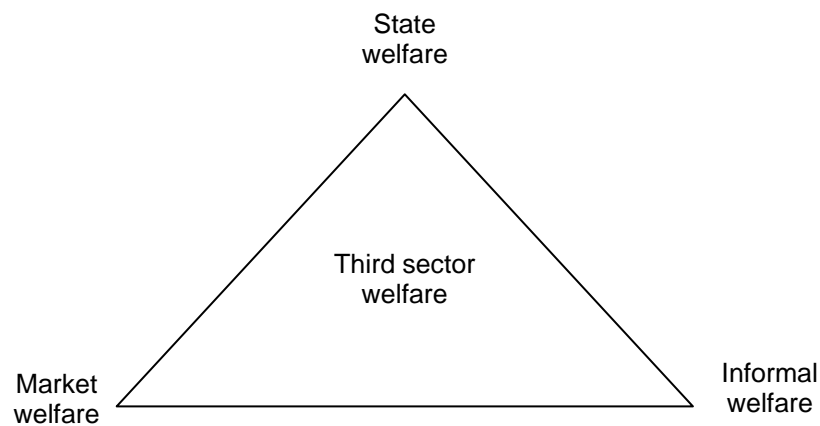


Figure 1. The welfare triangle (after Evers 1988)

This welfare triangle model (Figure 1) enables us to conceptualise the third sector as that which is non-governmental, and therefore separate from the state; not-for-profit, distinguishing it from the market; and operating at a scale beyond that of individual families and friendship groups. Evers’ ‘tension field’ approach is also helpful in that it allows us to conceive of some organisations within the third sector being closer to the market, for example, in terms of their values and practices. This of course requires some degree of consensus about the primary rationalities or principles that characterise these other sectors. Although there are discrepancies between the accounts offered by different theorists, it can be broadly surmised that state welfare is based upon some concept of equality and the state’s authority to redistribute resources to achieve this; market provision is based on the notion of individual choice governed by the competition mechanism and the profit incentive; and informal welfare relies upon principles such as care, reciprocity, solidarity and personal obligation (see Rose, 1986; Evers, 1988, 1995; Evers and Laville, 2004; Brandsen *et al.*, 2005). Having identified these characteristics, the third sector can be understood as having a periphery populated

by organisations whose attributes closely resemble those associated with other sectors, and a central core occupied by organisations which most fully satisfy the characteristics of the third sector.

However, the welfare triangle model tells us little about what these core third sector characteristics might be and it has been suggested that the sector is too often characterised ‘negatively’ in terms of what it is not, rather than what it is (Brandsen *et al.*, 2005). Evers circumvents this argument with his hybridity thesis which posits that the third sector’s distinctiveness consists in its ability to combine the rationalities and practices of the other three sectors (Evers, 2005). Whilst few would dispute that the sector is ‘simultaneously influenced by state policies and legislation, the values and practices of private business, the culture of civil society and by needs and contributions that come from family and community life’ (Evers and Laville, 2004, p. 15), there is considerable doubt over whether this hybridity can be seen as distinctive of the third sector. Firstly, all welfare sectors are permeated to some extent by the values and practices associated with other sectors (Bode, 2006), so hybridity is not unique to the third sector<sup>4</sup>. One might consider, for instance, the increasing importance of corporate social responsibility in private markets, or the introduction of quasi-markets within state welfare services. Indeed, increasing inter-sectoral interaction and co-production also point to the inadequacy of the two-dimensional welfare triangle in capturing the complexity of welfare services, the provision, funding and governance of which may be located within different sectors of the welfare mix (Powell, 2007). Secondly, much of the literature on the third sector is underpinned by the premise that there is something distinctive about the sector (e.g. Osborne and McLaughlin, 2004; Cairns *et al.*, 2005a), and although this is not always precisely specified or agreed upon, even those who appear to endorse Evers’ hybridity thesis continue to advocate further research into whether there exists a unique ‘third sector rationality’ (Brandsen *et al.*, 2005, p. 761).

In spite of these limitations, the welfare triangle provides a useful framework within which to conceptualise the influence of changing state-third sector relations on TSOs for the purposes of this study. Within the tension field, individual TSOs can be conceived of as moving along different trajectories as they adopt practices and rationalities more typical of other sectors. This seems particularly relevant to this research, given that the competitive tendering and monitoring processes under investigation here are closely

associated with private markets and state bureaucracies. For the purposes of this study, then, it is helpful to represent the third sector as a tension field amidst the other sectors that comprise the welfare mix. This not only accounts for the sector's diversity and ambiguity, but also captures something of the essence of this 'conceptually coherent, albeit blurred, 'sector' that operates on a not-for-profit basis and is relatively independent of governmental and corporate interests' (Bryson *et al.*, 2002, p. 49).

### 1.3 WHAT ARE THIRD SECTOR ORGANISATIONS?

#### **Operationalising a definition**

Whilst it is important to acknowledge the ambiguous and contested nature of the third sector's boundaries, these pose significant challenges when it comes to identifying whether or not particular entities should be defined as third sector organisations (TSOs). In order to do this, one must set out the criteria that an organisation must satisfy in order to fall within the third sector, and also define what constitutes an organisation in this context. Salamon and Anheier's (1997a) structural-operational definition addresses both of these aspects and is one of the most widely used definitions of third (or in their terms non-profit) sector organisations. Their definition outlines five features shared by organisations in the sector: they must be organised (having meetings or procedures etc.); private (i.e. separate from government); non-profit distributing; self-governing; and involve some form of voluntary input (*ibid.*, pp. 33-34). This builds upon earlier multi-dimensional definitions (e.g. Johnson, 1981; Hatch, 1980; Brenton, 1985) and is far more satisfactory than efforts to define the sector according to single variables (such as charitable or non-profit status, or legal form). Nevertheless, operationalising these criteria remains somewhat subjective. For instance, one might question whether an organisation that relies entirely on state funding contracts is separate from the government<sup>5</sup>. Whilst this problem is not new (see Johnson, 1981, p. 11), some of the characteristics used in the structural-operational definition are being increasingly challenged and destabilised, partly as a result of the procurement and monitoring processes being investigated in this study.

However, whilst in one sense, the ambiguous boundary zones of the third sector can be seen as problematic, an alternative approach views them as an important characteristic of the sector and suggests that much can be learned from exploring and exposing the processes at work in organisations at the sector's periphery (Brandsen *et al.*, 2005). Brandsen *et al.* (*ibid.*) argue that in order to render the sector's diversity and dynamism visible, there is a need for research which studies the full range of organisations involved in particular types of service provision, rather than only those organisations that correspond with a tightly specified definition of the third sector. Following this reasoning, the current study adopts the structural-operational definition of TSOs but interprets each of its criteria as broadly as possible in order to include the diverse range of providers involved in single homelessness services. Encompassed by this definition are organisations which rely very heavily on state contracts; those whose only voluntary input is their governing body; and those which are only very informally organised. This approach corresponds quite closely with the government's definition of the third sector (Box 1), although interestingly this definition does not include a voluntary component at all. Including organisations at the periphery of the third sector as well as those at its core (characterised by higher levels of voluntarism, independence, etc.) enables this study to capture differences in the ways in which different types of TSO are affected by and respond to contemporary changes.

### **Box 1. The third sector as defined by the UK government**

‘The third sector is a diverse, active and passionate sector. Organisations in the sector share common characteristics:

- non-governmental
- value-driven
- principally reinvest any financial surpluses to further social, environmental or cultural objectives.

The term encompasses voluntary and community organisations, charities, social enterprises, cooperatives and mutuals both large and small.’

[http://www.cabinetoffice.gov.uk/third\\_sector/about\\_us.aspx](http://www.cabinetoffice.gov.uk/third_sector/about_us.aspx)

(Accessed 26 June 2009)

A recent Cabinet Office Report on government funding of the ‘voluntary and community sector’ includes in this category: ‘any non-profit-making body which is not an agency of Government and which operates at arm's length from Government in its day-to-day working’.

Cabinet Office/CAF (2009, p. 12)

### **What is distinctive about TSOs?**

The criteria that comprise the structural-operational definition go some way towards identifying the distinctiveness that is so often implicitly ascribed to the third sector. However, elsewhere in the literature other, perhaps softer or less tangible, qualities are identified which may give TSOs a comparative advantage over other types of providers in certain areas of service provision (Billis and Glennerster, 1998). For example, TSOs can strengthen active citizenship and democracy through engaging volunteers and campaigning (Brown *et al.*, 2000) and may provide a less bureaucratic, more personalised service, being able to innovate and respond more creatively and flexibly to local needs (Billis and Glennerster, 1998). They can also nurture ‘social environments’ in which individuals and communities can develop and interact (Wolch, 1983; Parr,

2000; Conradson, 2003). While they usually share the statutory sector's public benefit objective, TSOs are often more directly associated with particular moral frameworks such as religious beliefs, which may characterise their services to varying extents (Cloke *et al.*, 2005; Cloke *et al.*, 2007). They are often considered to embody values such as compassion and commitment (Billis and Glennerster, 1998; Campbell, 2002; Brown *et al.*, 2000, p. 51), although they clearly do not have a monopoly on such virtues (Bolton, 2003).

The ability to cultivate trust has also been identified as an important feature of TSOs. Some have argued that this trustworthiness arises from the fact that donations of time and money are made on a voluntary basis (e.g. Frumkin, 2002; Nathan, 1990, cited in Kendall and Knapp, 1995). More convincingly though, Hansmann's (1980) economic analysis suggests that the non-profit distribution constraint plays an important part in fostering trust, particularly in instances of market failure, such as where services are paid for by donors who are not in contact with recipients, or where services are complex and therefore difficult to evaluate.

Many of the capabilities ascribed to the third sector in the academic literature have been woven into political discourses about the sector (Box 2); however, the ability to combine multiple functions can also make TSOs distinctive. For instance it has been suggested that TSOs

‘have economic functions such as delivering special goods and services to members or others, and simultaneously they exert lobbying functions and channel interests towards the respective points of decision-making. Furthermore, they act as organizations which shape public discourses by financing alternative expertise or by campaigning’ (Evers, 1995, p. 171).

Similarly, Kendall's (2003) five-fold framework (which draws on earlier work by Kramer and Salamon), identifies the main roles of TSOs as: service provision, innovation, advocacy, values expression and community-building. Clearly not all TSOs serve all of these functions, but where organisations do have multiple roles, these may often be interdependent. For example, the value-expressive function of the third sector is often significant in drawing employees to work within it (Frumkin, 2002), therefore

maintaining opportunities for the expression or enaction of particular values within an organisation may have a significant influence on its effectiveness and sustainability. However, both government policy and academic research has tended to focus on service provision and community-building functions, perhaps to the neglect of functions such as political and social campaigning (Conradson, 2008; Alcock and Scott, 2007). This highlights the need for a more holistic approach to both research and policy-making in relation to TSOs (Anheier, 2000), in order that the importance of their multiple and potentially interdependent functions is taken into account.

## **Box 2. Third sector distinctiveness according to the government Office of the Third Sector**

‘Throughout the UK, third sector organisations – from community groups to social enterprises and from charities to community interest companies – are delivering **high-quality services** that people value. Indeed, we know that third sector organisations often enjoy very high levels of **public trust, confidence and affection**...

We also know from the experiences of third sector organisations operating in specific areas that they can often bring tremendous **comparative advantages** to service delivery. That is why the Government is committed to ensuring that, where a diverse range of providers is being developed, we positively encourage the involvement of third sector organisations in the design and delivery of public services...

Third sector organisations often bring a range of strengths to the tasks of **empowering users** and **promoting community engagement**, particularly for those who may be distrustful of the state. They often have the **personalised approach** and **public trust** required to **build services around the needs of users** and to build their capacity...

Third sector organisations have also shown an ability to **innovate**, to work across silos and to find new solutions to intractable problems.’

Office of the Third Sector (OTS) (2006a, pp. 9-10, emphases added)

## **What are the drawbacks of TSOs?**

Whilst the term ‘distinctiveness’ tends to be applied in relation to positive attributes, there are of course limitations and drawbacks associated with the third sector.

Particularism is perhaps one of the most significant of these: TSOs may (actively or passively) exclude certain groups (Salamon, 1987; Brenton, 1985) and their services tend to be unevenly geographically distributed (Wolch, 1990; Knight, 1993; Fyfe and Milligan, 2003a). There are spatial and temporal mismatches between social needs and the availability of resources (Bryson *et al.*, 2002; Fyfe and Milligan, 2003b) and the activities of TSOs are often constrained by limited financial or human resources (Salamon, 1987). Excessive amateurism can be a problem where there is over-reliance on volunteers, although interestingly Kendall (2003, p. 94) notes that excessive professionalism can also be problematic in services where ‘the requisite labour is by its very nature less easy to steer with either monetary rewards or public sanction’. The third sector has less clearly defined accountability mechanisms than the state or markets (Kramer, 1981; Rochester, 1995), and given that services are not typically allocated on a rights basis (as with state provision), third sector services can be seen as paternalistic and may foster a sense of dependency amongst service users (Salamon, 1987). There are concerns, therefore, about the equity, efficiency and sustainability of delivering public services through the third sector (e.g. Charity Commission, 2007). When discussing the effects of monitoring and tendering on TSOs later in the study, I therefore consider not only the ways in which the comparative advantages of TSOs might be diminished, but also how their shortcomings might be ameliorated by such changes.

The distinctive attributes and limitations identified here clearly do not apply equally to all TSOs and some will be of greater significance to particular client groups than others. Whilst much has been written about the potential erosion of TSOs’ distinctiveness through their increasing engagement in contractual relations with the state, the reasons why this distinctiveness matters – indeed, why sector matters (Evers and Laville, 2004) – are not always expounded. It seems probable that these reasons would vary depending (amongst other things) on the type of service and the client group to whom it is being provided: Chapter 3.3 therefore considers how the distinctive attributes typically ascribed to TSOs are particularly relevant to the needs of single homelessness people. The following section continues to focus on TSOs more generally, but describes the



specific political context within which recent debates about distinctiveness and change in the sector have arisen in the UK.

#### **1.4 WHY STUDY THE THIRD SECTOR NOW? THE POLICY CONTEXT**

Government policy plays a key part in facilitating and shaping relationships between TSOs and the state (Casey, 2004), and over recent years TSOs in the UK have been afforded an increasingly prominent role in policy implementation, particularly as providers of public services (Haugh and Kitson, 2007). This section reviews some of the recent key ‘horizontal’ or over-arching policy developments relating to the third sector (Kendall, 2003, p. 44): ‘vertical’ policies pertaining specifically to homelessness services are dealt with in chapter two.

##### **Setting the scene: pre 1997**

The retrenchment of state welfare by successive Conservative governments (1979-1997) was accompanied by an increasing emphasis on the role of the third sector, as well as that of private markets and informal social and kinship networks, in meeting welfare needs (Deakin, 1991; Halfpenny and Reid, 2002). Volunteers were arguably (if unwittingly) recruited as allies in the rolling back of the state (Sheard, 1995) and TSOs were seen to represent a solution to problems ‘outside the reach of the state bureaucracy and beyond the interests of the private sector’ (Morison, 2000, p. 106; Gidron *et al.*, 1992). Indeed, escalating unemployment and other social problems increased the demand for third sector services at that time (Harris *et al.*, 2003) and initiatives such as the Manpower Services Commission’s Voluntary Projects Programme, were designed to combat mass unemployment and the social unrest ensuing from it (Sheard, 1995). Cost cutting, increasing consumer choice and the promotion of active citizenship were cited as motivations for the delegation of state welfare responsibilities to the third sector under Thatcher’s leadership (Deakin, 1991). However, political efforts were primarily directed towards increasing the scope and extent of private markets (Kendall, 2000, p. 550), and as a consequence ‘a lack of sustained or concentrated policy attention’ (Kendall, 2003, p. 55) was afforded to the third sector during this period<sup>6</sup>.

### **The Third (Sector) Way**

On coming to power in 1997, New Labour began to reverse the transition towards a residual welfare state (Titmuss, 1974), but promotion of the third sector's role in public service provision continued and even increased. This represented something of a departure from the ideals traditionally associated with the Labour Party (Powell, 2000), but the controversial amendment to Clause IV of the Labour Party Constitution in 1995 had paved the way for the 'partnership' approach that became central to the government's efforts to engage the third sector (Morison, 2000, p. 106).

Fundamental to the 'third way' philosophy that New Labour sought to implement was the belief that a middle road could be found between the inefficiencies of state bureaucracy and the injustices and inadequacies of private markets (Giddens, 1998). This third way project was strongly influenced by Etzioni's work on communitarianism (1995, cited in Alcock and Scott, 2007; Etzioni, 2000; Kendall, 2003). However, Etzioni was also among the first scholars to refer to the third sector (Seibel and Anheier, 1990), which he conceived of as a domain in which the markets' flexibility and efficiency could be combined with the state's equity and predictability (Etzioni, 1973, cited in Seibel and Anheier, 1990). It is perhaps unsurprising therefore that TSOs came to play a key part in New Labour's strategy. The reinvigoration of civil society was also an important aspect of this third way and it was believed that the opportunities that TSOs provided for participation in community life would foster the trust and social capital necessary for civil renewal (Blair, 1998; Putnam, 2001; Brown *et al.*, 2000). Successive New Labour governments have therefore sought to harness the third sector both as a provider of public services and as a channel for active citizenship (Fyfe, 2005), and in doing so have developed a complex and sometimes contradictory array of policy interventions and funding streams. More detailed accounts of these developments can be found elsewhere (see Kendall, 2003, pp. 44-65; Alcock and Scott, 2007, pp. 91-94; Haugh and Kitson, 2007) but some of the key interventions are summarised below.

New Labour's intentions to work in partnership with TSOs were formalised shortly after the 1997 election through their Compact with the Third Sector. Following the 1996 Deakin Commission's recommendations, this Compact acknowledged the role and

independence of the third sector and outlined the government's commitments to, and expectations of it (Home Office, 1998; Kendall, 2000). Although the Compacts were not legally binding or contractual, they were considered to represent a significant juncture in the reworking of government-third sector relationships (Morison, 2000). Since then, the Compact Plus scheme has been developed as a means of 'kite-marking' TSOs and encouraging them to engage in formal relationships with the state (Alcock and Scott, 2007; Home Office, 2005).

In 1999 the Active Communities Unit (ACU) replaced the existing Voluntary Services Unit and took on primary responsibility for government-third sector relations. The ACU's significantly increased budget reflected the government's commitment to the third sector, as did the Treasury's cross-cutting review of the third sector's role in service delivery (HM Treasury, 2002; Osborne and McLaughlin, 2004). In response to this review, the Futurebuilders fund was established to support physical and intellectual capacity-building within the sector. The Change Up initiative subsequently provided further capacity-building investment and sought to improve the guidance available to TSOs in areas such as governance, finance and ICT (Alcock and Scott, 2007). Efforts were also made to increase the accountability and transparency of charitable TSOs by revising legislation on the definition of charitable purposes and improving the auditing and regulation of charities (UK Parliament, 2006). In 2006 the ACU was superseded by the Office of the Third Sector, the establishment of which saw responsibility for third sector relations pass from the Home Office to the Cabinet Office. Interestingly though, social enterprises – which have recently attracted increasing political attention – are now supported through a separate Social Enterprise Unit within the Department for Communities and Local Government (DCLG).

The third sector's ability to foster active citizenship and strengthen communities has been emphasized in political discourses and on account of this the sector features prominently in the work of the government's Civil Renewal Unit (established in 2003) (Alcock and Scott, 2007; Jochum *et al.*, 2005). The third sector has also been enrolled in the governments' strategy for Neighbourhood Renewal through Local Strategic Partnerships (LSPs) which were introduced as a means of brokering regeneration partnerships between statutory service providers, businesses and TSOs (Social Exclusion Unit, 2001; Cemlyn *et al.*, 2005; Johnson and Osborne, 2003). Initiatives

such as the Year of the Volunteer (1995) have sought to increase participation in volunteering (Jochum *et al.*, 2005), whilst tax reliefs on private giving introduced in 1999 have had significant benefits for charitable TSOs (Kendall, 2003, p. 45). However, whilst considerable political attention has been devoted to achieving civil renewal and engaging citizens, TSOs have been more strongly supported and financially resourced by government in areas where they are involved in the provision of public services (Alcock and Scott, 2007, p. 94).

Political discourses suggest that the government's efforts to engage the third sector in service delivery are motivated by recognition of TSOs' diverse and distinctive qualities (see Box 2 on p. 11). However, writing to Hillary Armstrong (then Minister for the Cabinet Office and Social Exclusion), Tony Blair (then Prime Minister) suggested that:

‘In many areas of public service delivery the third sector has the potential for better focus, better reach and better outcomes than the state, both in terms of service quality for users and value for money for the taxpayer’ (Blair, 2006).

This raises questions about whether political praise for the third sector in fact belies a more ominous and potentially exploitative attempt to use TSOs – whose staff are typically less well represented by trade unions (Agenda Consulting, 2006, cited in Clark, 2007) – as a means of providing services at a lower cost whilst relieving the state of its service provision responsibilities.

New Labour's promotion of the third sector as a service provider has resulted in the increasing prevalence of contractual relations between TSOs and the state in areas ranging from health, unemployment and social care to conservation and transport. This contracting-out of service provision replicates the funder-provider split that characterised the Conservatives' 1991 Community Care Act (Johnson, 1998; HMSO, 1990); however, statutory agencies now retain tighter control over the services provided (May *et al.*, 2005). This means that although the channeling of public funding and the transfer of service provision responsibilities to TSOs have both increased, the government has taken on greater responsibility for monitoring and regulating the sector. The Best Value legislation introduced under the 1999 Local Government Act saw more stringent requirements being made of organisations bidding for statutory funding (Maile

and Hoggett, 2001), meanwhile detailed outcomes monitoring has been incorporated into individual policy programmes in which TSOs are involved.

Alongside this emphasis on monitoring, the Best Value requirements have contributed to the increasing use of competitive tendering by local governments as part of the service commissioning process, and this has become more widespread in response to an EU Directive on the awarding of public contracts issued in 2004 (European Parliament, 2004). A National Programme for Third Sector Commissioning was established by the government to help local government commissioners to better understand and respond to the particular characteristics of TSOs. Nevertheless, the tendering and monitoring processes entailed in securing and maintaining government contracts are effecting significant changes for many TSOs. In the homelessness sector, the commissioning of services under the Supporting People programme (see chapter 2.5 and 6.2) has had a particularly significant impact in this regard. By exploring the effects of tendering and quality measurement processes on homelessness TSOs, this study provides empirical evidence about processes that are of broader relevance to TSOs in other areas of welfare provision.

New Labour has sought to mainstream the third sector across a range of policy areas (Kendall 2000; 2003) and its interventions have in many respects created a more favourable environment for TSOs in the UK. However, the government's involvement with the third sector appears to have multiple objectives which are not always compatible. For instance, the competitive environment created by the tendering process does not correspond well with the government's rhetorical emphasis on partnership with and amongst TSOs (Kendall, 2003), and the professional standards required of contracted TSOs may leave little room for volunteer involvement and the furtherance of the civil renewal agenda (Alcock and Scott, 2007). These tensions may have occurred because the government is asking too much of the third sector, but they also raise the question of whether particular policies and objectives are in reality intended for different parts of the sector. This is exemplified by the government's recent shift towards a preference for social enterprises as service providers (OTS, 2006b). Certainly the diversity of the third sector, and the multiple roles fulfilled by many organisations within it represent significant challenges for policy makers. As the following section relates, the impacts of the policy changes described above have attracted increasing

research attention and there is an ongoing need for evidence about how changing commissioning processes are affecting TSOs that are involved in contracting, as well as those which are not.

## **1.5 WHY STUDY TENDERING AND QUALITY MEASUREMENT PROCESSES? THE ACADEMIC CONTEXT**

The third sector's increasing role in public service provision has prompted concerns about the erosion of basic state welfare entitlements, temporal and spatial mismatches between service provision and need, and the potential neglect of the sector's role in providing for those marginalised by the state (Wolch, 1990; Knight, 1993; Fyfe and Milligan, 2003b). However, whilst these are certainly important issues, government funding of TSOs is not new: in 1938 registered charities received an estimated 37% of their total income from the state as payment for services (Braithwaite, 1938, p. 171, cited in Davis Smith, 1995). Concerns about the impacts of contemporary state-third sector relations suggest therefore that the *processes* associated with the allocation of statutory funding, not just the funding source *per se*, dictate to a significant extent its implications for TSOs. The policy review above described the transition from grant to contractual -based funding that has taken place in the UK: the public sector now accounts for 35.7% of the UK voluntary sector's total income and some 62.2% of this government funding is earned through contracts and fees (Reichardt *et al.*, 2008). There has also been an increasing emphasis on generating competition amongst TSO providers by allocating contracts through tendering. Understanding these changing funding processes has therefore become an important concern and, in relation to the welfare triangle described above, one could conceive of two key tendencies, or trajectories, to be explored. The first relates to the increasing control afforded to the state as a consequence of contracting and the monitoring and enforcement processes associated with it, the influence of which may have the effect of moving TSOs towards organisational practices and values which more closely resemble those of the state. The second trajectory is related to the increasing emphasis on inter-organisational competition created by the tendering process, which requires organisations to adopt values and practices more typically associated with private sector businesses. This study

takes these two ‘vectors’ of increasing regulation and competition as its main lines of enquiry: Chapter 6 and 7 focus on these themes and although some of the literature pertaining to them is introduced in the current section, it is drawn on more extensively in those chapters. Although the regulation of TSOs and the use of competitive tendering have intensified since 2000, many of the issues identified by studies of state-third sector contracting in the 1990s remain pertinent to current debates (Kendall, 2003). Some of the broader findings of these studies are therefore briefly summarized now.

### **TSOs’ involvement in government contracts**

In the early 1990s the implementation of the NHS and Community Care Act (1990) saw the impacts of contracting on TSOs become the subject of increasing research attention. Local authorities had been afforded a new enabling role, and as sole purchasers of certain public services they tended to have a high degree of control over providers (Forder and Knapp, 1993). There were concerns about the influence of New Public Management on TSOs and about threats to their independence, values and distinctiveness (*ibid.*; Mocroft and Thomason, 1993). Leat (1995) reviewed the potential consequences of contracting for TSOs and drew attention to a range of factors including: financial uncertainties; the transaction costs of negotiating with purchasers; increased paperwork; potentially reduced volunteering due to regulation; changes to organisations’ charitable missions and threats to their independence. Similar issues were raised by Taylor and Lewis (1997), who also pointed out that larger organisations which had the resources to prepare and negotiate contracts were likely to be more successful in securing contracts.

The concerns associated with state contracting of TSOs in the mid-1990s are summarised by Kendall (2003) under five headings: formalisation, inappropriate regulation, threats to autonomy and goal distortion, excessive financial insecurity and the erosion of comparative advantage. These issues are clearly inter-connected, but they are also all related to concerns about the increasing power that the government can exert over TSOs as they become more dependent on state funding (Lewis, 1999). Wolch’s (1990) ‘shadow state’ thesis, based on evidence from the UK and the US, was particularly influential in drawing attention to the potential for state manipulation of

TSOs through the conditions of grants and contracts. This resonated with DiMaggio and Powell's (1983) earlier work on institutional isomorphism which had identified three mechanisms by which organisations adopt forms and practices similar to those that fund them. These mechanisms can be used to explain, for example, how the professional standards required by government funders result in the normalization of particular practices amongst TSOs (normative isomorphism), how TSOs respond to the explicit requirements of contracts (coercive isomorphism) and how they imitate the practices of other successful TSOs (mimetic isomorphism) (*ibid.*). State control of the third sector is not unique to the contemporary political context, nor is it exclusively associated with contracting (Batsleer and Paton, 1997); however, as contracting has become more widespread, the processes and purposes of this control have changed, giving rise to new implications for the third sector. Similarly, since 1997, the nature of state-third sector relations has been substantially re-worked and New Labour has exerted power over the third sector in different ways and to different ends.

### **Tendering and competition amongst TSOs**

The transition from grant to contractual funding has brought the market principle of competition to bear on third sector providers of government funded services in new ways (Pinker, 1992; Charlesworth, 1995). However, contracts themselves do not necessarily create more competitive conditions than the grant based arrangements that preceded them (Batsleer and Paton, 1997; Steinberg, 1997). Rather, it is the processes by which these contracts are allocated, as well as the scarcity of resources and the number and nature of potential providers, that determine the intensity and effects of competition amongst TSOs. Over recent years, local authorities have increasingly adopted competitive tendering as a means of allocating contracts to TSOs, partly in an effort to improve the economy, efficiency and effectiveness of their operations as required by the Best Value legislation (UK Parliament, 1999). Latterly, the implementation of Directive 2004/18/EC (European Parliament, 2004) through the UK Procurement Regulations has also contributed to a significant increase in the use of competitive tendering in local government procurement. The current funding environment therefore differs considerably from that in the early 1990s when, according



to Mocroft and Thomason (1993), few local authorities had adopted competitive tendering, preferring instead to allocate contracts through negotiation with known (often previously grant-funded) organisations. As such, although there is considerable commonality between the issues discussed here, and those identified by third sector researchers in the early 1990s, the context and indeed the processes involved have changed significantly and the use of competitive tendering has increased since that time.

Existing UK-based third sector research has identified a range of impacts associated with tendering. It has been suggested that tendering makes it more difficult for providers to work collaboratively (Milbourne, 2009), leads to worsening pay and conditions for TSO staff, and can adversely affect service quality (Cunningham and Nickson, 2009; Scragg, 2008). Attention has also been drawn to the considerable time and skill demands of the tendering process (Cunningham, 2008; Alcock *et al.*, 2004; van Doorn and Kain, 2003) and the extent to which these may disadvantage smaller providers (Morris, 2000; Milbourne, 2009). Tendering processes therefore have significant implications for practices within TSOs and relationships between them, but the empirical evidence base about these implications is as yet relatively limited. By investigating homelessness services, a field in which competitive tendering has become more widespread since 2003, this study seeks to add to this evidence and thereby shed further light on how changing procurement process are influencing TSOs.

### **Quality measurement amongst TSOs**

The increasing involvement of TSOs in contractual relationships with the state has prompted greater government monitoring of quality standards and performance in TSO services, in order to ensure that providers are held accountable for their use of public funding, and that public services are provided consistently and effectively (Rochester, 1995). However, whilst quality measurement can contribute to improving the standard and consistency of third sector services, there are also concerns about some of the other, in some cases unintended, impacts of quality measurement on TSOs.

Firstly, the quality measurement systems imposed by government funders may reduce TSO autonomy, not only by requiring them to adapt (or introduce) internal reporting

and information systems, but also by influencing the way in which service delivery is organised. This may impinge on TSOs' ability to respond flexibly or innovatively to particular needs (Bolton, 2004). Perhaps more significantly though, quality measurement processes can have considerable influence over TSOs' priorities and objectives, particularly when funding continuity is contingent on performing well in them (Leat, 1995). Where discrepancies exist between funders' and providers' understandings of quality, regulatory processes may cause TSOs to drift from their original mission and aims. This may lead to the neglect of individuals who are marginalised by government welfare policies (Wolch, 1989; 1990), or of TSO functions that are not measured or regulated. As Ilcan and Basok (2004, p. 136) commented in their study of Canadian TSOs:

‘the demand for accountability placed on the voluntary sector by the state makes it necessary for the agencies to engage in particular activities for which they can produce reports and demonstrate tangible results (for example, the number of clients served) and to refrain from participating in other activities, such as advocacy, for which no quantifiable results can be reported’.

This potential neglect of the intangible aspects of TSO services relates to broader debates about the lack of correspondence between what is actually measured by quality measurement systems, and the outcomes that are important for service users' wellbeing (Wolf and Edgar, 2007; Kaplan, 2001; Power, 1997). Given the importance of social relationships, for example, within homelessness services (see Chapter 3.3), the difficulty of capturing non-quantifiable outcomes is particularly pertinent to the current study.

There are also concerns about the administrative demands associated with quality measurement. Johnson *et al.* (1998) and Moxham and Boaden (2007) found that compliance with regulatory requirements consumed significant amounts of staff time, meanwhile Moxham's (2009, p. 754) study of six TSOs concluded that measurement processes ‘detracted from the activities of the nonprofits, as they were often resource intensive’. Moxham's findings to some extent reflected the fact that the measurement systems were poorly integrated into the working practices of the organisations concerned (*ibid.*), and it has been suggested that monitoring requirements remain burdensome to TSOs as long as they are seen as an added extra rather than as part of an

organisation's normal operations (Cairns *et al.*, 2005b). However, the measurement processes required by funders do not always fit well with TSOs' existing cultures and practices (*ibid.*) and, as Wolf and Edgar (2007, p. 22) point out in relation to homelessness services in Europe, 'the shift to a culture of quality and improvement in services may be impeded by inherited structures or weakly developed NGO capacity'. The existing empirical evidence suggests that larger TSOs are generally better able to respond to these requirements (Johnson *et al.*, 1998) whereas for smaller TSOs, allocating staff time and resources to quality measurement is more problematic (e.g. Cairns *et al.*, 2005b; Moxham, 2009).

However, as Moxham and Boaden (2007) point out, the evidence base on quality measurement in the UK third sector is currently very limited and given the diversity of the sector one would expect to find wide variations in the measures used and in their effects on different types of providers and services. Further investigation into the impacts of regulation in particular fields of third sector service provision is therefore important. One study of quality measurement in homelessness services in Europe found that there was generally insufficient emphasis on outcome measurement, but England was cited as having a firmer and more comprehensive approach to monitoring the performance of social services compared to other European countries (Wolf and Edgar, 2007). The present study therefore provides an opportunity to examine in more detail the quality measurement processes used in UK homelessness services and to explore the extent to which the experiences of homelessness TSOs in Hampshire and Southampton correspond with or differ from those identified in the existing literature.

## **1.6 WHY SOUTHAMPTON AND HAMPSHIRE?**

The recent ESRC Homeless Places Project provided valuable insights into the processes and impacts associated with the reconfiguration of homelessness services and funding in specific places (e.g. Cloke *et al.*, 2005; Johnsen *et al.*, 2005a; 2005b). This research demonstrated the complexity and spatial variation of third sector involvement in homelessness services, suggesting that additional in-depth studies of local homelessness landscapes might further elucidate the 'incomplete and plain "messy" character of

actually existing neoliberalisation’ (May *et al.*, 2005, p. 703). As such, by focussing on two local case study areas, this study set out to capture something of this complexity, and thereby add to existing work on local homeless landscapes in the UK.

Two neighbouring local authorities in South East England were selected as case study areas: Southampton and Hampshire. Most of the homelessness services within Hampshire are located in towns and cities, and along with the city of Southampton itself, these are medium sized urban areas, about which there is deemed to be a paucity of homelessness research in the UK. With regard to the influence of contracting on homelessness TSOs, Southampton and Hampshire are insightful and contrasting areas to study. In Southampton, homelessness services were radically restructured in response to the findings of a local authority research project (funded by central government) on the commissioning of homelessness services (DCLG, 2007a). Southampton City Council was pioneering in allocating all of its single homelessness housing-related support contracts through competitive tendering. In Hampshire a rather different approach was taken, whereby some contracts were negotiated with existing providers and others were tendered for using an approved providers list.

The contrasting approaches to commissioning adopted in the two local authorities demonstrate the different impacts associated with different procurement strategies; however, the data analysis is not framed as a direct comparison of the two local authorities. This is because the primary unit of analysis is the organisation, and given that many TSOs operate in both local authorities it is not possible to directly compare the experiences of organisations operating in Hampshire with those in Southampton. Furthermore, there was considerable variation within each local authority in the way that individual contracts were allocated. Identifying the impacts of specific contracting processes on different types of TSO therefore seemed more relevant and meaningful than comparing the impact of one Supporting People team’s ‘regime’ against another, particularly given that at the time of the research, procurement strategies were still rapidly evolving. As such it is important that commissioning processes are investigated with reference to the social and political contexts in which they occur, and there follows a brief description of the two local authorities studied.

## **Introducing the study areas**

Southampton and Hampshire are located on the south coast of England and fall within the boundaries of the South East Government Office Region. The cities of Southampton and Portsmouth are sometimes considered to be part of Hampshire, but in administrative terms these are separate areas. In this thesis, 'Hampshire' describes the area administered by Hampshire County Council (i.e. excluding Southampton and Portsmouth) and 'Southampton' refers to the area governed by Southampton City Council. Whereas Southampton is a Unitary Authority, Hampshire has a two-tier administrative structure meaning that local government responsibilities are divided between the County Council and the eleven non-metropolitan District (or Borough) Councils which comprise the county.

Hampshire has a total population of 1,276,800 (according to ONS mid year population estimates for 2007) and although its land area is 85% rural, 77% of its population live in urban areas such as Winchester, Basingstoke, Gosport, Petersfield, Fareham and Andover (according to the 2001 Census). Southampton's population of 231,200 (according to ONS mid year population estimates for 2007) is concentrated within a much smaller 50km<sup>2</sup> area that is entirely urban.

Hampshire County Council was under Conservative control and at the time of data collection in 2007/08, 45 of its 78 local councillors were Conservative. In Southampton, no party had an overall majority of councillors and after the 2007 local elections the City Council comprised 18 Labour, 18 Conservative, and 12 Liberal Democrat councillors<sup>7</sup>. In terms of parliamentary representation, Southampton's two MPs were Labour, whilst eleven of Hampshire's fourteen constituencies were represented by Conservative MPs.

The 2007 Index of Multiple Deprivation (IMD) reveals a significant contrast in socio-economic conditions between the two local authorities: Hampshire was ranked at 140 out of 149 UK County/Unitary Authorities (where 149 is the least deprived) whereas Southampton was ranked at 83, indicating that it was considerably more deprived (Hampshire County Council (HCC), 2008a). Unemployment in Southampton (as measured by the Job Seekers Allowance claimant rate) was equal to the national average of 2.3% in July 2008, compared to 1.2% in Hampshire (HCC, 2008b).

However, Hampshire covers a large geographical area and at a finer scale, significant spatial inequalities and pockets of deprivation can be identified. For instance, income deprivation is concentrated in the urban areas on the south coast and in Basingstoke and Deane and Rushmoor in the north (HCC, 2008a). Nevertheless, Southampton Unitary Authority is more deprived according to the IMD than any of Hampshire's constituent districts. These broader political and socio-economic factors not only affect the incidence and geography of homelessness in these areas, but also influence local government and third sector responses to it, and these are described in chapter 2.

## **1.7 OBJECTIVES AND RESEARCH QUESTIONS**

It is clear from the policies and literature reviewed above that increasingly contractual relations between the state and third sector in the UK are having significant implications for TSOs. In order to investigate the impacts of these changes on homelessness TSOs, this research focuses on two processes within the commissioning cycle: tendering and quality measurement. These processes correspond closely with theoretical debates about competition and control, therefore studying the impacts of tendering and monitoring processes on TSOs will provide valuable empirical evidence relating to these themes. The main objectives of this study can be summarised by the following research questions:

1. How do responses to and experiences of commissioning processes vary amongst third sector organisations providing homelessness services?
2. How do tendering processes associated with government contracts influence third sector organisations providing homelessness services?
3. How do quality measurement processes associated with government contracts influence third sector organisations providing homelessness services?

The first question effectively cuts across the other two, so in discussing the impacts of tendering and quality measurement the study differentiates between the experiences of different types of TSOs. The positive and negative impacts of each process are explored

and their influences on the distinctive characteristics associated with the third sector are discussed.

## **1.8 METHODOLOGICAL APPROACH**

This project arose out of an interest in understanding firstly, how social policies are implemented in practice and secondly, how personal and structural level factors interact in the production and resolution of social problems. The approach taken in this study has been influenced by my academic background in human geography, which has shaped my understanding of the nature and causes of social problems and how they might best be investigated and understood. Radical geography, for instance, emphasised the role of political and economic structures in contributing to social problems (Johnston and Sidaway, 2004), whereas humanistic geography counterbalanced this by ‘...giv(ing) centrality to human agency, diversity and difference, and valu(ing) the trivial, local and everyday in human experience’ (Pain et al. 2001, p. 6). Cultural geography (and the more recent ethical turn) places still greater emphasis on understanding social relations and everyday practices which, as Parr (2000) and Milligan (2003) have shown, are often fundamental to the effectiveness of services provided by TSOs. Research of this nature has proved helpful in enabling researchers to acknowledge the structural level causes of social problems, whilst also recognising the agency of individuals and the importance of micro-level social relations and emotions (e.g. Bondi, 2005). This is particularly relevant to homelessness because although its causes can often be traced to a structural level, these are worked out and become embedded within individual people’s lives and as such their resolution may require individual as well as structural level intervention.

However, in order for such research to speak meaningfully to policy makers, greater effort needs to be made to re-connect micro-level research with broader political debates. As Jennifer Lawson explains:

‘The insight that care is society’s work and nonetheless systematically marginalised strongly suggests the importance of linking political-economic and

emotional geographies. Embodied caring practices must be analyzed as multi-sited (in public institutions as well as in homes and personal networks) and multi-scalar...’ (Lawson, 2007, p. 6).

In response to the first part of this statement, the current research draws on insights from studies that have focussed on relationships and practices in homelessness and similar services (e.g. Conradson, 2003; Johnsen *et al.*, 2005a; 2005b) but itself focuses on the meso- (organisational) level and is thereby able to demonstrate the relevance of these insights to policy debates, and vice versa. In answer to the second part of Lawson’s statement, the study extends the scope of existing research by investigating a different ‘site’ within the homelessness services landscape. Whereas previous homelessness research has focussed mainly on service provision contexts themselves, this study draws attention to the importance of the administrative and organisational processes that occur behind the scenes (primarily, although not always) in the offices of TSOs. In order to do this, and to create a dialogue between the micro and macro level issues referred to above, a mixed methods approach seemed most appropriate.

The empirical research comprised 26 semi-structured interviews with TSO managers and local government commissioners, supported by secondary quantitative and categorical data about the characteristics of the 21 TSOs in the study. Although the research focuses on two case study local authorities, the primary unit of analysis is the organisation. This reflects the fact that the research is primarily concerned with the ‘organisational level’ practices involved in quality measurement and tendering, rather than with micro-level social relations between staff and service users or macro-level government policies. These organisational-level processes and practices form a crucial link between the micro-level emotional and socio-relational dimensions of service provision, and macro-level political-economic concerns (Lawson, 2007). By situating the current research findings within the existing literature, the implications of these organisational level changes can be traced ‘downwards’ towards micro-level service delivery practices and relationships, and ‘upwards’ towards wider policy and funding debates. The methods used to gather and interpret the data are described in detail in chapter 4.



## 1.9 OUTLINE OF THE THESIS

This chapter has outlined the aims of the current study, and has demonstrated that investigating the impacts of tendering and quality measurement on homelessness TSOs is relevant to both the contemporary policy context and to academic debates about changing state-third sector relations. The third sector has been introduced as a component of the welfare mix, and a broad working definition for TSOs has been set out. Some of the key debates in the third sector literature have been introduced, some of which are further developed in subsequent chapters.

Whereas this chapter has situated the study within the third sector literature, Chapters 2 and 3 focus more specifically on homelessness. Chapter 2 describes the nature of single homelessness as a social problem and the policy response it has received, first at a national level and then locally within Hampshire and Southampton. The homelessness and third sector literatures are brought together in Chapter 3 which discusses the comparative advantages and disadvantages of TSOs as homelessness service providers, and again moves from a national to a local level description of third sector responses to homelessness. Chapter 4 describes the methods used to gather and analyse the qualitative and quantitative data.

The literature on differing third sector responses to government contracting is drawn upon in Chapter 5, which presents a typology that categorises the TSOs in the study according to their differing characteristics and responses to contracting. This typology is derived from both the qualitative and quantitative data and begins to address the first research question about how the impacts of contracting vary between different TSOs. The characteristics of the organisations and the services they provided are then described in further detail and in this way chapter 5 contextualises the subsequent analysis of the interview data in Chapters 6 and 7.

Chapter 6 addresses the second research question regarding the impact of tendering on TSOs. It draws on the interview data and academic literature to discuss how tendering processes have influenced the organisations in the study, considering their effects on the distinctive strengths and weaknesses of TSOs as identified in Chapters 1, 2 and 3.

Chapter 7 focuses on the third research question and therefore explores the impacts of

quality measurement processes on the homelessness TSOs. Again, the positive and negative impacts identified from the interview data are discussed, with reference to the existing literature on this theme. In both these chapters, the typology presented in Chapter 5 is used to differentiate between the experiences of different types of organisations, ensuring that the first research question concerning these variations is further addressed.

Chapter 8 brings the thesis to its conclusion by relating the empirical findings to broader third sector debates, for instance regarding state control over TSOs and the potential erosion of their distinctiveness. The welfare triangle introduced in this chapter is revisited, and some modifications are tentatively put forward based on the findings of this study. The concluding chapter also identifies some of the implications for policy makers and TSO managers, and finally suggests some areas for further research.

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<sup>1</sup> The single homeless population comprises single people and couples without dependent children who lack adequate accommodation in which they are entitled to live. This includes rough sleepers, but many single homeless people live in hostels, bed and breakfast accommodation, squats, or overcrowded accommodation, for example.

<sup>2</sup> It is of course essential to engage with literature in which the sector goes under other names, but in referring to such work I have tended to use the term third sector for the sake of consistency. Exceptions to this include direct quotations and some instances where clarity or accuracy required the original term to be maintained (in some cases the original author's term is given in brackets).

<sup>3</sup> It should be noted that this study is concerned only with TSOs involved in the provision of welfare services. This represents only a proportion of the whole third sector which includes many organisations that are not involved in welfare provision (although organisations involved in provision for music, the arts, sport, culture, etc. clearly can contribute to wellbeing in a broader sense).

<sup>4</sup> The central positioning of the third sector within the welfare triangle may predispose this model towards the conclusion that the third sector is a hybrid of the other sectors. Arguably, each sector could be represented as a zone amongst the other three, containing areas of greater and lesser hybridity.

<sup>5</sup> Another difficulty is that in Europe the third sector is typically understood to include organisations such as social enterprises and co-operatives which may redistribute their profits to members, for example (Evers and Laville, 2004). In this context then, the distinction between for-profit and not-for-profit (as opposed to non-profit) organisations might be more relevant, the latter being defined as organisations with a legal status that limits the accrual of profits to private individuals, whose purpose is to meet general or mutual interests or particular social needs (*ibid.*).

<sup>6</sup> A more detailed review of the changing state-third sector relationship from 1945-1992 is offered by Deakin (1995; see also Kendall and Knapp, 1996)

<sup>7</sup> The 2008 local elections saw the Conservatives win overall control of Southampton City Council, and in 2009 they also increased their majority in Hampshire County Council.

## *Chapter 2*

### **POLICY RESPONSES TO HOMELESSNESS: FROM NATIONAL TO LOCAL LEVEL**

#### **2.1 INTRODUCTION**

In order to understand the nature and significance of the impacts of policy and funding changes on homelessness TSOs, it is necessary not only to understand what these changes entail, but also to know something of the nature of the needs to which these organisations are seeking to respond. This chapter therefore begins by briefly explaining the definition, measurement and causes of single homelessness and describing some of the difficulties that many single homeless people face. It then reviews national level policy responses to this problem and in doing so charts national trends in the prevalence of single homelessness over time. The second half of the chapter focuses on the case study local authorities. It presents data about the extent of homelessness in Southampton and Hampshire, and then discusses local policy responses, focusing in particular on the implementation of the Supporting People programme which has had a significant impact on many homelessness TSOs.

#### **2.2 HOMELESSNESS AS A SOCIAL PROBLEM IN THE UK**

##### **Defining and measuring single homelessness**

This study focuses primarily on organisations providing services for single homeless people, a group which in fact includes single people and (somewhat confusingly) couples without dependent children who are homeless (Kenway and Palmer, 2003). More precise terms such as ‘homeless single people and couples without dependants’ have recently come into use, but the term single homelessness continues to be most widely used and understood and so is retained here. Homelessness itself is defined under UK legislation as the state of lacking adequate accommodation in which one is

entitled to live (HMSO, 1996). As such, although street homelessness is one of the most visible manifestations of homelessness, rough sleepers account for only a small fraction of a much larger homeless population. The vast majority of single homelessness is hidden from the public gaze and is experienced by those living in hostels, bed and breakfast accommodation, squats, or overcrowded accommodation, or ‘sofa surfing’ with friends or family (Crisis, 2004). Enumerating this ‘hidden homeless’ population is fraught with difficulties, and this has arguably contributed to the relative neglect of this issue by policy makers, particularly in comparison with efforts to reduce street homelessness.

The terms and definitions relating to different types of homelessness reflect the influence of past and present government policy. The statutorily homeless are those who have been recognised as homeless by their local authority, but further sub-categories are used to determine the level of state assistance to which a statutorily homeless person is entitled. The Housing Act 1996 gave local authorities a primary duty to accommodate those deemed to be unintentionally homeless and in a priority need group. These groups initially included pregnant women, families with dependant children, people vulnerable due to old age, mental illness or physical disability, as well as victims of fires and floods (HMSO, 1996). Additional priority need categories for 16 and 17 year olds, care leavers aged 18 to 20, and people vulnerable due to violence or time spent in care, the armed forces, prison or custody were created by the Homelessness Act 2002 (Crisis, 2005). This was generally welcomed by homelessness organisations because it extended local authorities’ primary duty to a larger number of homeless people (Kenway and Palmer, 2003). However, approximately half of the single homeless people who presented to their local authority as homeless in 2003 did not fall into these priority need groups (Parsons and Palmer, 2004). Data about local authorities’ decisions regarding whether or not they have a duty to accommodate a household (which can be one or more people) are sometimes used to quantify homelessness. However, this relies on people coming forward to request assistance, which they may be disinclined to do, for instance due to feeling stigmatised or wanting to avoid identification or investigation (Cloke *et al.*, 2001a). Single homeless people in particular are unlikely to apply if they are aware that they are not likely to be eligible for accommodation, and therefore would be under-represented in such data.

While rough sleepers constitute a small proportion of the total homeless population, the majority of them are single homeless people rather than (for example) families, partly as a result of the policies described above. The government has directed considerable effort towards the task of measuring street homelessness and official street counts for 2007 estimated that there were 498 people sleeping rough in England on any one night, compared to an estimated 1,850 in 1998 (DCLG, 2007b). However, doubt has been cast over the validity of street count data: in 2005 for instance, 547 people accessing Crisis' Open Christmas service in London claimed to be rough sleepers at a time when the government street count for the whole of England was 502 (Crisis, 2006). Numerous practical difficulties can hinder the accurate measurement of street homeless populations: these include the transient and often cyclic nature of street homelessness, and the 'invisibility' of rough sleepers, who may deliberately conceal themselves for their own safety or to avoid encounters with authorities such as the police or local government (Cloke *et al.*, 2001a; Williams and Cheal, 2002; Fitzpatrick *et al.*, 2005; Pawson and Davidson, 2006). The robustness of government rough sleeping estimates has also been questioned on the basis that they are not always based on actual street counts (Edgar and Meert, 2005): enumeration efforts are focused towards areas with a known rough sleeping problem and only in places where local authorities have previously recorded a rough sleeping population of greater than 10 are they required to carry out an annual street count. Figures of zero are assumed if no rough sleeping problem is known or expected (*ibid.*). As such, street count data need to be interpreted and used with considerable caution. It has been suggested that the government's emphasis on counting rough sleepers distorts public and political perceptions about the real extent and nature of homelessness (Cloke *et al.*, 2001a) and given that the majority of single homeless people are amongst the 'hidden homeless', the lack of quantitative government data about this group certainly represents cause for concern.

### **Societal and individual level causes of homelessness**

The nature of policy and third sector responses to homelessness are shaped to a significant extent by differing and shifting perceptions amongst politicians, practitioners

and the public about the causes of homelessness. These causes are often complex and consist of a combination of societal and individual level factors.

Perhaps the most obvious structural or societal level influence on homelessness is the availability of suitable affordable accommodation (Harding and Willet, 2008). Reduced investment in the Housing Investment Programme during the 1980s curtailed the supply of new council housing and existing social housing stock was sold off to tenants and housing associations (May *et al.*, 2005). New Labour also presided over substantial reductions in the number of social rented dwellings between 1996 and 2005 (Figure 2). Although the rate of this reduction has slowed since 2003 (Hills, 2007), the rapid growth in single person households since the 1970s means there is still concern about the availability of housing for this group (Parsons and Palmer, 2004). Housing supply is not the only structural factor contributing to homelessness though: poverty is closely linked to homelessness, and unemployment resulting from labour market restructuring has been a major cause of homelessness over recent years (Fitzpatrick *et al.*, 2000). Regional and national economic downturns can also exacerbate unemployment and poverty, and inequalities in education, for example, may also contribute to this.

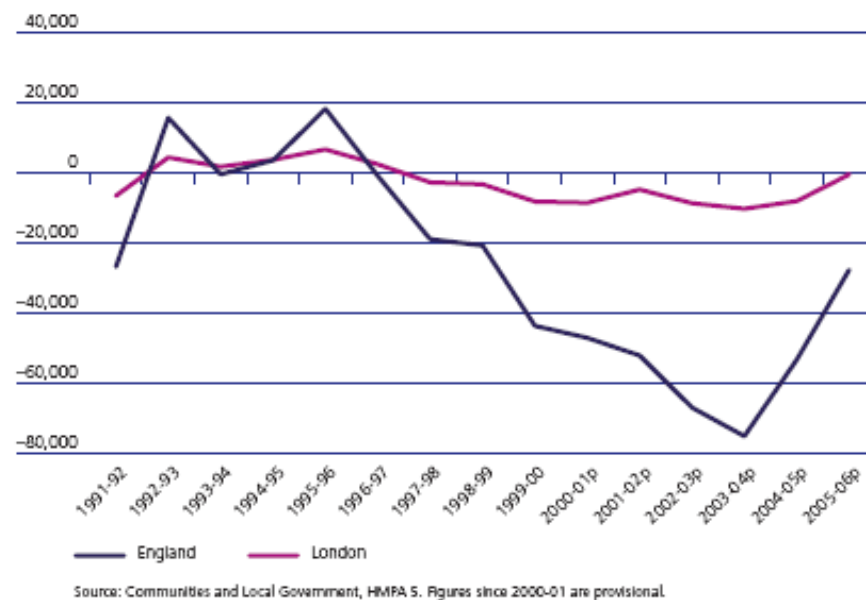


Figure 2. Net supply of social rented dwellings, from (Hills 2007, p. 44)

Personal life experiences can also play a significant part in causing a person to become homeless. For instance, domestic violence, mental and physical ill-health, drug and alcohol misuse and relationship or marital breakdown are often contributing factors, and people who have previously lived in institutional contexts such as prison or the armed forces are more vulnerable to becoming homeless (Smith *et al.*, 2008; Fitzpatrick *et al.*, 2000). However, causes that may appear to be private or individual level problems typically result (at least in part) from the actions of at least one other person (e.g. domestic violence), and are often traceable to broader social and political causes. For example, the closure of long-stay psychiatric hospitals under the 1990 Community Care Act contributed to the homelessness of some people suffering from mental health problems (Wolch and Philo, 2000). Relationship breakdown, one of the key triggers of homelessness, may itself be caused by unemployment or the strain of living in poverty or poor housing, and difficulties such as these could also contribute to alcohol and substance misuse, which in turn may lead to homelessness. The potential for individual choice and agency in these matters should not be downplayed, particularly because it may represent the only realistic and timely solution for some people. Nevertheless, a long term solution to homelessness certainly requires the structural level issues to be addressed.

### **Experiences of Homelessness**

Whilst homelessness is defined in terms of housing status, it is usually experienced in combination with other forms of deprivation and the needs of homeless people are increasingly recognised to be complex and multiple (Office of the Deputy Prime Minister (ODPM), 2002). However, it is also important to acknowledge the heterogeneity of the homeless population and the differing experiences and needs of different groups within it. For instance, women and young people might have very different experiences of homelessness from men, whilst those who do not have alcohol or drug addictions have different needs and experiences from those who do (DeVerteuil *et al.*, 2009; Cloke *et al.*, 2008).

Unemployment is sometimes a cause of homelessness, but being homeless also makes it very difficult to maintain or secure a job and unemployment is consequently very high

amongst homeless people. An estimated 90% of hostel residents have no employment (Parsons and Palmer, 2004, p. 11) and a similar figure has been reported for single homeless people living in temporary accommodation (Mitchell *et al.*, 2004, p. 33). This exclusion from the labour markets brings with it not only income poverty but also broader social exclusion from normal economic, social cultural and political participation in society (Levitas, 1998).

Homeless people are more vulnerable to crime and ill-health, and often have difficulty accessing health and other public services (Shaw *et al.*, 1999; ODPM, 2002). Rough sleepers have an average life expectancy of 42 years compared to the national average of 76.5 years (Crisis, 2006). Mental health problems are up to eight times more common in the homeless population than the general population and at least one in five homeless people have severe mental health problems (*ibid.*). Rough sleepers are 35 times more likely to commit suicide than members of the general population (*ibid.*). Drug and alcohol problems, debt issues, and problems accessing benefits affect a significant proportion of single homeless people, many of whom experience several of these difficulties concurrently (Homeless Link, 2009). Becoming and experiencing homelessness can also have significant emotional consequences and loneliness and isolation often make it difficult for people to re-integrate into ‘mainstream’ society and sustain a tenancy if they are re-housed (Lemos, 2000; Harding and Willet, 2008).

Homeless people are therefore among the most vulnerable and socially excluded in our society, and yet the state’s response to homelessness has lagged behind that of the third sector, which has historically been the main provider of single homelessness services. Since the early 1990s, however, governments have begun to acknowledge the complexity and importance of homelessness as a social problem and over the past twenty years a series of new policy interventions have emerged.

## **2.3 NATIONAL LEVEL POLICY RESPONSES TO SINGLE HOMELESSNESS**

Like other social groups, single homeless people are affected by a broad spectrum of social policies such as those regarding housing, health care, and unemployment (see Parsons and Palmer, 2004); however, this section focuses on policies relating to services



specifically targeted towards homeless people (and single homeless people in particular) in order to identify the policy and funding changes that are affecting the TSOs providing these services. The policy review begins by summarising key developments between 1977 and 1997 and then describes in greater detail the three successive homelessness strategies introduced by New Labour since 1997. The effects of policy changes on the provision, funding and regulation of homelessness services are considered and national homelessness data are incorporated into the discussion of the rationales and effectiveness of the different policy approaches.

### **1977 to 1997: Establishing the duty to accommodate; focussing on the capital**

The post-war welfare system did not include any measures to address homelessness specifically and it was not until the mid 1970s that the Labour government passed the first legislation on homelessness in England and Wales (Cloke *et al.*, 2001b). During this period a range of social housing subsidies became available through the Housing Corporation and local housing and social services departments began to work more closely with hostels and day centres run by third sector organisations (Crane and Warnes, 2000). The 1977 Housing (Homeless Persons) Act gave local authorities a primary duty to provide permanent accommodation to households deemed to be unintentionally homeless and in priority need (see p. 32). Homeless households not in priority need were only entitled to advice and assistance, although they were included in the list of groups to be given 'reasonable preference' for council housing (Fitzpatrick and Stephens, 1999). This Act represented significant progress in so far as it placed responsibility for homelessness with local housing authorities and introduced the right to long term housing for homeless people (*ibid.*) but most single homeless people did not meet the priority need criteria. Furthermore, the ability of local authorities to implement the Act was subsequently seriously eroded by the reduction of local authority housing stocks from 1979 to 1987 (Cloke *et al.*, 2001b).

In line with the then Conservative government's neoliberal agenda to minimise state responsibility for welfare, the 1980 Housing Act sought to reduce expenditure on social housing and encouraged privatisation through the Right to Buy scheme and sales to housing associations (*ibid.*). This resulted in a shortage of local authority housing,

thereby removing the safety net created by the 1977 Act. During the same period private rental costs increased due to the repeal of Fair Rents, and Income Support for 16 and 17 year olds was withdrawn (May *et al.*, 2005). Compounded by the impact of increasing unemployment, homelessness consequently escalated during the 1980s and the number of households accepted as statutorily homeless increased from 80,500 in 1984 to a peak of 144,780 in 1991 (Pleace *et al.*, 1997, p. 13).

The government was pressed to address this problem by concerted media and TSO campaigns, and in 1990 they responded with the Rough Sleepers Initiative (RSI) which funded outreach work, hostel and move-on accommodation and resettlement services in London (Kennedy and Fitzpatrick, 2001). TSOs were responsible for providing these services, but although local authorities co-ordinated the allocation of government funding to the TSOs, responsibility for regulating them remained at the national level with the Department of the Environment (DoE) (May *et al.*, 2005). This meant that although the Compulsory Competitive Tendering system was used to ensure value for money, according to May *et al.* (*ibid.*, p. 708) ‘the technologies of state regulation remained relatively under-developed’ at this stage, and TSOs therefore retained a high degree of autonomy from the government.

The lack of reliable data makes it difficult to assess the effectiveness of the RSI in the early 1990s. Foord *et al.* (1998, p. 24) suggest that ‘an indicator of [the RSI’s] success has been the declining number of rough sleepers in Central London from 741 in 1991 to around 270-290 in 1995-96’. However, some doubt is cast on these data by the fact that the same report also cites 1991 Census data which identified over 1275 people sleeping rough in Central London and was considered to be an underestimate (*ibid.*, p. 21; Fitzpatrick *et al.*, 2000, p. 15). Nevertheless, street counts conducted in the late 1990s suggested that street homelessness in Central London had been significantly reduced since the beginning of the decade (Fitzpatrick *et al.*, 2000, p. 15). Until 1996 though, the RSI was restricted to London and therefore had little impact on many of the 8,000 people estimated to be sleeping rough in England and Wales in 1991 (Goodwin, 1997, p. 205)<sup>1</sup>. It also neglected to look beyond street homelessness to less visible but more widespread forms of housing poverty. For instance, a study published by the Salvation Army in 1991 suggested that there were about 56,000 single homeless people in London alone (Foord *et al.*, 1998, p. 20) and by compiling data from various sources, Goodwin

(1997, p. 205) estimated that ‘at any time in the 1990s, well over half a million people in England and Wales lacked a permanent roof over their heads’. Although the number of households accepted as statutorily homeless had fallen to 120,810 by 1995, this probably reflected a tightening of the definition of homelessness by local authorities in order to deal with high demand and the shortage of council housing (Pleace *et al.*, 1997, p. 12-13). The RSI has been criticised as punitive and superficial due to its emphasis on ‘clearance and containment’ and its failure to address the causes of homelessness (May *et al.*, 2005).

The lack of political concern for tackling the causes of homelessness was more explicitly evidenced by the 1996 Housing Act which eroded the protections afforded to homeless people by the 1977 Housing Act. The primary duty for local authorities to provide permanent accommodation to those in priority need was reduced to a limited two year period, and homeless households were no longer among the groups to be given ‘reasonable preference’ in social housing allocation (Fitzpatrick and Stephens, 1999). This affected single homeless people disproportionately because families with dependent children were automatically given reasonable preference (*ibid.*). The lack of government assistance offered to single homeless people not in priority need meant that there was little incentive for them to approach local authorities to declare themselves homeless, reinforcing the systematic under-representation of single homeless people in statutory homelessness statistics (Pleace *et al.*, 1997; Parsons and Palmer, 2004).

### **1997-2002: Targeting rough sleeping; Stepping up regulation**

On coming to power in 1997, New Labour extended RSI funding to 113 towns and cities (compared to seven in 1996) and in 1999 this scheme was re-launched as the Homelessness Action Programme. This programme nevertheless retained a strong focus on street homelessness, as did the Rough Sleepers Unit (RSU), also established in 1999. The RSU was given the target of reducing the number of people sleeping rough in England (estimated at 1850 in 1998) by two thirds by April 2002 (Randall and Brown, 2002). The government set out to foster closer partnerships with non-statutory organisations providing single homelessness services (May *et al.*, 2005) and although this was to some extent a continuation of the Conservative’s approach, the introduction

of Best Value (under the Local Government Act 1999) placed tougher requirements on the agencies bidding for HAP funding. Providers were required to demonstrate active engagement with other local homelessness organisations, and new contractual arrangements and performance indicators afforded the RSU greater control over the services provided (May *et al.*, 2005).

Government street counts of approximately 596 rough sleepers for 2002 suggest that the RSU achieved its target (DCLG, 2007b) but the validity of these data is disputed (e.g. Branigan, 2001). Furthermore, whilst street homelessness has declined, the number of households accepted as statutorily homeless rose between 1997 and 2003. The number of homeless acceptances of households without dependent children rose by a third between 2000 and 2003 (Parsons and Palmer, 2004) and in 2003 the single homeless population in the UK was estimated to be between 310,000 and 380,000 (Kenway and Palmer, 2003).

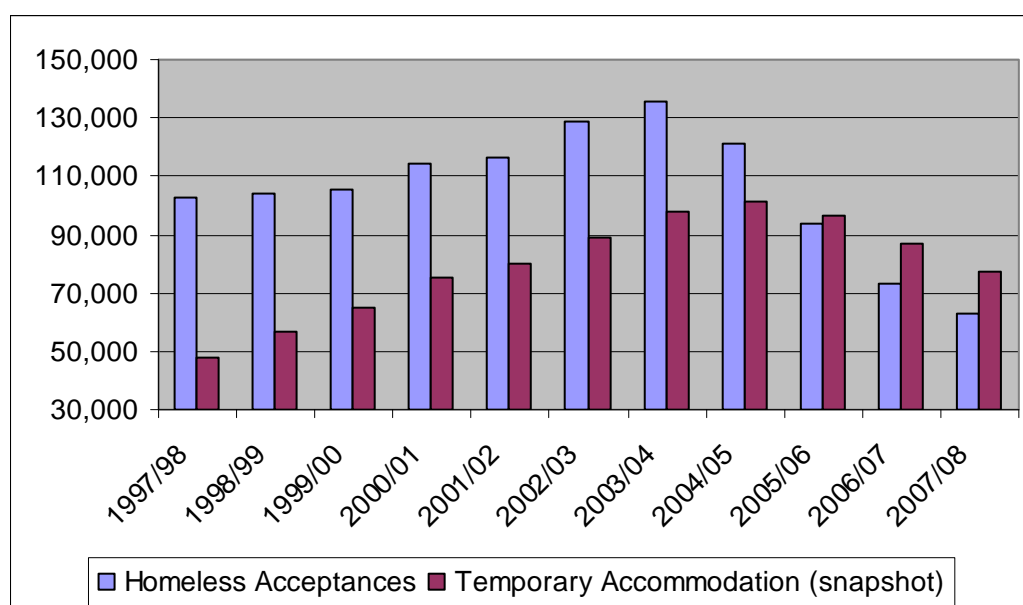


Figure 3. Number of households accepted as unintentionally homeless and in priority need in the UK, and those in temporary accommodation.

(Source: <http://www.communities.gov.uk/documents/housing/xls/152702.xls>)

## 2002-2005: Recognising complex needs and monitoring providers

In 2002 the More than a Roof report (ODPM, 2002) set out a new approach to tackling homelessness, acknowledging the need to address the complex personal problems

experienced by homeless people, in addition to providing accommodation (Kenway and Palmer, 2003). Whilst such an approach might be criticised for focusing on individuals rather than broader structural inequalities, the Homelessness Act 2002 did include measures to make social housing more accessible to homeless people, extending the groups to be considered in 'priority need' (see p. 32) and revoking the two-year limit introduced in 1996. Indeed, this may have contributed to the increasing number of statutory homeless acceptances noted by Parsons and Palmer (2004) (see also Figure 3). The 2002 Homelessness Act made local authorities (rather than central government) responsible for regulating service providers and required them to submit a Local Homelessness Strategy. At the same time, the launch of the Supporting People programme meant that local authorities also accrued responsibility for planning, funding and monitoring housing-related support for single homeless people (amongst other vulnerable client groups): service provision meanwhile continued to be dominated by TSOs (Johnsen *et al.*, 2005a).

The Supporting People programme was launched in April 2003 as a new framework for providing housing-related support to help vulnerable people maintain or improve their ability to live independently (Supporting People, 2004). The programme covered multiple client groups including older people, teenage parents and victims of domestic violence (*ibid.*). It replaced nine existing government funding streams including Supported Housing Maintenance Grants and Transitional Housing Benefit, which had previously been significant income sources for TSOs providing hostel and move-on accommodation. At the start of the programme, existing contracts with providers were automatically transferred to the Supporting People programme and over the first three years local Supporting People Teams carried out service reviews. Aware of this initial guarantee, many TSOs increased the number of services they provided prior to 2003, and as a result the cost of Transitional Housing Benefit increased by £400 million between December 2002 and April 2003 (*ibid.*). As a consequence, the Supporting People budget has since been reduced annually and commissioners have been under pressure to achieve cost savings. In 2005/06 the government spent £1,643 million on Supporting People services in England, of which £234 million was allocated to single homelessness services (DCLG, 2009a).

After reviewing the services, Supporting People Teams were required to allocate new contracts for the type and scale of services that they deemed to be appropriate. The contracts had to be allocated in accordance with the EU procurement regulations (European Parliament, 2004), but the interpretation of these varies considerably between local authorities, as the description of the practical implementation of the programme in the case study local authorities in Section 6.2 reveals. Supporting People teams have come to play a key role in the planning and procurement of homelessness services, and as such exploring the programme's impact on TSOs provides a valuable opportunity to better understand changing state-third sector relationships.

### **2005 onwards: Expecting change, emphasising employability and intensifying competition**

A new government homelessness strategy, 'Sustainable Communities: Settled homes; Changing lives' (ODPM, 2005a), was published in 2005 and placed a greater emphasis on preventing homelessness. The strategy echoed concerns raised in the 2004 Review of the Voluntary and Community Sector about the effectiveness of hostels, for instance regarding the 'silting up' of bed spaces due to residents staying for too long, and the high proportion of negative move-ons due to evictions or abandonments (DCLG, 2007b). In response to these issues, the Hostels Capital Improvement Programme was launched in 2005 with the aim of changing the nature of hostels in order to promote quicker and more sustainable move-ons into independent accommodation (ODPM, 2005b). This programme allocated £90 million to fund capital works to hostel buildings at approximately 80 projects across England (including in Southampton). Residents in these projects were expected to engage in 'meaningful activity' during their stay, reflecting the programme's underlying view that hostels should be 'places of change' for homeless people (*ibid.*). This initiative was succeeded by the 'Places of Change Programme' announced in 2007, which offered a further £70 million over three years to improve services for rough sleepers and encouraged a focus on increasing the number of positive move-ons from hostels and entries into education and employment (DCLG, 2008a). The Places of Change Programme sought particularly to support projects that were developing new ways of working with homeless people, and this focus on

innovation was also central to 'SPARKS', a competition launched by the DCLG in December 2007 to promote innovative social enterprise as a means of preventing homelessness (DCLG, 2008b). In addition, a new strategy for Supporting People was published in 2007, the goals of which included increasing efficiency, reducing bureaucracy and enhancing partnership with the third sector (DCLG, 2007c).

The number of households accepted as unintentionally homeless and in priority need has fallen since 2003 (Figure 3), in spite of the extension of the priority need criteria. In 2008, 63,170 households were accepted as being owed a main homelessness duty, compared to 135,430 in 2003 (DCLG, 2008c). However, only 47,800 of the 96,790 single homeless households that applied for assistance in 2005 were deemed to be in priority need (Crisis, 2006). Given that there is less incentive for this group to approach the local authority, it is likely to be much larger than this in reality and these figures in any case suggest that more needs to be done to support single homeless people.

### **A shift away from punitive homelessness policy?**

Whilst policy attention to and government investment in homelessness services has steadily increased over the past 20 years, this has not always been motivated primarily by concern for homeless people themselves. Policies focusing on getting rough sleepers off the streets arguably served to criminalise homelessness and sought to 'purify' public space (Johnsen *et al.*, 2005a). However, UK policies have been far less punitive than those described in the US literature (e.g. Davis, 1990; Mitchell, 1997) and since 2002 there has been greater recognition of the complex causes of homelessness and the multiple disadvantages confronting many homeless people. Nevertheless, cleansing urban areas of the visible signs of poverty can be construed as part of a capitalist, place-marketing agenda and Johnsen *et al.* (2005a, p. 788) criticise the British government's 'increasingly aggressive stance towards street homeless people', noting its refusal to support initiatives such as soup runs on the premise that they sustain rough sleeping (ODPM, 1999).

The scope of state intervention to address single homelessness has certainly broadened beyond the emphasis on 'clearing the streets' that prevailed in the 1990s; however,

policies developed since then have arguably been based on more explicitly economic rationales. For instance, the Places of Change and Supporting People programmes both emphasise personal change and aim to prepare service users to enter the labour market. While appropriate employment can have benefits for individuals' financial, social and psychological wellbeing, there are concerns that this focus on moving homeless people into employment is motivated primarily by the goal of reducing welfare expenditure and increasing economic productivity. The high cost of short term individual level 'solutions' for single homelessness in fact points to the economic advantages of investing in longer term structural solutions and preventative measures (e.g. Kenway and Palmer, 2003, p. 40). However, it is not the aim of this thesis to evaluate the effectiveness of homelessness policy at this broader level; this inquiry focuses instead on identifying the impacts of the commissioning processes that are being used to implement the policies highlighted above. To understand these implementation processes more fully, it is helpful to study a smaller geographical area and the remainder of the chapter describes homelessness trends and policy responses in Southampton and Hampshire.

## **2.4 LOCAL HOMELESSNESS TRENDS**

Recognition of the existence and extent of single homelessness in a locality is important in prompting statutory and third sector intervention. The local data presented here are constrained by the definitional and measurement difficulties outlined above, but nevertheless offer some indication of the extent of homelessness in Southampton and Hampshire over recent years. At the very least they provide useful information about the number of clients making contact with local authorities and using services.



	<b>Southampton</b>	<b>Hampshire</b>	<b>England</b>
June 1998	22	18	1850
June 1999	13	19	1633
June 2000	16	11	1180
June 2001	7	11	703
June 2002	6	1	596
June 2003	7	2	504
June 2004	0	3	508
June 2005	0	0	459
June 2006	0	0	502
June 2007	6	0	498

Table 1. Number of rough sleepers according to Rough Sleeping Estimates 1998 - 2007 (DCLG, 2008d)

According to the government's rough sleeping counts (Table 1), levels of street homelessness appear to have fallen significantly in both local authorities since 1998 and are now at a very low level. The 2006 data suggest that there were no people sleeping rough in either local authority, although there was an increase to six in Southampton in 2007 (DCLG, 2008d). To some extent this reduction reflects the success of the RSU and the HAP initiative. However, the continual demand for bed-spaces reported by managers of short term hostels interviewed for this research suggests that the street count data (Table 1) do not adequately represent the extent of street homelessness in Southampton and Hampshire. The fact that street counts rarely extend into rural areas (Cloke *et al.*, 2001b) may also have contributed to the underestimation of rough sleeping in Hampshire, a predominately rural county. It is also likely that these data are

distorted as a result of the government's policy of allowing local authorities to automatically ascribe a zero street count to areas where no rough sleeping problem is known or expected (Edgar and Meert, 2005). In Southampton for instance, the street outreach team made contact with approximately 450 new rough sleepers in 2005/06, many of whom had complex needs including mental or physical health problems or drug or alcohol abuse problems (Southampton City Council (SCC), 2008; Figure 4). In Winchester a local homelessness service provider identified 38 people who were regularly sleeping rough in 2007 (Winchester City Council, 2008, p. 28). These data do not directly contradict the street counts, which provide only a 'snapshot' of a single night, but they do suggest that street homelessness is a far more significant problem in Southampton and Hampshire than the governments' rough sleeping estimates imply.

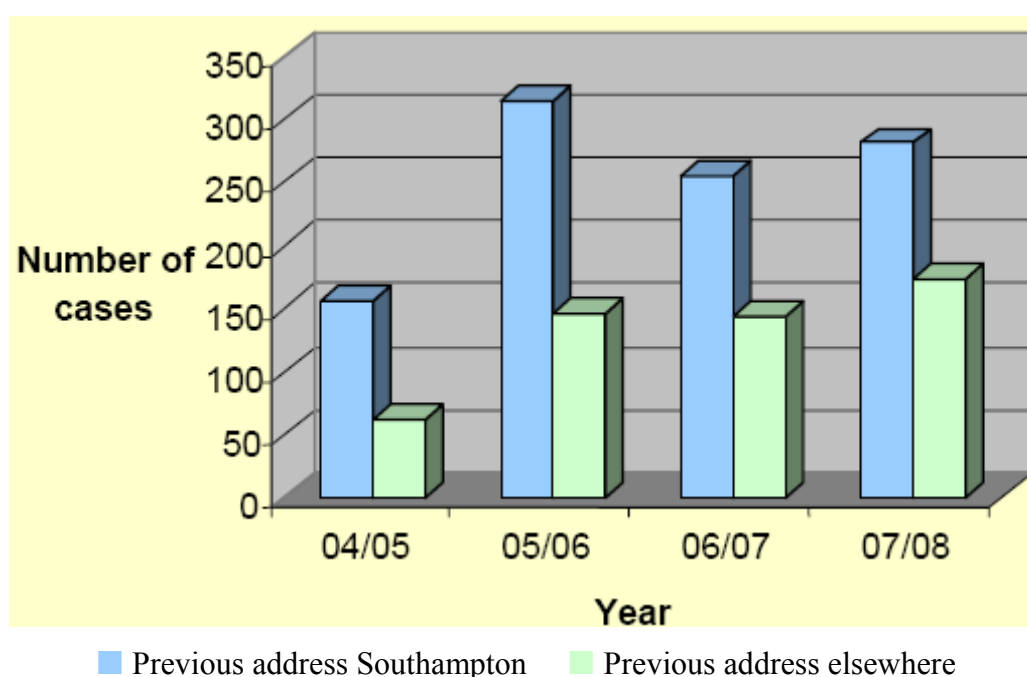


Figure 4. Number of new individuals contacted by Southampton's street homeless prevention team by previous address (2004-2008). Source: SCC (2008, p. 9)

Although rough sleepers are known to comprise only a small percentage of the single homeless population at the national level, no local data were available for those living in hostels, bed and breakfasts, or 'sofa surfing'. Given that hidden homelessness accounts for the majority of single homelessness in England and Wales (Crisis, 2004), the

absence of this data at the local level is likely to hinder the development of appropriate policy responses.

Some insight into the local extent and nature of homelessness can be gained from data on local authority housing departments' decisions about homelessness applications (DCLG, 2008c). In Southampton, 248 homelessness acceptances (i.e. households deemed to be unintentionally homeless and in a priority need group) were recorded in 2006/07. This represented 56.5% of all homelessness decisions and 2.64 acceptances per 1000 households. In Hampshire over the same period 714 households were accepted, and these accounted for 37.1% of all decisions, or 1.38 acceptances per 1000 households. In both Southampton and Hampshire, as in the country as a whole, there was a significant reduction in the number of homelessness acceptances between 2003/4 and 2006/7 (Table 2). The number of people deemed to be homeless but not in priority need also fell significantly in Hampshire and Southampton. Southampton City Council suggest that these reductions can to some extent be explained by the increasing emphasis on preventing homelessness and the provision of improved housing options for people at risk of homelessness (SCC, 2008). It is therefore difficult to disaggregate the effects of changing policy and interpretation from the effects of changing needs in order to reliably assess the extent of homelessness from these data.

Units: number of households		Households accepted as homeless and in priority need	Eligible homeless and in priority need but intentionally	Eligible homeless but not in priority need	Eligible but not homeless	Total decisions	Decisions per 1000 households	Homeless Acceptances per 1000 households
<b>Southampton</b>	2003/4	699 (64.6%)	71 (6.6%)	122 (11.3%)	190 (17.6%)	1,082 (100%)	11.63	7.52
	2006/7	248 (56.5%)	45 (10.2%)	39 (8.9%)	70 (15.9%)	439 (100%)	4.67	2.64
<b>Hampshire</b>	2003/4	1,604 (42.0%)	203 (24.9%)	652 (17.1%)	1,357 (35.6%)	3,816 (100%)	7.34	3.08
	2006/7	714 (37.1%)	171 (8.9%)	153 (7.9%)	888 (46.1%)	1,926 (100%)	3.73	1.38
<b>England</b>	2003/4	137,000 (45.5%)	12,970 (4.3%)	67,900 (22.6%)	82,970 (27.6%)	300,840 (100%)	14.25	6.49
	2006/7	73,360 (46.0%)	10,930 (6.9%)	31,140 (19.5%)	43,920 (27.6%)	159,350 (100%)	7.57	3.48

Table 2. Homelessness decisions in 2003/04 compared with 2006/07 (Adapted from:  
<http://www.communities.gov.uk/documents/housing/xls/141476.xls>; see original for full table)

Housing departments in Hampshire are located at the District level and at this finer scale, significant variations within the county are apparent (DCLG, 2008c; see Appendix 1). Gosport had by far the highest rate of homelessness acceptances at 5.41 per 1000 households and a high proportion of the total number of decisions (61.1%) resulted in households being accepted as homeless and in priority need. Care needs to be taken in interpreting these data however, because homelessness acceptances as a percentage of total decisions were also relatively high in more affluent districts such as Winchester and Hart, but these received relatively few applications and therefore

actually had low acceptance rates of 0.78 and 0.29 per 1000 households respectively. Havant had by far the highest number of homelessness decisions (15.45) per 1000 households, but only 13.1% of the homelessness decisions made in Havant resulted in a household being accepted as homeless and in priority need, with the vast majority (78.5%) deemed to be not homeless (*ibid.*). One might infer from this that an excessively stringent interpretation of the acceptance criteria was being employed in Havant, however Havant Borough Council suggest that the reduction in homelessness acceptances was the result of their efforts to prevent homelessness, which meant that households who applied for assistance due to being threatened with homelessness were often supported to stay in their accommodation, and hence did not actually become homeless (Havant Borough Council, 2008). This again demonstrates the difficulty in extracting meaning from data such as these, and although these figures provide some indication of the distribution of housing need, they also reflect the different approaches to recording and responding to homelessness applications in different local authorities.

As discussed earlier, homelessness decisions data tend to under-represent single homeless people, because many do not fall into priority need groups and the data only include those who apply for assistance. Some data relating specifically to single homeless people can be found in the Supporting People client records (DCLG, 2009b), although again these only include people who received this service. Statutorily homeless people accounted for 16.5% (804) of all (4851) new Supporting People clients in Hampshire in 2007/08 and single homeless people were the largest primary Supporting People client group in both Southampton (573; 40.9% of all clients) and Hampshire (1117; 23.0% of all clients) (Table 3). This was also the case at the national level, but Southampton was considerably above the national average of 28.6% single homeless clients. Rough sleepers are categorised separately for Supporting People purposes, and accounted for an additional 28 clients (2.1%) in Southampton and 53 (1.1%) in Hampshire (England: 3.3%). Interestingly only 28.3% of Hampshire's (primary group) single homeless clients were accepted as statutorily homeless, and in Southampton this figure was lower still (7.8%) (*ibid.*). This further demonstrates the inadequacy of the statutory homelessness acceptances data in representing single homelessness, but also shows that through the Supporting People programme, accommodation-related support

was reaching many people who were not owed the local authorities' duty to accommodate.

Primary client group	Southampton		Hampshire	
	Clients	Percentage	Clients	Percentage
Alcohol problems	66	5.03	118	2.43
Drug problems	39	2.97	124	2.56
Frail elderly	3	0.23	27	0.56
Generic	35	2.67	722	14.88
Homeless families with support needs	60	4.57	324	6.68
Learning disabilities	74	5.64	176	3.63
Mental health problems	98	7.47	599	12.35
Mentally disordered offenders	n/a	n/a	4	0.08
Offenders/at risk of offending	48	3.66	110	2.27
Older people mental health	n/a	n/a	10	0.21
Older people with support needs	15	1.14	161	3.32
People with HIV/AIDS	n/a	n/a	4	0.08
Physical or sensory disability	18	1.37	123	2.54
Refugees	18	1.37	3	0.06
Rough Sleepers	28	2.13	53	1.09
Single homeless with support needs	537	40.93	1117	23.03
Teenage parents	39	2.97	67	1.38
Women at risk of domestic violence	123	9.38	917	18.9
Young people at risk	100	7.62	171	3.53
Young people leaving care	11	0.84	21	0.43
Total	1312	100	4851	100

Table 3. Number and percentage of clients in each primary client group according to Supporting People Client Record Data for 2007/08 ([www.spclientrecord.org.uk](http://www.spclientrecord.org.uk))

The primary client group figures (Table 3) in fact understate the number of single homeless people receiving Supporting People services, because some fall into other primary client groups. In addition to their primary client group, Supporting People clients can also be ascribed up to three secondary client groups (from the same list) if

they fall into additional categories of vulnerability. Secondary client group data therefore allow us to ascertain how many clients from other primary client groups had 'single homelessness' as a secondary client group (see Appendix 2). This accounts for 54 people in Southampton, and 102 in Hampshire (DCLG, 2009b). The most common primary client groups for these individuals were mental health problems and alcohol problems in Southampton, and young people at risk and mental health problems in Hampshire. This also indicates the overlap that exists between client groups and the complexity of needs within the single homeless population.

In addition to gauging the local extent of single homelessness, it is also useful to understand the causes and nature of the problem. Southampton's Homelessness Strategy (SCC, 2008) reports that for those accepted by the council as homeless and in priority need, the main causes of homelessness were that parents, relatives or friends were no longer willing to accommodate them, a partner relationship had broken down (violently or non-violently), or an assured shorthold tenancy had ended. In Hampshire, these factors were also identified in District Homelessness Strategies as the main triggers for statutory homelessness. No data were available for single homelessness specifically, and the available data revealed little about underlying causes such as high house prices, unemployment, poor housing quality, ill health, or drug and alcohol misuse.

Supporting People client record data reveal more about the nature of the single homeless population, because secondary client group data tell us about the additional needs presented by single homeless clients. Of those moving on from single homelessness services in Hampshire in 2007/08, 15.1% had drug problems, 11.7% had mental health problems, 11.6% were offenders or at risk of offending, and 11.4% had alcohol problems (DCLG, 2009b; see Appendix 3). In Southampton, these problems were more prevalent, with 25.6% of single homeless clients having drug problems, 25.6% having alcohol problems, 17.8% having mental health problems, and 11.8% being offenders or at risk of offending (*ibid.*). It should be noted that these figures include clients from a range of high and low intensity support services and because they relate to clients leaving the short term services, they refer to a different population than that represented in Table 3.

The Supporting People data only capture those who have sought and received government support, and to some extent the availability of these services is influenced by the local Supporting People budgets and strategy. Nevertheless, one would expect to find some relationship between demand for and provision of support services, and the data do show that, including rough sleepers, there were *at least* 565 single homeless people in Southampton and 1,170 in Hampshire, during 2007/08 (DCLG, 2009b). Far less is known though about those who did not receive Supporting People services, and the total number of single homeless people in these local authorities is likely to be much higher than these figures suggest. The inclusion of organisations not funded by Supporting People in this study therefore ensures that services providing for this broader (but less well documented) single homeless population are taken into consideration in discussing the impacts of policy and funding changes. The following section describes how these policy changes were being worked out at the local level.

## **2.5 THE LOCAL POLICY RESPONSE**

In common with other UK local authorities (e.g. May *et al.*, 2005), the service landscapes that had developed in Southampton and Hampshire in response to the homelessness problems described above were complex and involved a variety of third, statutory and private sector agencies and funding sources. Section 2.3 described how national level government intervention in homelessness services had increased over recent years, but also noted that the primary responsibility for implementing these policies had been transferred to local government. Given that responsibility for the provision of most single homelessness services remained with TSOs, the way in which individual local authorities implemented these national policies played a significant part in determining the extent and nature of their impacts on providers.

At the local government level, responsibility for planning, purchasing and evaluating homelessness services is shared by housing departments and Supporting People teams. Housing departments are responsible for allocating social housing, and thus are the means by which the local authority meets its obligations to accommodate those accepted as statutorily homeless and in priority need. Whilst some single homeless people are



housed in this way, many are not eligible for this form of assistance. In terms of statutory initiatives then, the Supporting People programme is very significant for many single homeless people. It is partly for this reason that the following discussion focuses on Supporting People, but also because the implementation of this programme has seen the introduction of competitive tendering and far more intensive monitoring processes for homelessness TSOs and therefore is highly relevant to the objectives of this study. However, it is helpful to first consider how the services funded by Supporting People fit within the broader service landscapes.

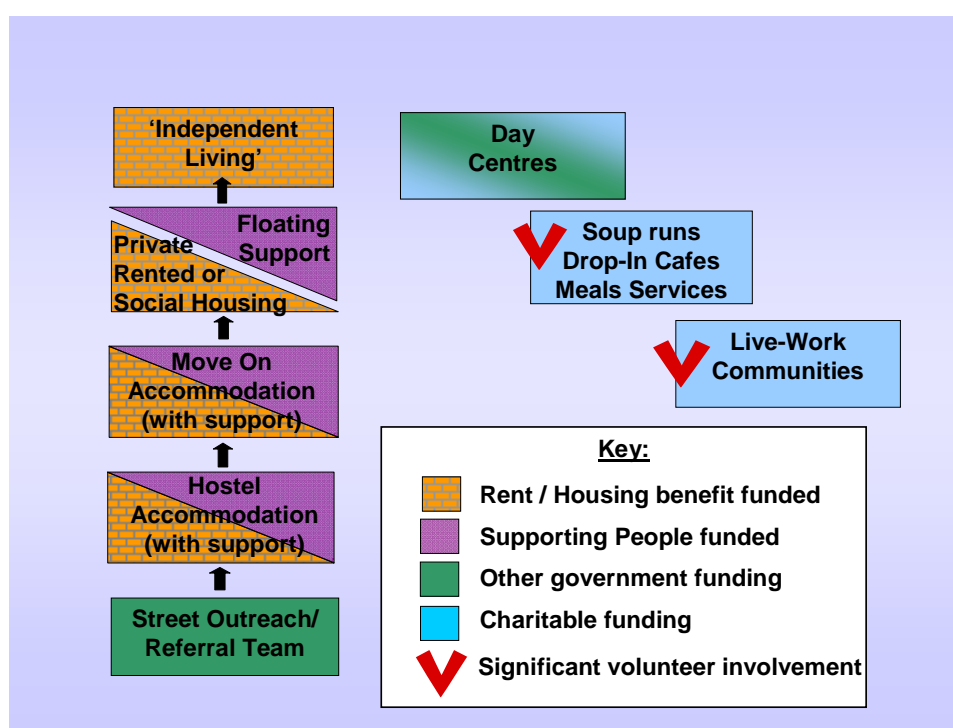


Figure 5. A schematic diagram showing a typical homelessness services landscape.

The schematic diagram (Figure 5) shows the different types of homelessness services provided, and their typical funding sources. Not all of these services were available in each local authority (see below), and as such the diagram is a simplification of a much more complex reality. Nevertheless it demonstrates that although the increasingly structured, housing-related support services funded by Supporting People had come to form the ‘backbone’ of single homelessness services in Hampshire and Southampton, a range of other services operated outside of this programme, including day centres, soup runs, food and clothing banks, meals services and drop-in cafes. While some of these

relied on voluntary donations and operated relatively independently of local government, some received government funding through Social Services or the Learning and Skills Council, for example. In Southampton, a street outreach team was funded by a grant administered by the local housing department, and in fact played a crucial part in enabling the Supporting People services to operate effectively. However, while government funding made a significant contribution to many of these services, all were provided by TSOs. More detailed descriptions of the services themselves are given in chapter 3.

### **Implementing Supporting People at the local level**

Hampshire County Council and Southampton Unitary Authority were ‘administering authorities’ for the purposes of the Supporting People programme and therefore each had its own Supporting People Team. The Supporting People programme was introduced in 2003 and is administered at the national level by the Department for Communities and Local Government (DCLG). Each administering authority (either counties or unitary authorities) was assigned an annual grant by the DCLG, and local Supporting People Teams were tasked with planning, commissioning and monitoring the provision of housing-related support for rough sleepers, single homeless people, homeless families and other vulnerable client groups. Housing-related support was defined as that which ‘develop(s) and sustain(s) an individual’s capacity to live independently in their accommodation’ (Supporting People, 2004, p. 2) and could include helping clients to access the correct benefits or develop budgeting skills, for example. For single homeless people, the majority of these support services were linked to particular accommodation services: typically the most intensive support services would be provided in medium term hostels and progressively lower levels of support would be offered in different stages of move-on accommodation (see Box 3, for example).

There have been significant differences in the way that different Supporting People teams have implemented the Programme, and as such the nature and rate of the changes experienced by TSOs has varied from place to place. Between 2003 and 2006, all Supporting People Teams were required to conduct a strategic review to assess the

quality and relevance of all the service contracts that they inherited in 2003. On the basis of these reviews, recommendations were made about the future of individual services and the overall structure of services. These recommendations sometimes involved creating new services, but often meant redefining the role of existing ones, formalising referral pathways between services, amalgamating small services into larger contracts and sometimes closing services altogether. The following paragraphs describe the consequences of the implementation of the strategic reviews in Hampshire and Southampton in terms of the cost, number and type of homelessness services.

### *Southampton*

In 2003/04, homelessness services (including services for homeless families and young people) accounted for 40% (£4.68 million) of Southampton's total Supporting People budget (Southampton Supporting People (SSP), 2005a), compared to a national average of 20%. Single homelessness services accounted for the vast majority (90%) of this expenditure and, given that annual cuts to Southampton's Supporting People budget had been scheduled (e.g. from £11.7 million in 2003/04 to £10.8 million in 2005/06), were seen as an area in which costs needed to be reduced. Research conducted by the Supporting People Team raised concerns about what were considered to be excessively long stays in expensive emergency hostels, and about the resultant 'silting up' of hostels which meant that there were often no vacancies in spite of the relatively large number of hostel beds provided (SSP, 2005b). In addition to the strategic review, these findings provided the basis for a major restructuring of the city's single homelessness services (Box 3).

### **Box 3. Southampton's New Structure for Single Homelessness Services**

- Emergency hostel: very short stays (up to six weeks), needs assessments and the development of individual support plans
- Intensive services: medium term, high level housing related support
- Medium level Lifeskills services: helping people gain skills necessary to move into independent accommodation
- Low level Lifeskills services: supporting people taking final steps before moving into independent accommodation
- Floating Support Service: offering tenancy sustainment, resettlement support and prevention to people anywhere in the city, regardless of tenure.

Adapted from announcement in *Southampton Supporting People News*, April 2006.

This new structure was implemented between 2006 and 2009 through the commissioning process (described in Chapter 5), and at the time of data collection all but one of the new services had been commissioned. This had involved the four existing emergency hostels being replaced by one large short term assessment centre. The other hostels became intensive services, providing high-level support with accommodation for up to two years. Several existing contracts were amalgamated into larger medium and low level life-skills service contracts and a new community-based floating support service was developed (SSP, 2006). These changes were intended to clarify the pathways between services and to this end the street outreach team – although not funded by Supporting People – became responsible for all referrals into the single homelessness supported accommodation system.

As a result of these changes, the number of single homelessness services funded by Supporting People in Southampton fell from 16 in June 2007 to only 9 in June 2008 (DCLG, 2009c). However, this rationalisation did not reduce the overall amount of provision: indeed, the number of household units of support (Supporting People's

measure of the quantity of support) for this client group increased from 696 to 778 during this period (DCLG, 2009d). The changes did however lead to a reduction in the per unit cost of support, and by 2008 the single homelessness client group accounted for 29% (£2,87 million) of Southampton's Supporting People budget (DCLG, 2009a), compared to 36 % in 2003/04 (SSP, 2008).

### *Hampshire*

In Hampshire, single homelessness services accounted for 9.77% (£3,251,839) of the total Supporting People budget in 2003/04 (Hampshire Supporting People (HSP), 2005, p. 90). The strategic review of homelessness services proposed reductions in both the number of single homelessness services (from 30 to 20) and in their capacity (from 526 to 391 household units of support) (HSP, 2006, p. 7). Whereas in Southampton, one 'network' of services was developed for the whole city, in Hampshire different services types were commissioned in different districts (HSP, 2005; see Table 4). This is partly a consequence of differing local needs and the uneven development of pre-existing third sector services, but also reflects the different Homelessness Strategies produced by each district council. The vast majority of Hampshire's services were located in urban rather than rural areas. Although certain services were absent in particular districts, clients were not restricted to using services in the districts in which they lived, and sometimes it would be more efficient to have one service serving a larger area, particularly where demand was low.

	<b>Floating support</b>	<b>Emergency short stay</b>	<b>24 hour supported accommodation</b>	<b>Low level accommodation based support</b>	<b>Supported lodgings or adult placement</b>
<b>Basingstoke and Deane</b>	✓	✓	✓	✓	✓
<b>Eastleigh</b>	✓			✓	
<b>East Hampshire</b>	✓	✓		✓	
<b>Fareham/Gosport</b>	✓	✓	✓	✓	
<b>Havant</b>	✓			✓	
<b>Hart/Rushmoor</b>	✓	✓	✓	✓	
<b>New Forest</b>	✓				
<b>Test Valley</b>	✓	✓	✓	✓	
<b>Winchester</b>	✓	✓	✓	✓	

Table 4. Types of single homelessness services funded by Supporting People in each district within Hampshire as in 2003/04. Data source: Hampshire Supporting People (2005, p. 114).

The number of single homelessness services was reduced to 24 by June 2008 (DCLG, 2009c), however the capacity of these services increased to 532 units (DCLG, 2009d). As a result, although there was a reduction in the per unit cost of support, expenditure on single homelessness services by Supporting People in Hampshire increased slightly to £3,293,712 in 2007/08 (DCLG, 2009a).

In both local authorities, the number of homelessness services and providers was being rationalised significantly (HSP, 2006; SSP, 2005a). This was motivated partly by the need to reduce costs, as larger contracts were deemed to be more cost effective. However, there was also a need to better co-ordinate provision in order to make the previously complex network of services easier for homeless people to navigate and to reduce the likelihood of repeat homelessness. Whereas Southampton's Supporting

People team implemented an entirely new structure, Hampshire's approach involved a more gradual adaptation and reworking of the existing service landscape. Local Supporting People Teams could also shape the services to a significant extent through commissioning, monitoring and contract enforcement and there were significant differences in the way that the two local authorities utilised the commissioning process to effect the changes described above. The tendering and monitoring processes are described in detail in Chapters 6 and 7 respectively, so it will suffice to summarise here that whereas Hampshire's Supporting People team re-negotiated some contracts with existing providers and only advertised invitations to tender to its list of 'preferred providers', in Southampton, all the new single homelessness services were allocated by competitive tendering.

## **2.6 CONCLUSION**

This chapter began by considering the nature of single homelessness as a social problem; it then reviewed recent developments in government policy, showing that although government funding of homelessness services has increased over recent years, service provision itself has remained primarily the task of TSOs. There is a lack of reliable data about the extent of single homelessness at the local level, and evidence from local TSOs casts some doubt over the reliability of official estimates of the number of rough sleepers in Southampton and Hampshire. The Supporting People data showed that single homeless people were the largest Supporting People client group in both Hampshire and Southampton, and in Southampton the proportion of single homeless clients was considerably higher than the national average. The implementation of the Supporting People programme had had different consequences in each local authority: Hampshire was changing its services and providers more gradually, while in Southampton an entirely new structure for services had been established. In spite of these differences, service providers in both areas faced similar pressures to compete for contracts, achieve quality standards, monitor performance and reduce costs. The effects that these changes had on TSOs, and the consequences of the different commissioning approaches adopted in each local authority are explored in chapters 5, 6 and 7. In order to contextualise these discussions, the following chapter describes some of the

homelessness services provided by TSOs and draws on the existing literature to identify the comparative advantages that TSOs have in meeting some of the needs that have been outlined in this chapter.

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<sup>1</sup> The 1991 Census data identified 2,703 rough sleepers in England and Wales, but this is considered by many to be an underestimate (Fitzpatrick *et al.*, 2000, p. 15).



THIRD SECTOR RESPONSES TO HOMELESSNESS:  
IN THEORY AND PRACTICE

**3.1 INTRODUCTION**

The third sector has historically played a major role in the provision of single homelessness services in the UK, and in spite of recent increases in government investment and intervention, homelessness TSOs – many of which are faith-based organisations – have remained the main service providers in this area (May *et al.*, 2005; Cloke *et al.*, 2005). Homelessness therefore differs from fields such as healthcare, where contemporary interest in third sector involvement has followed the previous consolidation of statutory provision. The prolonged dominance of TSOs in providing for homeless people partly reflects successive governments' reluctance to intervene directly in this area; but it may also be explained to some extent by the comparative advantages that TSOs are claimed to have in working with vulnerable social groups (Billis and Glennerster, 1998). There are concerns that these comparative advantages are being undermined by the increased regulation, monitoring and inter-organisational competition that have been concomitant with the increased availability of statutory funding for homelessness services. However, not all homelessness TSOs have been affected by these developments. This chapter therefore begins by describing the services provided by homelessness TSOs in the UK and discussing what is known about their characteristics from existing research. It then discusses the comparative advantages and disadvantages that TSOs have in responding to the needs presented by the single homeless population. The focus then shifts to the local level and the types of services provided by TSOs in Southampton and Hampshire are described.

### 3.2 THIRD SECTOR HOMELESSNESS SERVICES

#### Service Types

Homelessness services can be understood as being positioned on a continuum, along which increasing duration of [continual] contact with clients tends to be associated with increasing professionalism and formalisation. Beginning at the more informal end of the continuum, in many UK cities soup run services distribute soup and other food to homeless people usually on a daily or weekly basis. Soup kitchens offer a similar service but from a static base. 'Café' type services offering free hot drinks or cooked meals and a place to sit and perhaps to socialise with others are also significant components of urban homelessness service landscapes, as are food and clothing banks. These services are often targeted towards disadvantaged people in general rather than homeless people specifically. In some cities, more formal, paid street outreach teams make regular contact with rough sleepers and encourage them to engage with other services (e.g. Hall, 2008). Day centres tend to operate on a more formal basis, and may be open during the day time all week, or on certain days. The facilities they offer vary considerably but may include meals, washing facilities, advice, training and referrals to other services.

In terms of accommodation provision, night shelters typically offer very short term accommodation (which might range from one night to about two weeks) and often accept self-referrals from homeless people. Direct access hostels are also intended to provide short term accommodation, but differ from night shelters in that residents can access them during the day and they have 24 hour staffing (Resource Information Service (RIS, 2006)). In theory direct access hostels should have frequent vacancies and accept self-referrals, but in practice this is not always the case and some only accept referrals from local authorities (*ibid.*). Direct access hostels represent the final stage in the 'emergency' response to homelessness (see May *et al.*, 2006, p. 716), beyond which it is intended that people should move into longer-term services. These longer-term services are known as second stage accommodation (Homeless Link, 2009) or move-on accommodation: they do not take self-referrals and usually offer accommodation for up to two years. Clients are typically referred into these services by other agencies and are assigned a key-worker who develops a personal support plan with them. Under the

Supporting People programme the aim of these services is for clients to ‘move-on’ towards more independent living. A third stage accommodation service may then be offered in which a lower level of support is available. Clients who progress to independent accommodation may then benefit from ‘floating support’ services funded by Supporting People, or from other community-based initiatives such as befriending schemes which support formerly homeless people. Indeed, service users who reach this stage often continue to use (or return to) the informal drop-in cafés and soup kitchen services to access material and social support once they have been accommodated. As such, whilst the accommodation related support funded by Supporting People accounts for a significant proportion of the homelessness third sector, services that are not encompassed by this programme also make a major contribution to meeting the needs of homeless people.

### **Size and scale**

The size and geographical scale of homelessness TSOs varies considerably. Whilst many homelessness TSOs operate only one service, some offer more than one type of service, and some have several projects of a similar type in different places. Research on emergency hostel accommodation in the UK found that 70 of the UK’s 312 emergency hostels<sup>1</sup> were provided by four large regional or national organisations; 25 were provided by organisations operating 2-5 hostels; but most (170) were provided by individual local organisations (RIS, 2006, p. 3). The UK’s 183 homelessness day centres (Homeless Link, 2009, p. 23) were found to be provided mainly by small local third sector organisations, although one national level provider operated ten such services (Briheim-Crookall *et al.*, 2008, p. 2). This makes it difficult to distinguish between the organisation- (or provider) and service- (or project) level in some cases. However, as far as possible this chapter focuses on the service level: the characteristics of the organisations involved in this study are described in Chapter 5.

## **Funding sources**

Many homelessness services are highly dependent on government funding and although the Supporting People programme has become central to this, reliance on statutory funding amongst homelessness TSOs pre-dates the start of this programme. 77% of the 212 emergency accommodation providers surveyed in 2001 by May *et al.* (2006, p. 718) relied on government funding for at least 75% of their income compared to 28% of the 165 day centres surveyed (Johnsen *et al.*, 2005a, p. 792). More recent research testifies to the continued importance of government funding, and also shows persistent differences between service types. For instance, Homeless Link's (2009, p. 36) survey indicated that Supporting People was the primary income source for 90% of direct access and second-stage move on accommodation projects, representing a slight increase on the previous year (86%) (Briheim-Crookall *et al.*, 2008, p. 6). Nevertheless a few accommodation providers were independent of Supporting People and for some, other funding sources were more significant. The 2008 *Survey of Needs and Provision* also showed that only 20% of accommodation providers drew on charitable donations, compared to 95% of day centres (Briheim-Crookall *et al.*, 2008, p. 6).

In stark contrast to the accommodation providers, 48% of day centres relied on voluntary donations as their primary source of funding, although some received a proportion of their income from statutory sources such as social services, or local authority grants (Homeless Link, 2009, p. 35). Data on financial resources alone understate the significance of voluntary donations however. For instance, Johnsen *et al.* (2005a, p. 792) found that 45% of day centres relied on in kind donations for at least half of the food they served. Soup runs were also heavily reliant on in kind donations, and in 38% of projects these accounted for all of the food served (Johnsen *et al.*, 2005b, p. 331). Soup runs were also heavily dependent on voluntary financial donations from churches and individuals (*ibid.*).

## **Voluntary and paid staff**

Different types of services are associated with different levels of professionalisation and voluntarism, and those which are less able to draw on government funding tend to rely

more heavily on volunteer labour. Soup runs are far more dependent on volunteers than other homelessness services: for instance, 74% of the 38 soup runs surveyed by Johnsen *et al.* (*ibid.*, p. 326) had no paid employees and were staffed entirely by volunteers. The significance of the volunteer contribution in services such as soup runs is partly a consequence of their very limited financial resources, but it is also influenced by the formalization and professionalisation of hostel and, to a slightly lesser degree, day centre provision, which has significantly reduced the scope for volunteer involvement in these services (Cloke *et al.*, 2007). Ninety six percent of the emergency accommodation projects were found to have at least one paid employee, although 46% nevertheless relied quite heavily on volunteer labour (May *et al.*, 2006, p. 719). A more recent study found that 82% of day centres involve one or more volunteers (Briheim-Crookall *et al.*, 2008, p. 2). In terms of staff numbers volunteers accounted for 68% of the workforce of the day centres surveyed by Homeless Link (2009, p. 26). For emergency hostels there was a much higher proportion of paid staff (80%) than volunteers (20%), and in second stage move-on accommodation volunteers accounted for only 12% of the staff, with 88% being paid employees<sup>2</sup> (*ibid.*, p. 27). In general then, the more formalised services with longer client contact hours were less likely to involve volunteers than the day centres and soup run services. However, volunteer involvement was also influenced to some degree by the ethos and values of the organisation, as is discussed later in section 3.3.

This section has highlighted something of the variety that exists in third sector homelessness services, and the characteristics described here clearly relate to questions raised elsewhere about the role of volunteers and the impacts of financial dependency raised by other studies of contracting in the third sector (see Chapter 1.5). It is clear from this description that the impacts of changing funding and policy will be different for different types of services and providers, but in order to understand these impacts more fully it is first necessary to consider how some of the characteristics typically associated with TSOs might make them particularly suited to working with homeless people.

### **3.3 TSOS' COMPARATIVE ADVANTAGES IN PROVIDING SINGLE HOMELESSNESS SERVICES**

In the context of debates in the broader third sector literature about the erosion of TSOs' distinctiveness, it is important to establish which (if any) of the characteristics typically associated with TSOs give them a comparative advantage in working with single homeless people. The diversity of the organizations involved cautions against making generalizations about the distinctive features of homelessness TSOs. The complex problems facing many single homeless people were described in Chapter 2.2, but in considering how these needs might be met it is important to bear in mind the heterogeneity of the single homeless population, within which the circumstances and needs of each individual are unique. Nevertheless, in order to gauge the significance of the impacts of contemporary policy and funding arrangements on homelessness TSOs, it is necessary to consider which of their attributes make them particularly effective in responding to the needs typically presented by single homeless people. To identify these attributes, it is helpful to begin by considering some of the factors that might limit the potential for homeless people to draw on other sources of welfare within the welfare mix.

#### **Barriers to accessing state welfare**

The policy review in Chapter 2 demonstrated the increasing level of state involvement in the funding and regulation of support services for single homeless people, and the accommodation related to these support services is typically funded by statutory housing benefit. However, homeless people may encounter difficulties in accessing statutory services and benefits. Many single homeless people do not fall into the priority need groups that local authorities have a primary duty to accommodate and most are not eligible for income support, for example. Single homeless people who are sick or disabled may be entitled to an Employment and Support Allowance and those who are able and available to work and actively seeking employment may be able to claim Job Seeker's Allowance. Many do not meet these criteria, however.

Mistrust of statutory agencies – sometimes due to previous bad experiences – and reluctance to be identified can also prevent homeless people from accessing statutory services (Cloke *et al.*, 2001a). For instance, few homeless people are registered with GPs and many rely on accident and emergency facilities for medical care (Crisis, 2006, St Mungo's, 2008). Lack of access to information and transport can also add to the difficulties faced by homeless people in attempting to negotiate the complex and often fragmented service landscape in order to meet different types of needs.

### **Barriers to accessing market welfare**

Homeless people often lack the resources to secure their welfare by purchasing goods such as accommodation or food through private markets and, relatedly, face considerable barriers to participating in the labour market. Potential employers may be deterred by the lack of a fixed address (or a by having a known hostel address), and in some cases mental health problems or drug or alcohol addictions may make it difficult for individuals to participate in mainstream employment. High unemployment amongst single homeless people means that most have a very limited income, and for many, inability to keep up rental or mortgage payments in private or social housing will have triggered homelessness in the first place. However, some single homeless people are employed (Crisis, 2006) and for some, begging represents an important income source. As such, homeless people are not entirely excluded from market welfare, but their access to it is usually very limited.

### **Barriers to accessing informal welfare**

Although the term welfare is often associated with the welfare state, according to Rose (1986), people typically look first to themselves, their family and their friends or neighbours to help them deal with problems. Given that homelessness is frequently triggered by family and relationship breakdown, many homeless people are unable to draw on kinship networks to meet their needs. Indeed, in some cases families or households may have been a source of dis-welfare: many homeless women are victims of domestic violence, for example. On other occasions, drug or alcohol addictions or

mental health problems place strain on personal relationships, making it difficult for these to be maintained. Homeless people may also be geographically distant from family and friendship networks, which reduces the resources that they might draw upon for financial or material support, and increases the likelihood of their experiencing social isolation.

Loneliness is a significant problem for many single homeless people, and can affect their mental and emotional well-being, as well as making it more difficult for them to re-integrate into mainstream society (Lemos, 2000). Homeless people may also face stigmatisation because of their appearance or behaviour (Johnsen *et al.*, 2005a). This is not to say that homeless people are entirely excluded from informal welfare provision, and links with family and friends are sometimes maintained. Networks of mutual support amongst homeless people can also be valuable sources of friendship and emotional support, and play an important part in maintaining physical safety (especially for rough sleepers) and in the circulation of knowledge about other welfare sources (Cloke *et al.*, 2008).

In summary, whilst single homeless people are able to draw to some extent on the state, market and informal sectors to meet their needs, they are also likely to encounter significant difficulties in securing their welfare from these sources. The limitations of these other sectors may partly explain the importance of TSOs in homelessness services, but what are the features of TSOs that enable them to overcome these limitations?

### **Eligibility and access to services**

Third sector organisations can enable homeless people to access goods and services which they would otherwise be unable to afford, because the costs are absorbed mainly by donors or statutory funding. Most accommodation services do charge rent to their clients but this is usually (although not always) covered by housing benefit payments as long as clients are eligible for this. The eligibility criteria of homelessness services themselves vary considerably however. For instance, soup kitchens or meals services run by volunteers tend to have very few eligibility criteria and do not require clients to



provide information about their identity or other personal details. These services are therefore more accessible to those who may be ineligible for, or do not wish to engage with, state-funded services. While most day centres place few limits on access, accommodation services generally require personal information from clients. Those that are state contracted typically have stricter eligibility criteria and may only be able to take referrals from specified routes. For instance, hostels in Bristol reported that in order to maintain their statutory funding contract, they were required to turn away clients who did not have a local connection to the area (May *et al.*, 2005). As such, contracting has in some cases increased the conditionality of TSO homelessness service provision.

TSOs can also play a significant part in facilitating access to statutory services by providing information about benefits, ‘signposting’ clients to more specialist services, or offering practical help with completing forms or arranging appointments. Similarly, TSOs may assist homeless people in accessing the labour market by offering basic skills training, support with job applications, or suitable clothing for job interviews. In some cases, social enterprises have been established that can accommodate the needs that often make it difficult for homeless people to maintain regular employment in the mainstream labour market. This intermediate employment can help people to develop skills and confidence which may eventually enable them to secure employment elsewhere. Some providers also support clients in re-establishing relationships with their families, and as such TSOs can assist homeless people in drawing on welfare resources from each of the other sectors in the welfare mix.

## **Trust**

There is a strong consensus that TSOs are associated with the cultivation of trust (Anheier and Kendall, 2002) and this is important in enabling them to engage with individuals who may have reason to mistrust others on the basis of previous bad experiences. There are different views about the basis for this trust, however. Hansmann (1980) suggests that it arises from the non-profit distribution constraint which removes the incentive for personal gain from those providing the service, making them more trustworthy in instances where the recipients are unable or poorly placed to evaluate or enforce the quality of the service. This certainly applies to homelessness services, given

the vulnerability of many clients and the fact that the complex, personal nature of the services provided makes them difficult to evaluate (*ibid.*). Tonkiss and Passey (1999) suggest that trust is based on voluntarism and shared values, which they consider to be characteristic of TSOs (voluntary organisations) and Frumkin (2002) also associates the involvement of volunteers with the cultivation of trust within TSOs. Whilst debates about where the basis for public and service user trust in TSOs lies are ongoing (Anheier and Kendall, 2002), the ability to establish trust is central to the development of effective relationships between staff and service users, and these relationships have been shown to be of central importance to homelessness service users' experiences (Ann Rosengard Associates with Scottish Health Feedback, 2001; Neale, 1997).

### **Values and ethos**

The government defines TSOs as 'value-driven' organisations; however, it is difficult to identify a particular set of values which unite and characterise TSOs in general, or which distinguish them from other sectors. Religious beliefs and other values-based convictions can inform and influence people's actions in the market, informal and public sectors (Smith, 1998; Collins and Kakabadsee, 2006) and are clearly not unique to the third sector. Nevertheless, values have been shown to play a significant part in motivating the involvement of organisations, staff and volunteers in responding to homelessness. For instance, 40% of the hostels and 42% of the day centres surveyed by Cloke *et al.* (2005, p. 390) presented 'an unambiguous Christian basis for the service being provided', and much engagement in this area was also found to be underpinned by secular humanist morality. The way in which these values and belief systems were interpreted varied between organisations, and they were embraced and enacted to differing extents by volunteers and staff working within the organisations (*ibid.*). In considering the comparative advantage that particular values might bestow upon an organisation, it is therefore perhaps most useful to consider how values influence the nature of the services themselves.

Research has suggested that ethos has a significant effect on the type of care and support offered to homeless people by a particular service or organisation. Waters (1992) identified three types of ethos or approach amongst day centre services. Firstly, the spiritual or missionary approach sought to provide sanctuary and acceptance for

people marginalized by the broader community and made few expectations of clients. Services with this ethos were typically free of charge, open access and heavily reliant on volunteers. Secondly, the social work approach aimed to create a place of rehabilitation and change by offering targeted, professional support to challenge service users to change their lifestyles. Finally, the community work approach emphasized empowering service users by enabling them to help themselves and draw on peer and community support (*ibid.*). Similarly, Cloke *et al.* (2005) distinguished between three types of organisational ethos amongst homelessness TSOs, two of which involved expectations of change and one of which did not. The first type included faith-based organisations that sought the spiritual conversion of the service user in addition to providing for their physical and emotional needs, while the second type included both Christian and secular organisations which expected clients to take responsibility for themselves and make efforts to change their lifestyles. The third type included faith-based and secular organisations in which care was provided without the motive of effecting spiritual conversion or lifestyle change (*ibid.*): these organisations placed a strong emphasis on acceptance, and as such this type corresponds quite closely with what Waters (1992) described as the ‘spiritual/missionary’ approach. However, whereas Waters is somewhat critical of this approach, Cloke *et al.* (2005) are more positive about the potential for such services to acknowledge and give licence to the ‘otherness’ of homeless clients, rather than attempting to subdue this by requiring change.

### **Voluntary resources**

Ethos and values are not only significant to the nature of a service, but can also influence the composition and security of the funding base of the organisation providing it. For instance, organisations adopting the acceptance-based ethos described above are less likely to secure statutory funding, because promoting lifestyle change is a key component of government homelessness policy. The performance monitoring processes entailed in the Supporting People programme enable local governments to ensure that contracted organisations are closely aligned with the government’s objectives (May *et al.*, 2005; see also Ling, 2000). However, organisations whose objectives differ from those of the state may be better able to attract resources from other sources on account

of their values. For instance soup runs are particularly dependent on funding and in-kind donations from local churches, and indeed the financial constraints under which these services operate mean that volunteers often contribute to financing the services themselves (Johnsen *et al.*, 2005b). Local churches also represent key sources of volunteers and research on volunteering in homelessness services suggested that two key factors motivate involvement in this field: firstly, a faith commitment, and secondly, previous experience of being a service user (Cloke *et al.*, 2007).

In this regard then, TSOs that are based on particular values, especially faith-based organisations, may have a comparative advantage in terms of their ability to mobilize voluntary human and material resources from local communities. Whilst these resources may be less plentiful and less reliable than those offered by government contracts, they enable additional services to be provided that would not be covered by government programmes, and can also give scope for greater flexibility in how services are provided. However, Cloke *et al.* (2007) also point out that it is the ‘performance’ or translation of particular motivations into practices which determines the extent to which they produce effective ‘spaces of care’ for homeless people. For example, the way in which the intersection of faith and political values is understood by managers and staff can have a significant influence on the way in which clients are constructed within TSOs (Conradson, 2006). This in turn can have significant implications for the nature of relationships between staff and service users and for the benefits that clients may derive from these relationships (Conradson, 2003).

### **Social environments: Relationships within services**

TSOs can play an important role in creating social environments in which individuals can interact and develop (Wolch, 1983; Conradson, 2003; Parr, 2000). Such environments may be particularly important for people who have no accommodation, for those whose accommodation is overcrowded or inadequate, and for those who are very lonely or isolated (Lemos, 2000). Research on day centres has shown that for some people they serve as ‘spaces of licence’ in which individuals can escape the prejudices of the outside world and where behaviours that might attract unwelcome attention elsewhere are normalized (*ibid.*; Cloke *et al.*, 2008; Johnsen *et al.*, 2005a; Parr, 2000).

The opportunities that these places afforded for social interaction with other homeless people were found to be highly significant for service users, but relationships between staff and service users were also important, not only in providing formal support, but also in fostering a sense of self-worth in service users (Johnsen *et al.*, 2005a; Cloke *et al.*, 2008). Studies of day centres, soup runs and drop-in cafes have demonstrated the important contribution that the motivations and practices of volunteers make to the construction of these 'landscapes of care' (Conradson, 2003); however it is not clear to what extent this contribution *depends* on the staff members being volunteers. Nevertheless, given that state-funded services are typically required to challenge their clients towards making lifestyle changes, there seems to be some evidence to suggest that voluntarily resourced services may be better able to foster a more accepting environment, in which service users are more able to 'be themselves' (Cloke *et al.*, 2005; Johnsen *et al.*, 2005b; Conradson, 2003). It seems probable that the necessary professional boundaries and more defined duties of paid staff would lead to the development of rather different and more structured relationships than those that might be cultivated by volunteers in more informal settings. The ability to foster positive, relatively informal relationships may enable some TSOs to help service users overcome some of the emotional consequences resulting from the isolation from family and friendship networks that many homeless people experience.

### **Social integration**

Volunteer involvement is also seen as a way of facilitating social integration. Social interaction with volunteers can enable service users to develop their confidence, perhaps enabling them to engage in other social contexts beyond the service itself. However, volunteers can also serve as a link with the broader community. Not only can they be seen as representatives of the wider community (indicating perhaps that it is not a place of uniform hostility towards homeless people), but they may also actively facilitate the integration of service users into this community. For instance, some TSOs have volunteer befrienders who might take recently re-housed people out to the cinema, or for a coffee, for example. In this way, TSOs can contribute to what Putnam (2001; see also Halpern, 2005) terms bridging social capital: strengthening relationships beyond

the immediate social group within which homeless people find themselves. TSOs can also play an important part in enabling homeless people to re-establish or maintain contact with family. For instance, sometimes donated funds are made available for homeless people to visit sick relatives, for example.

### **Flexibility**

Flexibility and the ability to respond to individual needs are also deemed to be key features of TSOs. This characteristic may be particularly important in enabling them to meet needs that might otherwise have been met in the informal sector by friends and family, such as short term financial needs or transport to medical or other appointments, for example. TSOs can sometimes offer financial help to people whose benefit payments have been delayed, for instance, and their ability (in some cases) to draw on voluntary income can give them greater ability to meet needs such as this on a discretionary basis.

## **3.4 TSOS' COMPARATIVE DISADVANTAGES IN PROVIDING SINGLE HOMELESSNESS SERVICES**

Not all the distinctive characteristics of TSOs have a positive impact on homelessness services. Some of the limitations typically associated with TSOs were outlined in Chapter 1.3, and the following paragraphs consider some of the shortcomings of third sector provision of homelessness services so that the positive impacts of funding and policy changes in some of these areas can be identified in subsequent data analysis and discussions.

### **Unevenness of provision and quality**

Third sector homelessness services tend to emerge as local initiatives, and as such they are unevenly distributed over space. For instance, 54 local authorities in the UK have no direct access hostels (Briheim-Crookall *et al.*, 2008). The unevenness of provision can

also contribute to the concentration of homeless people in areas where more services exist. Aside from this geographical inequality, there are significant variations in quality amongst service providers. Whilst efforts to disseminate good practice within the third sector had led to considerable improvements in hostel conditions by the early 1990s, May *et al.* (2006) nevertheless report significant variations in the quality of hostel environments and the support provided within them. Whilst the standards and monitoring processes introduced by the Supporting People programme have taken greater effect since the time of that research, these measures do not address the differences in quality between contracted and non-contracted services (*ibid.*).

### **The dangers of unregulated spaces**

The lack of eligibility criteria and the ‘no questions asked’ approach of services such as soup runs and drop-in cafes may make them more accessible than other services, but this lack of regulation can also have negative consequences. The mixing of different groups within the homeless population can lead to chaotic and sometimes even violent situations, which may deter more vulnerable service users and can also be intimidating for volunteers. Day centres and hostels too can become ‘spaces of fear’ rather than of care, and some services users – particularly those without any substance addictions for example – choose to avoid particular services for this reason (Johnsen *et al.*, 2005a; Cloke *et al.*, 2008). Similarly, organisations that are not subject to monitoring or inspection are free to enact their values as they see fit, and whilst this may have a positive impact, there is also the risk that service users will be oppressed or exploited (Cloke *et al.*, 2007). Lack of regulation has also contributed to the uneven quality of provision, and can allow very poor standards of accommodation and support to persist.

### **Excessive amateurism**

Whilst volunteers make an important contribution to homelessness services, reliance on volunteer labour also has significant drawbacks. It may lead to inconsistency of provision, and lack of accountability can also be a problem. Volunteers typically receive less training than paid staff because, even if resources are available, it is less financially

viable to train volunteers who have no contracts and may leave the organisation at any time. Indeed, the training of both paid and volunteer staff in homelessness services has been found to be inconsistent and frequently inadequate (Johnsen *et al.*, 2005a; van Doorn and Kain, 2003; Randall and Brown, 2002). Given the very complex nature of the problems presented by many homeless people, the inadequacy of staff training is a major concern, and the requirements made by Supporting People are creating higher expectations of contracted TSOs in this regard. It is worth noting however that different third sector services aim to meet different aspects of homeless people's needs, some of which require more training than others.

### **Limited resources and funding instability**

Third sector homelessness services tend to be characterized by very limited budgets and unstable funding sources, which can restrict the extent and quality of their services. For instance, hostels and day centres may have to rely on volunteers because they cannot afford to employ a full complement of staff. Financial constraints and instability tend to be greatest for services which rely most heavily on voluntary donations, such as soup runs. Whilst managers may be aware of new areas of need or shortcomings in their service, they may be unable to address these with the resources available. Similarly there may be insufficient funds to bring buildings up to an adequate standard or to provide sufficient staff training. As such, although government contracts are limited in duration and have conditions attached, they nevertheless represent the most stable source of funding for homelessness TSOs.

## **3.5 LOCAL THIRD SECTOR RESPONSES: SERVICES IN HAMPSHIRE AND SOUTHAMPTON**

Third sector responses to homelessness vary considerably from place to place, so this section describes the services provided by TSOs in Southampton and Hampshire specifically. The types of services typically provided were shown in the diagram on page 53, and this section describes these types in more detail, focusing on the services represented in the interviews conducted for this study. These descriptions focus



primarily on the services themselves: the characteristics of the organisations providing the services are detailed in chapter 5.

### **Night shelters, hostels and assessment centres**

The hostel and (one) night shelter services provided by the TSOs studied varied considerably in terms of the duration of stay permitted, the level of support provided, and the routes by which clients could access the services. In many cases these characteristics had changed recently as a result of the restructuring under the Supporting People programme (see Box 3 on p. 56). Whilst Supporting People did not fund the accommodation component of these services, they funded the support provided to residents in these settings, and as such Supporting People contracts were a key income source for these services. The accommodation itself was typically funded by rental income: this was usually covered by housing benefits, but in some cases the rent exceeded the level of these benefits, and clients who were employed or ineligible for housing benefit sometimes had to pay rent themselves.

Although the night shelter and some hostels were able to accept self-referrals and thereby provide a direct access service, in most cases clients were referred into services by other agencies. In Southampton, access to the Supporting People-funded services was co-ordinated by the street outreach team, and a large hostel served as an assessment centre where service users could stay for up to six weeks before being moved into more appropriate services for their needs. The other hostels provided medium term accommodation (up to two years) with intensive housing-related support. Clients were allocated a certain number of hours with a support worker per week and support plans were drawn up for each client.

All the hostels had paid staff and very little, if any, volunteer involvement. The night shelter by contrast had a small number of paid staff but was heavily dependent on volunteers. This service was also more reliant on voluntary income. This was partly because it provided fewer hours of housing related support and therefore received less Supporting People funding, but also because, unlike the other accommodation services, it did not charge rent or a fee to its users.

## **Move-on Accommodation**

Move-on accommodation was available for clients who were leaving more intensive services, or for those whose needs were deemed to be of a lower level. These typically provided accommodation in a shared house or flat for up to two years. Some of these services were known as 'Life Skills' services, and the support they provided aimed to prepare residents for moving into independent accommodation.

Again, the support component of these services was funded by Supporting People and the accommodation by rental income and housing benefits. In move-on and hostel services, the 'landlord' or accommodation management function was often carried out by a separate organisation from that which provided the support, and this had become more common since the re-allocation of the Supporting People contracts. These services were staffed by paid employees and did not involve volunteers.

Another TSO in the study was developing a new accommodation-based service independent of Supporting People funding. This was intended to be a more holistic service that would facilitate the personal development of individuals and foster a sense of community amongst staff and residents. In its initial stages this project was being funded primarily by trusts and corporate donations but in the longer term was intended to become a self-financing social enterprise.

## **Floating Support**

A new initiative under the Supporting People programme has been the development of floating support services to provide housing-related support to people living in the community. Individuals who had recently moved on from homelessness services into independent accommodation, or those known to be at risk of homelessness, could be allocated a certain number of hours with a support worker to help them develop the skills to maintain their accommodation. These services were funded entirely by Supporting People and were delivered by paid staff, who usually visited clients in their own homes. However, in some areas floating support was also targeted towards rough sleepers through visits to day centres, for example.

## **Day Centres**

Representatives of three day centres were interviewed as part of this study. These services were used by rough sleepers and people living in hostels or move-on accommodation, as well as sofa-surfers and those living in temporary accommodation. Eligibility for these services was defined far more loosely than in the accommodation-based services, although some day centres did set aside certain hours during which only street homeless people could access the service to ensure that they benefited from the services offered. These services typically included washing facilities, meals, access to training, health care and key worker support. This support work element was becoming increasingly formalised as day centres sought to incorporate some of the practices and standards required of Supporting People funded services. However, unlike in the accommodation-related support services, involvement in formal support planning was not a condition of service receipt and clients could continue to access the day centres if they chose not to participate in this. Day centres were the most formalised of the non-Supporting People funded services however, and all operated some sort of outcomes monitoring process.

The day centres drew on different combinations of funding sources including a government contract from Social Services (not Supporting People), voluntary donations, and grant funding from local authorities. All the centres relied on a core of paid staff but the level, nature and purpose of volunteer involvement in these services varied. For instance one project took on 'volunteers' from government employment schemes, while another involved former service users in housekeeping tasks. Volunteers from the community were sometimes involved in providing education, training or other activities within the day centres. In Southampton the day centres also served as a base from which the street outreach team interviewed and referred people into the accommodation and support services. As such, whilst they were not themselves funded by Supporting People, the day centres were fundamental in facilitating the entry of homeless clients into the more formal service network.

## **Soup runs and Meals services**

Southampton had a soup kitchen service that operated seven days a week, and relied on volunteers and voluntary income. It also had a weekly mobile soup run, which was run by a small number of volunteers on a very informal basis. Winchester's weekly soup run had been replaced by a static meals service at a local church and in both local authorities a number of volunteer-run projects served meals on a weekly basis in local church halls. Two such projects were included in the study. Whilst the food was the main service provided, the representatives interviewed saw the development of relationships between volunteers and service users as an important part of these projects, which sought to nurture 'social environments' (Wolch, 1983) as well as providing food and temporary shelter.

These initiatives relied on voluntary income, in-kind donations and volunteer labour and did not involve any formal support work or monitoring. The emergence of these services was dependent on the local recognition of needs and mobilisation of resources to meet them, and as a result their spatial distribution was irregular. They typically offered services to anyone who presented themselves, without asking questions about accommodation or employment status. There were no formal conditions attached to service receipt and services were provided to a wide range of vulnerable people including those experiencing hidden homelessness or who had recently 'moved-on' from supported accommodation, as well as rough sleepers and hostel residents. However, since the time of data collection, Southampton's soup kitchen (run as the volunteer arm of a much larger TSO) has been closed because the hostel from which it was co-ordinated was decommissioned and the TSO's management no longer deemed the service to be appropriate for the needs of the clients, many of whom were vulnerably housed or living in hostels or other supported accommodation, rather than being street homeless.

While the day centres typically received a combination of statutory and voluntary funding, more informal services such as soup runs and soup kitchens typically relied entirely on voluntary donations. This is partly because soup runs are believed by the government to sustain street homelessness and to act as a disincentive for people to engage with support and accommodation services (see Johnsen *et al.*, 2005a). However,

not only did these more informal services represent an important form of provision for those who were unwilling or unable to engage with other forms of support, but also many people used these services in addition to the more formal homelessness services. The fact that people continued to attend these services after they had been accommodated suggests that they served a significant and complementary function, and informal conversations with service users suggested that these services were important sites of sociability or even solidarity for their users.

### **Other Services**

A street outreach team based in Southampton was also included in the study. This was provided by a local TSO, but funded by a government grant from the DCLG Homelessness Directorate. This team not only engaged with rough sleepers on the streets but was also responsible for referring single homeless people into the Supporting People funded services and for minimising evictions from these services. In addition, this TSO co-ordinated a befriending service whereby volunteers (usually formerly homeless people) would visit people who had recently moved-on from homelessness services into independent accommodation.

Food and clothing banks represent another form of third sector assistance for single homeless people. One such service featured in the study: this relied heavily on in-kind donations, which were distributed by two paid part-time staff and a larger team of volunteers. In contrast to the other voluntarily-funded services, resource constraints and a concern not to foster dependence meant that this organisation did seek to ration its service provision to some extent. Vouchers, which could be obtained from local hostels and day centres, were used to establish clients' eligibility for assistance in order to prevent abuse of the service and to ensure that those in greatest need benefited most from it. Again, a strong emphasis was placed on engaging in conversation with service users, as well as providing a practical service.

Also included in the study was an 'infrastructure' TSO which provided training for other TSOs on issues such as tendering and performance monitoring. This organisation served as a mediator between Supporting People and the providers, and was involved in

chairing meetings and participating in selection panels. They received payment from Supporting People for acting in this capacity but no contractual arrangement was in place. As such, although these services were not provided directly to homeless people, the organisation worked very closely with both the Supporting People teams and the service providers.

It should also be noted that many of the welfare services accessed by homeless people are not specifically 'homeless services'. Just as the welfare needs of housed people are met by a combination of different statutory, voluntary and private sector providers, so single homeless people are typically 'signposted' to a range of services to meet their specific needs. They may come into contact with other TSOs working in the fields of mental health, education and employment services, or legal advice for example.

### **3.6 CONCLUSION: KEY TRENDS AND TENSIONS IN HOMELESSNESS SERVICES**

This chapter has revealed something of the variety of the types of services that TSOs provide for homeless people, and has described the comparative advantages and disadvantages that TSOs have in this field of welfare provision. In relation to the broader third sector debates introduced in Chapter 1, this chapter has drawn attention to aspects of TSO homelessness services that should be taken into account when considering the potential erosion of TSOs' distinctiveness as a result of government contracting. As such, the material presented here has prepared the way for a better informed discussion of the impacts of the monitoring and competitive tendering processes on TSOs, which have thus far received little attention in the homelessness literature. Informed by this literature review, the subsequent empirical data analysis chapters (5-7) explore both the positive and negative impacts of these processes, and take care to distinguish between the different experiences and responses of different types of organisations.

The service descriptions above have allowed us to begin to glimpse something of the ways in which changing policy and funding arrangements were affecting different services in different ways, and have also introduced the local homelessness service

landscapes in Hampshire and Southampton. The complexity of these landscapes further underlines the need for local level research in order to better capture its real diversity, and in Chapter 5 the varied characteristics of the TSOs that provided these services are described. However, before the findings are further explored, chapter 4 explains the methodology by which the empirical research was conducted.

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<sup>1</sup> This figure is based on research for the Emergency Accommodation Directory conducted by the Resource Information Service (2006). More recent data from Homeless Link (2009) suggest the number of direct access hostels is 263, but this source did not include an equivalent breakdown of providers as given here. The discrepancy may be due to different information sources, or an actual reduction in the number of projects due to increasing contract sizes (or a combination of these factors). The definitions of direct access used in each report are the same.

<sup>2</sup> It should be noted that these figures bear no relation to the amount of time contributed by different types of staff: volunteers may be working full time or only a few hours per week (Homeless Link, 2009)

## METHODOLOGY

### 4.1 INTRODUCTION

The empirical study involved 21 homelessness TSOs operating in two South East England local authorities: Southampton unitary authority and the county of Hampshire. Documentary sources and secondary quantitative data were used to identify and provide information about these TSOs and their characteristics. 24 in-depth interviews were conducted with managers working in these TSOs, and two local government commissioners were interviewed. The interviews were used to gain insight into the impacts of contracting on different TSOs. The qualitative and quantitative data were used to develop a typology of different organisational responses to tendering. This typology was then used to further analyse the qualitative data, in order that the experiences of different types of organisation could be explored and represented. After explaining the choice of a mixed methods approach, this chapter describes the data collection and analysis processes used in the study, in order to contextualise the subsequent presentation and discussion of the data and to enable the reader to gauge the rigour and transferability of the study's findings (Baxter and Eyles, 1997).

### 4.2 A MIXED METHODS APPROACH

During the 1990s, third sector research was dominated by quantitative studies concerned with ascertaining the sector's economic value, its income sources and its contribution to GDP and employment (Pharoah, 2005; e.g. Kendall and Knapp, 1996). Demands for improved information about the sector have increased over the last decade as the emphasis on TSO involvement in public service provision has intensified (NAO, 2005). Publications such as the National Council for Voluntary Organisations (NCVO) annual almanac have provided valuable national level data about the third sector. However,



although the quality and availability of quantitative evidence about UK TSOs is improving, the sector's diversity and rather ill-defined boundaries continue to frustrate efforts to represent it meaningfully in numerical terms.

Whilst quantitative methods are important in capturing the flow of financial resources to TSOs (for example), they have a limited capacity for elucidating the impacts of changing policy and procurement processes on actual practices, experiences and relationships within TSOs. There has been increasing recognition that quantitative methods alone cannot sufficiently capture the complexity and social meaning of the third sector and that qualitative research is necessary in order to develop a more nuanced understanding of its multiple functions (Alcock and Scott, 2005). Besides rendering phenomena such as emotions and social meanings transcribable through rich textual description, qualitative methods also offer the researcher access (albeit partial) to alternative perspectives on the social world by getting closer to the lived experiences of those they are studying (Bryman, 2001). They often focus on understanding processes and therefore, while statistical data can reveal associations, qualitative methods can be used to generate and explore potential causal relations and explanations. As such, qualitative methods were particularly appropriate to the purposes of this research and these form the more substantial component of the mixed methods approach employed here.

Qualitative methods of course have their limitations. Subjectivity is sometimes considered to be a weakness of qualitative research, for example. However, by making room for reflexivity in the research process, qualitative methods promote greater transparency about the subjectivity that is embedded in all research. Although it is often assumed that policy makers prefer extensive, quantitative evidence, James *et al.* (2004, p. 1903) found that policy makers were 'receptive to in-depth empirical qualitative case studies, provided that these are rigorous, grounded critically in broader theoretical debates, and seek to identify what can be learned from 'local knowledges' that is of relevance to wider policy issues'. This study aspires to meet these criteria, but acknowledges that qualitative and quantitative methods are most effective when used in combination (*ibid.*).

The way in which qualitative and quantitative methods are combined is also significant (see Mason, 2006). In this study the quantitative and documentary data served to contextualise the discussion of the interview data, but also informed the analysis of this data and facilitated the development of a typology, which allowed the qualitative data to be further explored. Conversely, the interview data exposed the complexity of the third sector homelessness service landscape and thereby highlighted the limitations of the quantitative data, improved its quality and allowed its relationship to the real world to be better understood. The quantitative data also provide information about the TSOs which enables the reader to assess for themselves the relevance and transferability of the findings to other locations or policy areas (Baxter and Eyles, 1997).

Combining multiple research methods can compensate to some extent for the limitations of each, and triangulation between methods allows for corroboration of the findings (Baxter and Eyles, 1997). The adoption of a mixed-methods approach here also reflected an effort to translate the theoretical influences outlined above into research practice. The combination of methods enabled both micro-level social relations and macro-level policy issues to be taken into account (Lawson, 2007) and meant that the study could attend to the detail of (reported) everyday practices in TSOs resulting from changing contracting processes, whilst not losing sight of the broader political, social and economic contexts within which these were embedded.

#### **4.3 DETERMINING THE GEOGRAPHICAL SCOPE OF THE STUDY**

In the face of the diversity of the organisations and services involved in the provision of single homelessness services, an in-depth local scale study was deemed the most appropriate way in which to investigate the impacts of contracting on homelessness TSOs. The study focussed on two adjacent local authorities, which facilitated an intensive research approach, allowing the impacts of contracting to be explored in greater detail than would have been possible over a larger geographical area with the time and resources available. This corresponds with the comparative method, which advocates the use of a small number of cases and is concerned to understand how these

cases are affected by particular processes, rather than seeking to identify general patterns or make predictions (Ragin, 2003).

There were both theoretical and practical reasons for the choice of Hampshire and Southampton. Most of the existing research on homelessness in the UK focuses either on large cities or rural areas (e.g. Kennedy and Fitzpatrick, 2001; May *et al.*, 2005; Cloke *et al.*, 2001b), and studying Southampton and Hampshire provided an opportunity to gather evidence about homelessness services in a medium-sized city and several large towns. Hampshire and Southampton are not closely comparable in terms of their populations, administrative arrangements, and other characteristics. However, this was not problematic because the study was primarily concerned with the impacts of contracting (rather than, say, the extent of homelessness) and took the organisation, rather than the local authority, as its primary unit of analysis. The two local authorities also employed different approaches to tendering, and whilst this necessitated careful attention to detail in using the interview data, it also provided insightful contrasts and enabled some of the differing impacts of these approaches to be explored.

Southampton was among the first local authorities in the UK to use competitive tendering for its Supporting People homelessness services, and therefore represents an interesting example to study. Hampshire's Supporting People team meanwhile was identified as an example of best practice in commissioning by the Audit Commission, and as such this study provides a useful opportunity to document the approach taken in this local authority, and to investigate its positive and negative impacts on TSOs. The researcher's proximity to these areas also meant that the study benefited from local knowledge and existing contacts in the homelessness field.

By including more than one local authority the research avoided the danger of providing an over-simplified narrative about the impacts of contracting, which might mistakenly be assumed to apply elsewhere. This also allowed a more diverse range of TSOs to be included. The scope for extrapolation of the findings to other areas is necessarily limited, but the study illustrates the potential for variation between different areas and different types of TSO, and reveals something of the complexity of policy implementation and third sector provision.

#### 4.4 QUANTITATIVE AND DOCUMENTARY DATA

The study drew on annual reports, databases and other documentary sources to extract information about the TSOs that provided homelessness services in Southampton and Hampshire. Local council websites and documents such as the *Southampton Homelessness Strategy* (SCC, 2008) and the *Supporting People in Southampton Five Year Strategy* (SSP, 2005a) provided information about recent changes in the nature of the services provided, connections between services, the number of providers involved and the processes used to commission services. This evidence was used in conjunction with the interview data to produce descriptions of the existing homelessness service landscapes in each local authority, the commissioning processes used, and the changes resulting from them. The desk-based research also played an important part in identifying the TSOs to be included in the study, and in enabling the interview data to be analysed according to different organisational characteristics. This section describes the most significant aspects of the desk-based study.

##### **Identifying the Sample of TSOs**

A range of publicly available sources were used to compile a database of TSOs working with homeless people in Southampton and Hampshire. These sources included the national Supporting People directory, national TSO databases (including the Charities Commission website and Guidestar UK), local online databases (e.g. [www.e.volve.org.uk](http://www.e.volve.org.uk), Hampshire's online TSO directory) and voluntary services directories. Compiling an accurate list of relevant TSOs was complicated by the fact that there had been many mergers, acquisitions and name changes over recent years, partly as a consequence of contracting. Local knowledge and insights from previous research proved useful in identifying smaller non-contracted homelessness service providers that were not registered charities in their own right. The information from these sources provided a sampling frame of approximately 60 third sector organisations and projects<sup>1</sup>. However, in order to be able to analyse the qualitative data in sufficient detail, it was necessary to limit the number of organisations interviewed.

It was decided that both contracted and non-contracted organisations should be included in the study, to allow contrasts too be drawn between their experiences. The study focussed on single homelessness services and excluded TSOs that either only provided services for homeless families, or specialised in areas such as mental health or drug and alcohol misuse, rather than homelessness *per se*. The list of potential organisations to involve was narrowed down to include only those providing:

1. Accommodation services (with support): including hostels, move-on accommodation, 'life skills' projects and night-shelters.
2. Floating support
3. Day centres
4. Soup runs and drop-in meals services
5. Food and clothing banks<sup>2</sup>

This produced a list of 22 TSOs, which included all the organisations involved in Supporting People contracts for single homeless people in Southampton and Hampshire at the time of data collection<sup>3</sup>. These TSOs were then invited to participate in interviews.

This sampling strategy was purposive and theory-driven, rather than statistically representative because, as Winchester (1999, p. 62) points out:

‘the validity of qualitative interviews cannot rest on their representativeness or whether they are capable of generalisation in an empirical way. Rather their validity rests on whether they can help elucidate the structures and causal mechanisms which underpin observable behaviour’.

One might argue that more organisations or local authorities could have been included in the study. However, whilst this may have increased the breadth of the evidence base, with qualitative research it is ‘the depth and richness of your encounters rather than the number of people who participate in the study that matter’ (Valentine, 2001, p. 46). Furthermore, the local variations described above mean that the findings could not in any case be reliably extrapolated beyond the study areas. As such the sampling strategy employed was considered appropriate to the research aims and methods.

## **Quantitative data about TSO characteristics**

In addition to the secondary sources mentioned above, mission statements, advice booklets and annual reports offered further information about TSOs and their services. Data about characteristics such as total income, income sources, and staff numbers were collected primarily from TSOs' annual reports and accounts, the majority of which were available on the Charity Commission website. However, gathering standardised and comparable data about such a diverse range of TSOs was far from straightforward.

### *Delimiting the Organisations*

The organisation was the primary unit of analysis for this study, so each TSO was treated as a case. However, it was often difficult to determine how the boundaries of each case should be defined. For instance, some TSOs were part of group or branch structures, whilst others were informal voluntary groups within larger organisations. In order to determine at what level conceptually meaningful data about each TSO could be reported, it was necessary to take into account the research questions, the variables being measured, and the availability of data.

For TSOs operating multiple services, it was necessary to decide whether to capture data relating to the whole TSO or only to the service or department represented in the interview (particularly considering that the quantitative data were to assist in analysing the interview data). There was also the question of whether the data should relate only to the parts of an organisation that worked with single homeless people, or whether all its services or departments should be included. Evidence from the literature and initial interviews pointed to the theoretical importance of capturing data about the wider organisation. Not only do contracting and tendering processes affect the whole organisation (not just the contracted services), but intra-organisational exchange of expertise, financial resources and policies between departments or geographical areas is also significant in many TSOs. Furthermore, an organisation's culture, ethos and strategic decisions are likely to be influenced by the trustees and directors in charge of the whole organisation. On a practical level, it would have been difficult or impossible to obtain financial and human resources data disaggregated to the level of specific client groups or services within TSOs. Staff often worked across several client groups and even where particular staff teams were responsible for particular client groups, TSOs

did not report data in this way. It therefore seemed appropriate that quantitative data should be collected relating to wider organisations rather than one service or client group.

However, for organisations that were part of group or branch structures, there remained the question of how the boundaries of the ‘whole’ TSO should be defined. Assessing the extent to which resources were exchanged within these structures might have provided a conceptual basis for such decisions, but this was not always very clear. For instance, local branches of national organisations sometimes raised their own funding, but used policies and procedures developed at a national level. In practice there was insufficient data to delineate organisational boundaries on this basis, and as such the best solution was to collect data for each TSO at the level at which its accounts were submitted to the Charity Commission or Companies House.

Smaller volunteer-run projects posed a different set of problems because they were often connected to a local church or larger religious denomination, but did not necessarily draw on the financial resources of the larger body. These volunteer-run projects were therefore treated as separate from the larger organisations for the purpose of data collection. Although this was not entirely satisfactory, it was the most appropriate way of capturing their characteristics in quantitative terms.

### *Defining and Measuring the Variables*

A number of themes were identified which would provide useful data for addressing the research questions (Box 4). In order to extract information about these themes from the secondary data sources described above, it was necessary to define some more specific variables relating to the themes. In doing so however, the significant variations in the data available for each TSO needed to be taken into account. Annual reports and accounts were the main source of data on organisational characteristics but there were significant discrepancies in the way in which financial data were presented and aggregated within these reports. This meant that a degree of conceptual relevance or specificity had to be sacrificed in order to produce comparable data for each theme. The currency of the available data also varied between TSOs: the data used relate to the year

2006-07. More recent annual reports were available for some TSOs when the data analysis was conducted but this was not the case for all organisations. It also seemed appropriate that the quantitative data should correspond with the time at which the interviews were conducted, particularly because some organisations had since been taken over. The list of variables eventually used is given in Appendix 4, but it is perhaps insightful to describe some of the issues involved in translating one of these themes – income – into a set of measurable variables.

**Box 4. Themes for quantitative data collection**

- Type and range of services and client groups
- Scale or size of organisation
- Type of organisation: e.g. charitable status.
- Level of involvement in contracting and tendering
- Income sources
- Involvement of volunteers

The total annual income for each organisation was obtained from annual reports, but the breakdown of income sources was also relevant to the research questions posed. Where available, the Summary Information Returns (SIRs) published by the Charity Commission made it possible to identify the amount of voluntary income these charities received<sup>4</sup>. The SIRs present organisational income in four categories: voluntary income; income from charitable activities; activities for generating funds; and investment income (Charity Commission, 2005; see Appendix 5). However, close inspection of the SIRs revealed that they had not always been accurately completed, and in particular there seemed to be some confusion between voluntary income and income from activities for generating funds. For instance, some TSOs which were engaged in fundraising had included all such income in the voluntary income category. These two categories were therefore combined to form the ‘voluntary income’ variable used in this study. TSOs had usually included income from government contracts in the ‘income from charitable activities category’, but the SIRs did not differentiate between statutory income and other sources. TSOs’ accounts (and the notes that accompanied them) also



did not always show which funding was received from statutory sources. As such, instead of having a 'statutory income' variable, the amount of income received from Supporting People was recorded. Whilst this was not necessarily a reliable indicator of an organisations' overall level of dependence on state funding, it was theoretically relevant to this study, which focuses particularly on the impacts of contracting associated with the Supporting People programme.

It was more difficult to obtain income data about the two smallest volunteer-run projects, however. They did not produce annual reports and, as mentioned above, it was difficult to determine the financial significance and formality of their links with larger congregational churches or religious denominations. In-kind donations were also very significant in smaller organisations, and these were difficult to quantify in financial terms. Although no accurate income data were available for the two volunteer-run projects, their total annual incomes were considerably less than £20,000 and as such they could still be represented in the categorical income data.

Once all the variables had been defined, an SPSS datasheet was produced. Where necessary, data from annual reports was supplemented with interview data (e.g. on the extent and nature of volunteer involvement) and information from the Supporting People directory of services (e.g. regarding involvement in contracts and types of service) in order to populate this datasheet.

### **Analysing the quantitative data**

Descriptive statistics were produced to assess the characteristics of and variation amongst the TSOs studied. For the majority of variables, the raw data were converted into categorical data. This meant that income data, for example, could be presented without revealing the identity of individual TSOs and also enabled the distribution of organisations amongst the different income categories to be observed. These categories were then cross-tabulated in order to show the relationship between different variables such as volunteer involvement and involvement in Supporting People contracts, for example. The sample was not designed to be statistically representative, however, and the relatively small number of cases in the study did not lend itself to further statistical

analysis. The characteristics of each TSO were summarised in a table (Table 5, Chapter 5.4) in order to provide information about the provider mix and contextualise the subsequent analysis of the interview data.

As this account has shown, gathering quantitative data about the TSOs in the study was somewhat problematic. Some of the difficulties reflect the constraints typically associated with quantitative data and secondary sources (see Clark, 2005), but some – such as the difficulty of defining organisational boundaries – are particularly pertinent to third sector research. The intensive, small-scale nature of the study enabled many of these limitations to be overcome because it permitted detailed consideration of how the selection and definition of the variables would influence the way that different organisations were represented in the data. Nevertheless, given the complexity of the organisations and services involved in the study, the quantitative data inevitably represent a simplification of this messier reality. This simplification is useful because it enables patterns and characteristics to be identified; but it also points towards the need for more in-depth qualitative research and further justifies the emphasis that this thesis places on qualitative evidence. The way in which this qualitative evidence was gathered and analysed is now described.

## **4.5 SEMI-STRUCTURED INTERVIEWS**

### **Choice of Method**

Semi-structured interviews afforded scope for exploring the complexity of the impacts of contracting, but also permitted the experiences of a wider range of TSOs to be included than a more time-intensive approach such as participant observation would have done. Incorporating multiple perspectives in this way can produce more reliable and dependable findings (Bryman, 2001; Baxter and Eyles, 1997). The rich data that can be generated from semi-structured interviews can help uncover the causal mechanisms underlying social processes and facilitate the development of explanations and conceptual abstractions (Winchester, 1999; Hoggart *et al.*, 2002). They were therefore particularly appropriate to the purposes of this exploratory study, which sought to

identify and explain the processes at work in a small number of cases, rather than to produce generalised laws or theories.

Brenner *et al* (1985, p. 2) suggest that ‘if you want to know something about people’s activities, the best way of finding out is to ask them’. However, talk does not necessarily provide an accurate or complete account of the social world (Mason, 2002) and as such interview data have some significant limitations. On a conceptual level, the medium of talk is at least one stage removed from the practices that this research seeks to investigate: actual practices are not always easily verbalised and may differ from practices reported in interviews (Valentine, 2001). One might argue that participant observation would have produced more accurate or penetrating insights into the influence of contracting on actual everyday practices within TSOs. However, although participant observation can be more naturalistic than interview research (Bryman, 2001), it can only capture observable phenomena: the tendering and commissioning processes and their impacts would have been difficult to observe directly. Semi-structured interviews with those who could identify and explain these processes themselves therefore offered the most appropriate method of obtaining the data required to address the research questions posed in Chapter 1.

It also needs to be acknowledged that interview data arise out of a research relationship between the interviewer and interviewee, and as such their quality and content depend partly on the interpersonal and communication skills of these individuals and the rapport established between them (Wengraf, 2001). Interviewees may be unwilling to disclose certain information (Crang, 2003) or might intentionally or unintentionally mislead the interviewer. Comparison of the accounts given by different interviewees can help to identify inconsistencies or inaccuracies, but these limitations nevertheless need to be borne in mind.

### **Selection of Interviewees from TSOs**

To identify appropriate interviewees, it was first necessary to decide which homelessness TSOs to include in the study. This list of TSOs was produced as part of the desk study (see pp. 88-89). It was then necessary to decide which individual within

each TSO should be contacted. The decision to interview, where possible, people working at management level within each TSO reflected both conceptual and pragmatic concerns. It was felt that these individuals would be best placed to assist in understanding organisational level responses to changing funding arrangements, government policy and contracting and tendering processes. Whereas ‘front-line’ staff, volunteers or service users could have been asked about changes they had experienced, they were unlikely to have been directly involved in tendering and may have been unaware of how services were funded. These representatives could perhaps have offered valuable insights, but it would have been difficult to distinguish between changes resulting from contracting and those caused by organisational or cultural change. Given the already complex landscape of homelessness services, there was also a need to limit the number of variables and perspectives included, so that the interview material could be analysed in sufficient depth. However, the research was not entirely isolated from service users’ perspectives because my own involvement over three years as a volunteer at a local soup kitchen enabled me to talk with homeless people about their experiences. This was not formally part of the research project, but enabled me to better understand the issues involved and to informally corroborate some of the claims made by interviewees.

Identifying and recruiting ‘managers’ to interview from each TSO was complicated by the fact that staffing and service structures varied considerably between organisations. The division of labour in TSOs differed according to their size, structure and the number of services or projects provided. Where organisations had only one service, the service manager was also the overall manager, and this individual typically had responsibility for operational management and securing funding, as well as contributing to practical maintenance or direct work with clients. Larger TSOs usually had multiple levels of management, with project or service managers taking on operational responsibilities for individual projects, and more senior departmental managers having greater involvement in tendering. As such, it was impossible to recruit interviewees with comparable roles across all the organisations. However, this variation was an important feature of the complex reality that the study sought to explore.

Job titles also varied between organisations, although when referring to interview quotations the generic term ‘manager’ has been used to preserve anonymity. However,

the leaders of volunteer-run services would not have described themselves as managers, although their roles often involved managing other volunteers, communicating with external agencies and seeking funding. These individuals are therefore referred to as leaders in subsequent discussions.

It was difficult to develop a standardised strategy for deciding who to contact in organisations with multiple tiers of management. In general I tried to contact the most senior manager who had significant responsibility for single homelessness services. For instance, in the larger TSOs, a supported housing manager may have had significant responsibility for single homelessness services, whereas the overall TSO manager may have had little involvement with these services. Whilst these criteria were necessarily somewhat subjective, they provided a satisfactory basis for decision making and as the following section explains, practical factors also influenced the eventual recruitment of interviewees to the study.

### **Recruitment of Interviewees**

TSOs' websites and the various directories mentioned previously were used to identify individuals in each of the short-listed TSOs who met the criteria described above. These individuals were contacted by letter in the first instance (Appendix 6), and this was followed up by a phone call to arrange an interview, where possible. In order to maximise the response rate and to ensure that the person with the most relevant experience was interviewed, the letter suggested that the recipient might refer me to a colleague if they considered this more appropriate. This occurred on a number of occasions and was generally very helpful. This did of course open the research up to possible bias introduced by the gatekeeper who could, for instance, have referred me to a service manager who had tendered successfully, rather than one who was likely to give a negative perspective on tendering. However, I did not discern that this had occurred in any instance. All but one of the TSOs contacted agreed to participate in the research and 24 interviews were carried out with representatives of 21 different TSOs. In addition, representatives of each local authority's Supporting People team were interviewed, making 26 interviews in total. Further information about the respondents and organisations can be found in Appendix 7.

Writing to potential interviewees in advance may have contributed to the high response rate by raising awareness and establishing the credibility of the study prior to making a telephone request for an interview, which might otherwise have met with caution or been refused due to busyness (MacDougall and Fudge, 2001). The fact that the topic of contracting was very pertinent to TSOs and their staff at the time, and that the study was specific to the local area and affiliated to a local university may have also encouraged participants to respond positively and most interviewees seemed to welcome the opportunity to share their views and experiences.

The interviews took place over a period of six months from November 2007 to May 2008. Some services changed hands between providers during the course of the research, but this was characteristic of the dynamic nature of the homelessness services landscape under the Supporting People programme. In most organisations one interview was deemed sufficient, but in two TSOs, two interviews were conducted. In one case this was because the manager interviewed first had little experience of contracting, so a further interview was arranged with a manager at a different level in the organisational hierarchy. The other instance involved a TSO that offered day centre and accommodation services: in this case managers of each of these services were interviewed in order to capture the issues affecting the different services types. In several TSOs, the 'main' interviewee invited a colleague to attend the interview, usually because they felt that the colleague could offer additional insights or had more specific involvement in homelessness services. This enabled a greater resource of knowledge and experience to be accessed, and meant that the interview data in fact reflected the input of 29 TSO representatives in total.

### **Preparing for the interviews**

In order to conduct the interviews effectively, background knowledge of local homelessness services landscapes and recent procurement and policy decisions was necessary. The desk-based research and a preliminary study involving 10 local TSOs conducted in 2006 provided much of this information (Buckingham, 2009). The academic literature review also played a part in translating the research aims into interview questions (Wengraf, 2001). A flexible semi-structured schedule was

developed, based on the following headings: services provided, staffing and volunteer involvement; funding issues; targets and standards; the interviewee's own role in the TSO; values; organisational responses to the external environment, and distinctiveness (Appendices 8-10)<sup>5</sup>. This approach ensured that relevant topics were covered but was sufficiently flexible to allow unanticipated concepts and themes to enter the conversations (Valentine, 2001; Mason, 2002). Open interview questions were prepared relating to each of the headings: although these questions were rarely referred to directly during the interviews, this preparation enabled question formulation and vocabulary choice to be carefully considered (Wengraf, 2001) and ensured that the theoretical assumptions embedded in the interview questions were thought through.

Although in a theoretical sense this research is concerned with *uncovering* underlying structures and causal factors affecting TSOs (Winchester, 1999), interviews in fact involve the *construction* of knowledge, not simply the excavation of already-existing information (Mason, 2002). Care needed to be exercised in posing interview questions about abstract concepts (such as 'organisational values') or processes (e.g. professionalisation) because, as Mason (*ibid.*, p. 227) points out, such questions assume that these concepts and processes have a 'static, decontextual and therefore uncoverable existence'. This may not always be the case and interviewees may therefore find such questions difficult to answer or may offer very clichéd and potentially unreliable responses (*ibid.*).

Inaccuracy can also be introduced when interviewees are asked to identify the impacts of an external variable (i.e. changing procurement practices). DeVerteuil (2003), for instance, remarks that it is often ineffective to ask people directly about the impacts of larger social structures on their lives, because people rarely recognise the origins of these impacts themselves. Similarly, a small minority of interviewees in this study had little awareness of the tendering process because their role was purely operational; as a result they were less able to isolate the impacts of tendering from other changes in the organisation.

To counter the limitations described above, the schedules comprised mainly specific questions about changes in funding sources, procedures and practices experienced by the interviewee, which had the potential to indirectly elucidate the underlying

conceptual issues relating to the research questions (Mason, 2002; e.g. DeVerteuil, 2003). However, it was deemed important that interviewees' own ability to conceptualise their experiences was acknowledged and that they were given an opportunity to communicate their views about broader issues and processes. In order to do this, some more general questions about the third sectors' role in public service delivery were included in the interview schedules (see Appendices 8-10).

### **The interviews themselves**

The interviews lasted approximately one hour and most were conducted in offices within hostel or day centre buildings, which meant that service provision environments could also be directly observed. However, this was not always the case: some interviews took place in offices at a distance from the service provision context (e.g. in business parks); one was conducted at an interviewee's home; and another two were carried out at the church premises where the more informal services (which did not have offices) operated on a weekly basis. I began the interviews by introducing myself, briefly describing the research and asking respondents to read and sign an informed consent form (Valentine, 2001; Appendix 11). Interviewees were also asked to verbally confirm their consent for the interview to be recorded. The interviews were recorded using a digital voice recorder, which facilitated a more thorough and transparent analysis of the data than note-taking would have permitted (Bryman, 2001).

Once the topic of the research had been introduced, most interviewees talked at length with little prompting about their experiences and views relating to contracting. The interview schedule provided a loose structure for the discussions but I kept my own intervention to a minimum and allowed interviewees to direct the conversations to a significant extent (Dunn, 2000; Mason, 2002). Questions were sometimes used explicitly to introduce new topics from the interview schedule into the discussion, but more often this was done by asking probing questions when something of particular relevance to the study was mentioned. The interview schedule had to be adapted to take account of the different experiences of different types of TSOs. For instance, TSOs with no involvement in contracts were questioned about the advantages and disadvantages of not having contractual state funding. Interviewees were very generous



with their time, but time constraints nevertheless meant that a careful balance needed to be struck between asking interviewees to clarify, corroborate and expand on the information given (Valentine, 2001) whilst also ensuring that the key themes were covered so that insights could be compared across the different interviews.

Successful interviews depend on ‘creating trust, rapport and mutual commitment within a short time period’ (Gerson and Horowitz, 2002, p. 210). In conducting the interviews I was mindful of my own positionality and influence on the research process and attempted to adopt a ‘disciplined subjectivity’ (Erikson, 1973). This involved reflecting on socio-relational aspects of the interview process in advance and during the interview itself (Valentine, 2003). For instance, some interviewees were less confident than others and needed assurance that they did indeed have information and experiences that were relevant and useful to the study. The level of cooperation and openness in the interviews suggested that these measures helped improve the richness and reliability of the interview data (Crang, 2003; Baxter and Eyles, 1997).

At the end of each interview, interviewees were given the opportunity to add anything they felt was relevant that hadn’t been covered. Shortly after each interview a ‘research memo’ was written in order to summarise what I recalled to be the key points relating to each key theme and to consolidate the main insights gained from the conversation. This memo also captured data that was not audio recorded (Wengraf, 2001), including information given after the recorder had been turned off and observations about buildings and facilities, and also provided an opportunity for me to reflect on my own research practice.

### **Interviews with Local Government Commissioners**

Interviews were conducted with representatives of each local authority’s Supporting People team. These two interviews were conducted in a similar way to those described above, but the schedule was altered to reflect the interviewees’ different roles and experiences (Appendix 10). It was more difficult to guarantee anonymity for these respondents. Interviewees’ names and job titles have been kept confidential, but identifying their department and local authority was important for giving meaning and

credibility to the data they provided (Clark, 2006). This was explained to these interviewees and the consent form was modified to reflect this (Appendix 12).

## **Transcription**

The interviews were transcribed verbatim by the author. Only minimal use was made of transcription conventions (e.g. underlining to show emphasis; [pause] to mark exceptional pauses) (Wengraf, 2001). The transcripts were systematically checked for errors to improve data reliability. This included scrutinising the accuracy of the transcription by checking it against the digital audio recording, and ensuring that each transcript was sufficiently anonymised. During the checking process notes were also made about the content of each interview and the themes emerging from it. These themes were later used in developing the coding scheme. Whilst respondent validation might have further improved the rigour of the study (Mason, 1996), it was felt that this would have placed an unreasonable and disproportionate time burden on respondents.

All organisation and individual names, including references to third parties not present at the interview, were removed from the transcripts and replaced with descriptions e.g. [Organisation Name]. This was important in order to avoid causing offence or damaging relationships within or between organisations by disclosing potentially sensitive comments about individuals or organisations. However, omitting names does not always sufficiently conceal individuals' identities from their colleagues and other acquaintances (Clark, 2006). Organisations can also be identified from descriptions of the services they provide, for example. Quotations and descriptions within the written account were therefore screened to ensure that potentially identifying characteristics were sufficiently generalised or removed. In a local study such as this, it is difficult to guarantee that individuals and organisations will be completely unidentifiable to all parties (or will not be speculatively identified, perhaps incorrectly) and this adds weight to the importance of writing up the findings with integrity and consideration for participants.

When quoting from the transcripts [...] shows where material has been removed. Fillers such as 'um' and 'er' have generally been omitted from quoted interview material

because they can make it difficult to discern the flow of a sentence or argument and can undermine the credibility of an interviewee's evidence (Corden and Sainsbury, 2006). This 'tidying up' of the quotations could be seen to detract from the accuracy and reliability of the evidence (*ibid.*), but given that the interviews were being analysed primarily for content, this was not considered to be problematic for the purposes of the current study.

### **Coding and Analysis**

The coding scheme was developed iteratively by bringing empirical data and theory into dialogue with one another. Although the interviews had been structured around certain key themes, the analysis process did not impose a pre-determined theoretical framework but allowed concepts to emerge from the data, and in this way reflected a grounded theory approach (Bryman, 2001). A qualitative analysis software package called NVivo was used to code the transcripts. Initially, two transcripts were coded 'freely', producing a large list of possible codes relating to the broad research aim of exploring the impacts of contracting. The research memos and notes made during the transcript checking process were used to extend this list of codes, ensuring that themes emerging in other interviews were included. The codes were a mixture of 'emic' and 'etic' codes; the former arising from the language and concepts used by interviewees, the latter reflecting themes from the academic and policy literature and original ideas (Crang, 2005).

In order to make the coding scheme more manageable, the most useful codes were selected from this initial list and grouped into a hierarchical structure (called tree nodes in NVivo). The resulting coding scheme was then used to carry out the first round of coding on all the transcripts. New codes were added during this first round of coding, and once this was complete, the coding scheme was refined to incorporate the insights and issues identified. This final coding scheme (Appendix 13) was then used to perform a further round of coding on all the transcripts.

Once the transcripts were coded, NVivo was used to produce automated reports including all the occurrences of each code. This helped to identify key themes and relationships and useful illustrative quotations and ensured that the whole body of data

was systematically considered (Corden and Sainsbury, 2006). At this stage, the amount and quality of the data relating to different codes was assessed and the decision was made to focus the analysis on two key aspects of the contracting process: the impacts of tendering, and the impacts of quality measurement. Reports for all the codes relating to these aspects were produced, and these were read thoroughly to identify the key issues for each: these correspond approximately with the subheadings used in chapters 6 and 7. The interview summaries also provided contextual information to assist in the interpretation of the transcripts and helped ensure that coded fragments were not taken out of context of the interviews as a whole (Bryman, 2001).

It was apparent at an early stage in the research that different types of TSO experienced the contracting process in different ways. In order to analyse this, the categorical data on TSOs' characteristics was linked to the interview transcripts in NVivo. Further reports could then be produced, for instance showing the occurrence of a particular code within interviews relating to TSOs that involved volunteers, or TSOs that fell into a particular annual income bracket. This was a useful way of exploring the data, but because different organisations had different combinations of attributes, it did not offer a very systematic way of analysing or presenting the data. A more sophisticated means of classifying the organisations was therefore required.

In response, a typology was developed which consisted of four types based upon TSOs' characteristics and responses to contracting. The typology is described more fully in chapter 5, but was constructed by drawing together insights from the qualitative data analysis, and the categorical data from the desk study. The interview data that had been coded under the tendering and monitoring codes was then further analysed according to organisational types, enabling the different impacts on different types of TSO to be identified, evidenced and discussed.

When analysing the data, potential limitations such as the shortcomings of self-reporting and memory (Hughes, 1999) and the potential for selectivity or deception on the part of interviewees (Crang, 2002) were taken into account. Using summaries of each interview in conjunction with the coding reports ensured that quotations were not taken out of context, and the use of the qualitative data analysis software helped to ensure that all the data relevant to each question was systematically considered. Although some interviews

are quoted from more often than others, the experiences of all the TSOs were taken into account when identifying the issues that these quotations illustrate. However, whilst it is important that individual quotations do not misrepresent the whole body of data, one organisation's experiences need not be representative of the entire sample in order for them to offer meaningful insights and evidence about the impacts of contracting.

### **Writing up the findings**

In writing up the findings, I sought to bring the evidence from this study together with insights from the academic literature. Verbatim quotations have been drawn from the interviews to illustrate particular points, but the interview evidence is also used more diffusely to inform the observations and arguments made in the text. Much of the literature reviewed at the outset of the research project has been incorporated into the following three chapters. As such the thesis does not reflect the chronological sequence of the research process. However, this hopefully makes for a more interesting and readable narrative by avoiding unnecessary repetition of material in separate literature review and discussion sections. This way of presenting the findings and literature concurrently means that previous theoretical and empirical work can be used to substantiate, refute or develop the arguments emerging from the data and vice versa.

## **4.6 CONCLUSION**

In Chapter 1 I explained that this thesis sought to respond to Lawson's (2007) call for greater dialogue between micro-scale research into social relations and practices, and broader socio-political issues. This methodology chapter has described the methods by which the study has attempted to bridge this divide. Qualitative methods accounted for the majority of the research effort, and were best suited to the study's exploratory purpose and the complexity of the processes and organisational mix being investigated. However, quantitative data also played an important part by providing valuable contextual information about the TSOs involved, and by contributing to the development of the typology, which in turn provided a framework through which the qualitative data could be more effectively analysed. It is hoped that by synthesising

desk-based and interview empirical research with the policy and academic literature in this way, the current study goes some way towards creating a more effective dialogue between socio-political debates and research on individual and organisational level experiences and practices in the fields of homelessness and third sector research.

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<sup>1</sup> Although this included several TSOs that had since merged, been taken over or ceased to operate.

<sup>2</sup> 3-5 were not necessarily exclusively used by single homeless people.

<sup>3</sup> Due to the dynamic nature of the contracting environment, some TSOs were about to finish or had only recently begun Supporting People homelessness services contracts.

<sup>4</sup> Charities with annual incomes over £1 million have been required to submit SIRs since 2005.

<sup>5</sup> These topics are broader in scope than the final research questions would require because the focus of the investigation was narrowed down during the data analysis process.

**CAPTURING DIVERSITY: DIFFERING ORGANISATIONAL RESPONSES  
AND CHARACTERISTICS**

**5.1 INTRODUCTION**

It was apparent from an early stage in the analysis of the interview data that the TSOs involved in this study were responding in very different ways to state contracting and the emphases on competition and monitoring that ensued from this. This chapter therefore explores the varied characteristics of the TSOs that provided the local homelessness services described in Chapter 3, and highlights the diversity of their responses to the changing funding and policy environment. In order to conceptualize this diversity, a typology of organisational responses to contracting is proposed. Each type within the typology is characterised by a particular response to contracting and by some typical organisational characteristics such as size, income sources and volunteer involvement. The chapter then explores each of these characteristics in turn, using quantitative data from documentary sources. This analysis thereby reveals the unevenness of the terrain onto which the changing policy and funding arrangements were being projected (see also Milligan, 2007), but also provides a framework through which the diversity can be conceptualised, allowing for a more differentiated analysis of the qualitative data in subsequent chapters.

The typology is based on the empirical evidence from Hampshire and Southampton's single homelessness TSOs, but its construction – although primarily inductive – was also influenced by existing research findings and concepts. The chapter therefore begins by considering some of the ways in which existing studies have conceptualised the divergent trajectories taken by different TSOs in relation to contractual opportunities and potential engagement with the state.

## 5.2 DIFFERING TSO TRAJECTORIES

In the early 1990s, Knight (1993) suggested that the third (or voluntary) sector was bifurcating into two groups: one including organisations which were involved in government contracts and therefore relatively well resourced and professionalised, and the other (which he deemed to be ‘true’ voluntary organisations) consisting of organisations that were independent of the state and reliant on volunteers and donations. Whereas Knight saw this bifurcation as a necessary means of preserving the sector’s autonomy and voluntarism (*ibid.*), it also raises concerns about the marginalisation of non-contracted providers and their beneficiaries, and about the curtailment of volunteering and reduced opportunities for active citizenship in organisations that became ‘corporatist’ in nature (Fyfe and Milligan, 2003b). Amongst the TSOs studied in Southampton and Hampshire there certainly seemed to be some significant differences between the characteristics of organisations that were involved in contracts and of those that were not. However, some characteristics were evident in both groups (such as volunteer involvement), and experiences and responses varied considerably within the groups. The binary distinction made by Knight (1993) did not therefore capture the complexity of providers’ actual responses to the changing funding and policy environment.

Elsewhere, researchers have conceptualised TSOs’ apparently divergent responses to contracting in more equivocal terms. For instance, a study of third sector social service providers in Christchurch, New Zealand identified two ‘organisational trajectories’, differentiating between a small proportion of providers which had become more professionalised and dependent on state contracting, and a larger proportion which had remained highly dependent on volunteers and had a variety of income sources (Conradson, 2002). These trajectories correspond with the two groups identified by Knight (1993), but Conradson (2002) observed that organisations following both trajectories exhibited a combination of compliance *and* resistance in response to policy and funding changes. Elements of resistance to the values and practices imposed by statutory funders were also detected amongst some of the contracted TSOs in the current study; however, professionalisation and contract-dependency seemed to be more widespread amongst the homelessness TSOs studied in Southampton and Hampshire,



and several providers stated that they either could not, or did not feel the need to, resist the requirements made by local government funders.

Milligan and Fyfe (2005) examined the differences between so-called 'grass-roots' and 'corporatist' welfare TSOs in Glasgow (see also: Brown *et al.*, 2000; Fyfe and Milligan, 2003b) and concluded that this distinction, although in some respects useful, was an oversimplification of a far more complex reality. For example, grass-roots organisations are typically associated with community empowerment and active citizenship, but some national TSOs were found to be engaging communities in similar ways to local ones (Milligan and Fyfe, 2005). Similarly, some regional and national providers had intentionally avoided adopting characteristics typically associated with corporatist organisations such as formalised, hierarchical organisational structures and excessively asymmetrical power relations between managers, staff and clients. Federal organisations, where a local TSO was affiliated to a larger national organisation, also posed a problem within this binary classification, because they were able to draw on the resources of the national organisations, but otherwise exhibited attributes more akin to the 'grassroots' providers (*ibid.*). These issues were also evident amongst the TSOs in the current study, and demonstrate the futility of attempting to classify organisations according to single variables such as total income or geographical extent. In order to classify TSOs in a theoretically meaningful way, a multidimensional approach is required, which can take into account qualitative information about an organisation's experiences as well as its more readily categorised characteristics.

More generic, conceptual classifications of state-third sector relationships also offer insights into how the impacts of tendering might vary amongst TSOs depending on the nature of their relationship with the state. Young (2000), for example, has developed a three-fold typology which categorises state-third sector relationships as: supplementary, whereby TSOs meet needs that are unmet by the state; complementary, whereby TSOs partner with the state to deliver services that are largely state funded; or adversarial, whereby TSOs seek to influence government policy (see also Young, 1999, cited in Najam, 2000). These categories are not mutually exclusive, but Young (2000) suggests that complementary relationships have become dominant in the UK. In the current study, the non-contracted TSOs correspond with the supplementary model, but the majority of TSOs would be complementary by dint of their involvement in statutory

service provision contracts. However, this classification does not enable us to distinguish between different organisational responses to contracting within this complementary category, and as such is less useful for exploring the organisational impacts of contracting.

Najam (2000) draws on Young's work to propose a slightly different model of government-third sector relations, based on the level of correspondence between the goals and strategies of each party. He identifies four types of relationship: co-operation, where the state and TSO have similar aims and preferred strategies for achieving them; co-optation, where the preferred strategies are similar, but the objectives of the state differ from those of the TSO; complementarity, where the two parties share similar aims but use different strategies to achieve them; and confrontation, where the state and TSO have different aims and different strategies (*ibid.*). This framework corresponds with some of the experiences of the TSOs in this study, but again, the interview data suggested that the relationships between providers and local government were more complex than this classification allows for. The term 'co-optation', for instance, does not acknowledge TSOs' own agency in deciding whether to accept government funding. Furthermore, it was frequently the case that TSOs had multiple goals or strategies, some of which corresponded with the government's and others of which did not.

Homelessness research also offers some insight into differing TSO responses to policy and funding changes in homelessness services: in particular, Johnsen *et al.* (2005a, p. 791) identified three 'developmental trajectories' based on their evidence relating to day centre services. These trajectories differentiated between services that were heavily dependent on voluntary labour and funding, those which had become professionalised and retained their original religious ethos, and those which had become professionalised and abandoned their religious ethos. Johnsen *et al.* (*ibid.*) also identified a further group of services that were secular and highly professionalised from their outset. These trajectories relate to day centres specifically and were based on the values and level of professionalisation of services, rather than the impact of contracting, but similar distinctions were apparent amongst the TSOs in Southampton and Hampshire. The typology derived from the current research focuses more specifically on responses to contracting and relates to a broader range of services, but corresponds closely with

Johnsen *et al.*'s (*ibid.*) trajectories and as such serves to corroborate and build upon the existing evidence base.

### 5.3 A TYPOLOGY OF TSO RESPONSES TO CONTRACTING

The typology presented in Figure 6 groups the TSOs involved in the study into four types according to their characteristics and their experiences of and responses to contracting: Comfortable Contractors, Compliant Contractors, Cautious Contractors, and Community-based Non-contractors. The key attributes of each type are summarised in the diagram and the numbers in brackets indicate how many of the organisations in the study were classed as this type. Each type is described in detail below, but first the purpose and construction of the typology are explained.

The typology is 'grounded' in the sense that the types are derived from analysis of the empirical data, but it is nevertheless an abstraction or simplification of a more complex reality. As Ling (2000, p. 83) points out:

'Typologies are always in danger of forcing a complex and unwilling world into arbitrary categories. At best, however, they open up a field of inquiry to systematic and ordered study so that we understand complexity, rather than are overwhelmed by it.'

The TSOs included in the study not only exhibited differing responses to contracting but were also diverse in terms of their size, income sources, service types and level of volunteer involvement. In order to take account of these multiple variables, the typology drew on both the interview data and the quantitative data. Analysis of the quantitative data enabled the TSOs to be categorised according to each of the characteristics listed above. Cross-tabulations (see for example Table 7, p. 125) indicated that there was considerable correspondence between some of these characteristics. It was therefore possible to identify clusters of organisations with similar characteristics. Commonalities between different organisations' experiences of contracting with local government were also apparent from the interview data, and four basic responses to contracting could be discerned. In many cases TSOs with similar characteristics exhibited similar responses to contracting, but in cases where there was a discrepancy between them, the response

took precedence in determining an organisation's type. The types of responses identified corresponded with some of the trajectories and types identified in the studies described in Section 5.2, and iteration between the empirical data and existing literature helped ensure that the typology was informed by the theoretical concerns of the study and was appropriate to its purposes.

<p><b>Type 1: Comfortable Contractors (5)</b></p> <p>Typically housing associations or related organisations with business-like practices</p> <p>Involved in government contracts</p> <p>Homelessness is not 'core' business</p> <p>No volunteer involvement</p> <p>No voluntary income</p>	<p><b>Type 2: Compliant Contractors (8)</b></p> <p>Charities that have become business-like and professionalised</p> <p>Heavily dependent on government contracts</p> <p>No/little volunteer involvement</p> <p>No/little voluntary income</p>
<p><b>Type 3: Cautious Contractors (4)</b></p> <p>Involved in government contracts</p> <p>Voluntary income is significant</p> <p>Involve paid staff and volunteers</p> <p>Tensions between multiple stakeholders</p> <p>Resistance or difficult in adapting to government requirements</p> <p>Faith-based</p>	<p><b>Type 4: Community-based Non-contractors (4)</b></p> <p>Not involved in government contracts</p> <p>Entirely voluntary funded</p> <p>(Almost) entirely staffed by volunteers</p> <p>Small organisations or groups of people</p> <p>Embedded in local communities</p> <p>Independent of government monitoring</p> <p>(Often) faith-based</p>

Figure 6. A typology of organisational responses to contracting

The main purpose of the typology was to provide a conceptual framework to support a more ordered analysis and discussion of the interview data relating to the tendering and monitoring processes, which appears in the following two chapters. This explains why

the nature of an organisation's response to contracting was the overriding criterion in determining its type, because this was most likely to affect the way in which it was influenced by tendering and monitoring. Categorising the organisations in this way meant that the experiences of different types of TSO could be given voice within the discussions that follow.

The typology also fulfils two secondary purposes. Firstly, it highlights the diversity of TSO responses to contracting, demonstrating that there were significant differences between organisations that were involved in contracts, as well as between contracted and non-contracted TSOs. Secondly, by including both characteristics and organisational responses within the type descriptions it provides an indication of the characteristics (and combinations of characteristics) that might contribute to the differences observed. For instance, organisations receiving a significant proportion of voluntary income in addition to government funding seem to experience greater tensions in the contracting process. However, the typology is not a theory: it is idiographic rather than nomothetic and is not posited as a general and consistently applicable model. The types reflect the typical characteristics of the organisations ascribed to that group from within the study and some organisations departed from the characteristics of their type in one or two respects<sup>1</sup> (see Table 5). A different selection of TSOs with different values and practices, or indeed different local authorities employing different approaches to contracting, may have yielded very different results. However, whilst the typology cannot simply be exported to other localities or types of third sector services, it does offer insights that may be relevant to TSOs operating in other contexts.

### **Type 1: Comfortable Contractors**

This group consisted of providers that were either housing associations or had de-merged from housing associations in order to specialise in support services for vulnerable client groups. For the housing associations, homelessness services were typically a small part of their business, which was mainly general needs social housing. The more specialised support organisations typically catered for a range of client groups (e.g. people with disabilities, elderly people) in addition to homeless people, but were

more dependent on government contracts than the housing associations, for whom rent was the main source of income. Comfortable Contractors were the largest TSOs in terms of their income, geographical scope and number of staff. They operated at a regional to national scale and did not involve volunteers or have any voluntary income.

These TSOs were the most business-like in terms of their values and practices: for instance one manager explained that:

*'There's nothing charitable about being in the charity sector. There is absolutely no love in the business. It is very much running a business. It's a charitable business in that the objects [...] are charitable in nature, and [...] in the sense that we aren't in the business for profit, [...] but in every other sense it is a business' (Interview 19, Comfortable Contractor)*

Being competitive, innovative, cost-efficient and entrepreneurial were key values for Comfortable Contractors, and establishing a good reputation and brand image were also cited as very important by providers of this type. These values (and the practices that ensued from them) corresponded closely with local governments' need to reduce costs and maximize value for money and meant that these organisations were relatively well prepared for competitive tendering. These TSOs placed a strong emphasis on promoting independent living, and as such their aims matched closely with those endorsed by local government. The Comfortable Contractors tended to have had more business-like practices in place prior to the introduction of the Supporting People programme and were therefore able to achieve professional standards and implement processes for monitoring outcomes relatively easily in response to government requirements. Indeed, specialized support departments had sometimes been set up (or had significantly expanded their activities) in direct response to the increased availability of government funding for accommodation-related support during the transition into the Supporting People programme. Of all the types, the Comfortable Contractors experienced the least friction or difficulty in participating in competitive tendering and complying with contractual obligations.

## **Type 2: Compliant Contractors**

The organisations in this group had typically originated as local homelessness charities. Most had significantly expanded since their origin and provided a variety of services to homeless (and sometimes other) clients. They were mainly regional level providers, and all were heavily dependent on government contracts for their income. All relied almost entirely on paid staff and had become increasingly professionalized in response to the higher standards being required by government contracts. Volunteer involvement was usually very limited and was sometimes confined to services (e.g. soup runs) that were not funded through the Supporting People programme (see also Cloke *et al.*, 2007). Most of these organisations said that they had involved more volunteers in the past.

Managers of these Compliant Contractor organisations identified some tensions between their organisation's values and goals, and the requirements of the contracting process, but because of financial dependency, felt they had little choice but to comply with government demands:

*'[W]e're a small operation and we only operate, almost only operate in Southampton. If we fall out with Southampton City Council, that's our main source of income. We are vulnerable to upsetting the Council. So strategically we have had to roll over and go with the flow.'* (Interview 18, Compliant Contractor)

In order to compete for and comply with government contracts these organisations had moved towards the more business-like practices and values that characterized the Comfortable Contractors. They had also embraced the emphasis on 'move-on' and independence promoted by the Supporting People programme, perceiving it to be more progressive than simply supporting homeless people's survival. Some felt that a more holistic approach would enable clients to make more sustainable changes and progress, but being reliant on the contractual funding, were obliged to focus on achieving the outcomes defined by Supporting People.

## **Type 3: Cautious Contractors**

The 'Cautious Contractors' were involved in state funding contracts but also received a significant proportion of their income from voluntary donations. Reconciling the

demands of multiple stakeholders was therefore a key challenge for managers of these organisations. All involved volunteers in some way, although they relied mainly on paid staff for the direct provision of services. Some were quite professionalised in their operation, but for others, meeting the standards required by government funders had been much more difficult. This was particularly the case for smaller, localised providers with relatively few paid staff, in which managers found it difficult to balance the necessary administrative and monitoring tasks with their operational and practical duties.

These organisations also tended to attach particular importance to maintaining and enacting their ethos or values, which in all cases were based on the Christian faith. Often these values could be expressed within the conditions set out in government contracts however, and voluntary resources gave the Cautious Contractors some scope to provide additional services which more closely reflected their values. However, there were occasions when these organisations' values brought them into conflict with commissioners, for example:

*'[Supporting People] were very clear that they wouldn't allow us to operate with seventeen beds in nine bedrooms, and they really want [...] one guest per bedroom. [...] that's a huge reduction [...] our contention is that if guys are out on the street, [...] is that not better to have them in a bed off the street, in that environment, than to say we can't have you because we're not allowed to have any more than one bed in each room?' (Interview 16, Cautious Contractor)*

In contrast to the more compliant Type 2 organisations, the values-based tensions that arose in these organisations were more likely to prompt efforts to uphold the organisations' ethos and the ability of these organisations to secure voluntary resources, particularly through faith communities, played a key part in enabling them to retain some autonomy and continue to pursue their own values. However, several providers that would have been classified as Cautious Contractors (no longer operating at the time of the study) had been taken over by Comfortable and Compliant Contractors in recent years because they lacked the resources to meet the standards required by government contracts, suggesting that such efforts were not always successful. In summary, Cautious Contractor organisations seemed to experience the greatest tensions of all the



types because they had to satisfy the standards and practices required by government funders, whilst trying to remain faithful to their faith-based organisational values and maintain the support of volunteers and donors (see also: Ebaugh *et al.*, 2005; Cloke *et al.*, 2007).

#### **Type 4: Community-based Non-contractors**

These organisations differed significantly from the other types in that they were not involved in government contracts at all. With one exception, the types of services they offered would not in any case have been eligible for contractual funding: they included providing cooked meals in a church hall on a weekly basis, and redistributing donated food and clothing, for example. These organisations were resourced entirely by voluntary donations and were staffed mainly by volunteers (some employed a very small paid staff). Being independent from government performance monitoring and the need to compete for contracts, these organisations were in many ways free to pursue their own aims and values. All but one of these Community-based Non-contractors were faith-based and had strong links with local churches. The providers placed a strong emphasis on offering acceptance to service users and building relationships with them. For instance, one volunteer leader commented that:

*‘...to me the primary role, aim, is the community, it’s the relationship, it’s building relationships with these people. And I think that’s what we’ve been really touched by, really impacted by...getting to know these guys. They’ve really changed us [the volunteers], and it’s also amazing to know that you know we can help them...’ (Interview 24, Community-based Non-contractor).*

These organisations tended to serve a wider client group and some had no eligibility criteria: volunteers would serve meals to anyone who came along, without asking about their accommodation or employment status, for example. However, in one service where resources were scarce relative to demand, eligibility for assistance was assessed by referring agencies. However, whilst the more informal nature of these services and the involvement of volunteers contributed to providing an important social environment for service users, these services tended to operate for very limited time periods each

week. Although some volunteers met up with service users in their own time, providers acknowledged that there was a limit to what could be achieved with the available resources and expertise. As such, while these organisations were not restricted by contractual obligations and were arguably the most embedded within local communities, time and resource constraints meant that they were not able to provide as much help to as many people as they would have liked to (see also Smith and Sosin, 2001).

#### **5.4 DESCRIPTION OF ORGANISATIONS INVOLVED IN THE STUDY**

The varied responses to contracting described in the typology were determined to some extent by the type(s) of service(s) that an organisation provided, because contractual opportunities were not open to all service types. However, characteristics such as income, geographical scope and the level of volunteer involvement also had a significant influence on TSOs' experiences of contracting and tendering. This section describes the characteristics of the 21 organisations represented in the interview data, in order to shed further light on the nature of the organisations from which the qualitative accounts were drawn and thereby to contextualise the subsequent analysis and discussion of these data.

15 of the TSOs in the study were involved in providing Supporting People-funded single homelessness services in Hampshire and Southampton at the time of the research, and the study also included the day centre providers and a sample of TSOs providing drop-in meals services and other services. The attributes of each case, or organisation, are summarised in Table 5. The income and staffing data relate to the financial year ending in 2007 and to preserve interviewees' and organisations' anonymity, the information is presented in categorical form. The following paragraphs describe the variety of types of services provided by different TSOs and then focus on specific characteristics in turn.

Case ID	'Type'	Geographical scope of services	Client groups served within study areas	Holds Supporting People contracts?	Total annual income category	% Supporting People income	% Voluntary income	Total paid staff (FTE)	Charitable Status	Registered Social Landlord?	Volunteers involved?
A	Type 1	Regional	More general client group	Yes	£10,000,001 - £50,000,000	0.1% - 10%	0%	26 - 50	Charitable Industrial and Provident Society	Yes	No
B	Type 1	Regional	Supporting People client groups	Yes	£10,000,001 - £50,000,000	40.1% - 60%	0.1% - 1%	201 - 400	Registered (main) charity	No	No
C	Type 1	National	More general client group	Yes	£10,000,001 - £50,000,000	0.1% - 10%	0%	101 - 200	Charitable Industrial and Provident Society	Yes	No
D	Type 1	National	Supporting People client groups	Yes	£10,000,001 - £50,000,000	40.1% - 60%	0.1% - 1%	201 - 400	Registered (main) charity	No	No
E	Type 1	National	More general client group	Yes	£50,000,001 - £250,000,000	20.1% - 40%	0%	401 or more	Charitable Industrial and Provident Society	Yes	No
F	Type 2	Local authority	More general client group	No	£1,000,001 - £5,000,000	0%	0.1% - 1%	26 - 50	Registered (main) charity	No	Yes
G	Type 2	Local authority	Homelessness 'cluster' and mental health/drug/alcohol	Yes	£1,000,001 - £5,000,000	40.1% - 60%	1.1% - 10%	51 - 100	Registered (main) charity	Yes	Yes
H	Type 2	Regional	Supporting People client groups	Yes	£1,000,001 - £5,000,000	40.1% - 60%	10.1% - 20%	101 - 200	Registered (main) charity	No	Yes
I	Type 2	Regional	Supporting People client groups	Yes	£1,000,001 - £5,000,000	40.1% - 60%	0%	101 - 200	Registered (main) charity	Yes	No
J	Type 2	Regional	Homelessness 'cluster' and mental health/drug/alcohol	Yes	£5,000,001 - £10,000,000	40.1% - 60%	0.1% - 1%	201 - 400	Charitable Industrial and Provident Society	Yes	Yes
K	Type 2	Regional	More general client group	Yes	£50,000,001 - £250,000,000	0.1% - 10%	0%	201 - 400	Charitable Industrial and Provident Society	Yes	No
L	Type 2	Regional	Other	No	£100,001 - £500,000	0%	1.1% - 10%	6 - 25	Registered (main) charity	No	No
M	Type 2	National	Homelessness 'cluster' and mental health/drug/alcohol	Yes	£5,000,001 - £10,000,000	40.1% - 60%	0%	101 - 200	Registered (main) charity	Yes	No
N	Type 3	Single site	Single homeless people only	Yes	£100,001 - £500,000	20.1% - 40%	10.1% - 20%	6 - 25	Registered (main) charity	No	Yes
O	Type 3	Local authority	Single homeless people only	Yes	£100,001 - £500,000	0.1% - 10%	10.1% - 20%	1 - 5	Registered (main) charity	No	Yes
P	Type 3	Local authority	More general client group	Yes	£500,001 - £1,000,000	10.1% - 20%	80.1% - 100%	6 - 25	Registered (main) charity	No	Yes
Q	Type 3	National	Homelessness 'cluster'	Yes	£50,000,001 - £250,000,000	20.1% - 40%	10.1% - 20%	401 or more	Registered (main) charity	Yes	Yes
R	Type 4	Single site	More general client group	No	£0 - £20,000	0%	80.1% - 100%	0	Associated with Registered Charity	No	Yes
S	Type 4	Single site	More general client group	No	£0 - £20,000	0%	80.1% - 100%	0	Associated with Registered Charity	No	Yes
T	Type 4	Single site	More general client group	No	£0 - £20,000	0%	80.1% - 100%	1 - 5	Registered (main) charity	No	Yes
U	Type 4	Single site	Single homeless people only	No	£100,001 - £500,000	0%	80.1% - 100%	1 - 5	Registered (main) charity	No	Yes

Table 5. Characteristics and 'types' of all organisations in the study (NB. The data in this table can be cross-referenced by case ID with that in Table 6)

### **Variety of service types provided**

The different services provided by homelessness TSOs in Southampton and Hampshire were described in Chapter 3.5. However, different organisations offered different combinations of these services. The types of single homelessness services provided within Southampton and Hampshire local authorities by each organisation (or case) in the study are shown in Table 6. The majority of providers (12) offered only one type of single homelessness service, while 5 providers offered two types, 3 offered three types and 1 offered four types of service. In most cases, organisations that did not receive Supporting People funding were providing services which were not covered by the programme, such as day centres, soup runs or meals services. Of the 15 providers that held Supporting People contracts for single homelessness housing-related support services, only four also provided other types of single homelessness services not funded by Supporting People. However, the larger regional to national scale providers may have offered additional service types in other local authorities, and some organisations provided multiple services of one type.

### **Charitable Status**

Fourteen of the organisations interviewed were registered (main) charities. Five were industrial and provident societies (and therefore exempt from registering as charities) and of these, four had charitable status and one was not charitable (but was not-for-profit). All the industrial and provident societies and four of the registered charities were also Registered Social Landlords, and therefore subject to regulation by the Housing Corporation. Two of the Community-based Non-contractors were not themselves registered charities but were part of local churches or religious denominations that were registered charities.

Case number	Meals/ soup run service	Day centre service	Short term hostel/ night- shelter <sup>a</sup>	Medium term accommoda- tion with support <sup>b</sup>	Floating support	Other service type
A	No	No	No	Yes	Yes	No
B	No	No	No	Yes	Yes	Yes
C	No	No	No	No	Yes	No
D	No	No	Yes	Yes	Yes	No
E	No	No	No	Yes	Yes	No
F	No	No	No	No	No	Yes
G	Yes	No	No	Yes	Yes	No
H	No	No	No	Yes	No	No
I	No	No	No	Yes	No	No
J	No	No	No	Yes	No	No
K	No	Yes	Yes	Yes	Yes	No
L	No	No	No	No	Yes	No
M	No	No	No	No	No	Yes
N	No	No	No	Yes	No	No
O	No	No	Yes	No	No	No
P	No	Yes	No	No	Yes	No
Q	No	Yes	No	Yes	No	No
R	Yes	No	No	No	No	No
S	Yes	No	No	No	No	No
T	No	No	No	No	No	Yes
U	No	No	No	Yes	No	Yes

a. Includes services with a maximum stay of up to 12 weeks only

b. Includes life skills and intensive move on services

**Highlighting** indicates services funded by Supporting People.

NB. The data in this table can be cross-referenced by case ID with Table 5

Table 6. Service types provided by each organisation  
at time of data collection in 2007/08

## **Scale, size and scope**

The geographical extent of a TSO's operations can affect its ability to respond to local needs and its relationship with local government. An organisation's total income and funding sources can influence the balance of power in this relationship, for example (Morris, 2000). The organisations studied ranged from very small volunteer-led initiatives (the Community-based Non-contractors) operating at one location for a short period of time (one to two hours) each week, through to large housing associations (Comfortable Contractors) operating at a regional or national scale. A fairly even distribution of local to national providers was represented in the study but the majority of Supporting People funded providers operated in more than one local authority: 7 at a regional level, and 5 nationally. Only one of the four single site providers was funded by Supporting People. The annual incomes of the organisations in the study ranged from less than £20,000 to over £200,000,000, and the income distribution in Figure 7 reveals something of the diversity of the provider mix in this respect.

Whereas three of the organisations provided services for single homeless people only, others offered services to other client groups too, meaning that only a proportion of their financial and human resources were devoted to single homelessness services. Four TSOs provided services to other groups within the homelessness cluster (e.g. homeless families) or to related groups such as mental health and drug and alcohol clients and a further four worked with other client groups (e.g. learning disabilities) within the Supporting People programme. Nine organisations provided for more general client groups, but this category included both smaller volunteer-run services which typically placed few restrictions on who could access their services, and larger housing associations offering general needs social housing in addition to homelessness services.

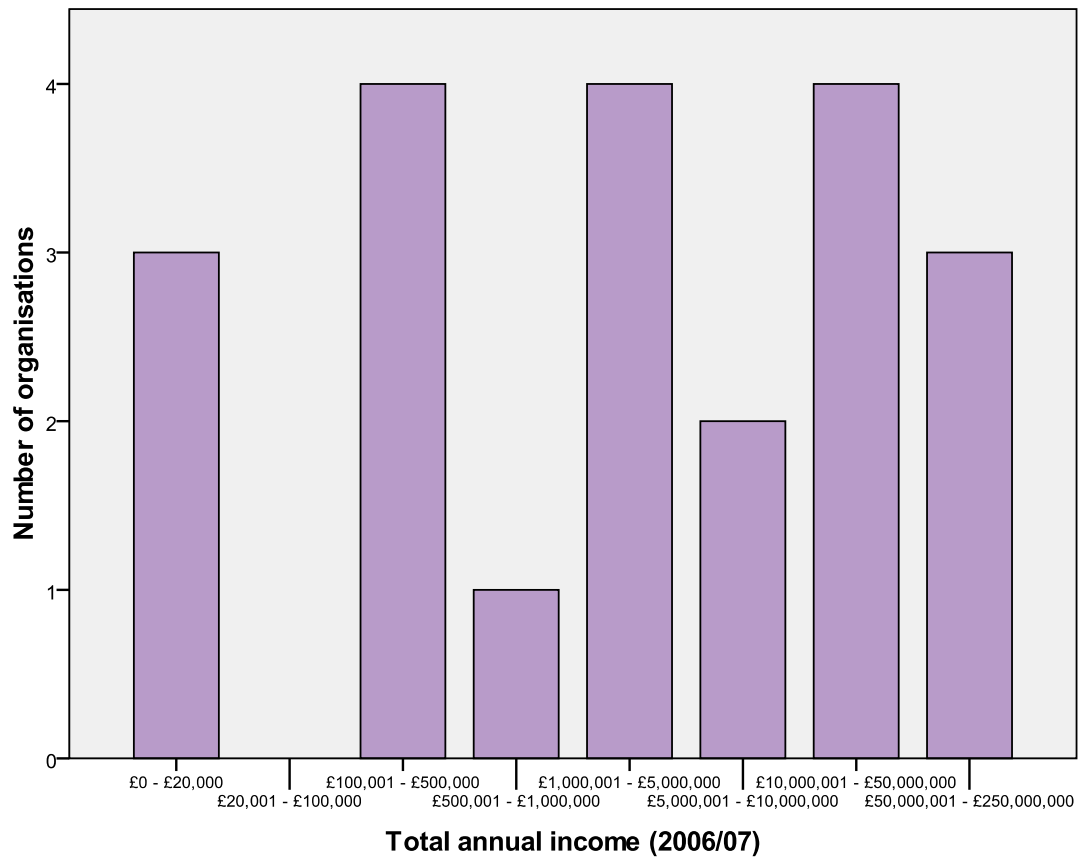


Figure 7. Histogram showing distribution of organisations' total annual income

### Financial resources: Government and voluntary income

Fifteen of the providers interviewed received contractual funding from Supporting People and the remaining six did not. Seven of the Supporting People-funded providers received over 40% of their total annual income from Supporting People contracts in 2006/07, but four providers received between 0.1% and 10% from this source (Figure 8). Organisations receiving a high proportion of their funding from Supporting People were in most cases far more dependent on this income source than the percentages suggest because rental income from clients involved in the Supporting People programme was also a significant component of their funding bases.

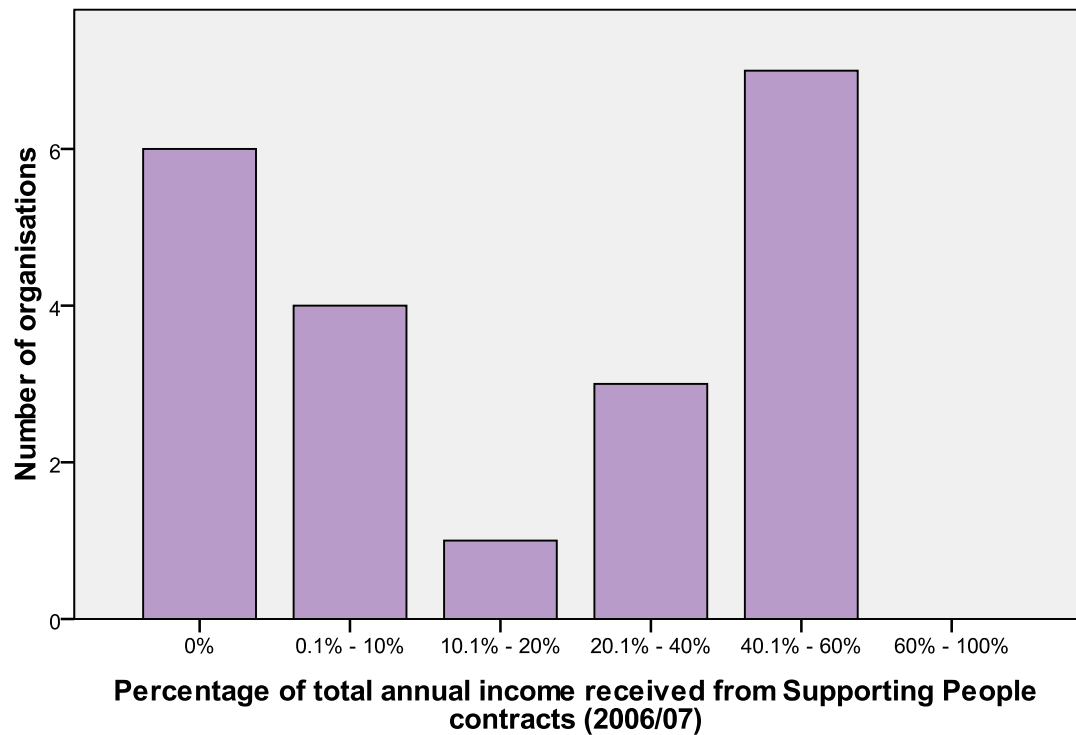


Figure 8. Histogram showing percentage of organisations' annual income received from Supporting People contracts

The organisations that were most dependent on Supporting People funding tended to be those with annual incomes between £1,000,000 and £10,000,000 (Table 7). Four of the largest providers with incomes over £10 million also received over 20% of their income from Supporting People, although a further three such providers received less than 10% of their income from this source.



**Supporting People Income**  
(as a percentage of total annual income)

Total Annual Income	● = 1 TSO	0%	0.1- 10%	10.1– 20%	20.1- 40%	40.1- 60%
	£0- £20,000	● ● ●				
	£20,001 – £1,000,000	●	●	●	●	
	£1,000,001- £10,000,000	●				● ● ● ● ●
	Over £10,000,000		● ● ●		● ●	● ●

Table 7. Matrix showing relationship between total annual income and percentage of income from Supporting People contracts<sup>2</sup>

Supporting People was not the only form of government funding available to homelessness service providers: some organisations had contracts with Social Services; others had received grants from local authority housing departments or had secured funding through the Hostels Capital Improvement Programme. Although it was not possible to obtain consistent or comparable data about the total statutory income received by each organisation, the importance of these other government funding streams was taken into account in analysing the interview data.

Although the study included only one non-charitable organisation, six providers received no voluntary income at all (Figure 9). Five providers (all Cautious Contractors or Community-based Non-contractors) were heavily reliant on voluntary income, which accounted for over 80% of their total income. However, in the majority of cases (16) voluntary income amounted to less than 20% of TSOs' annual income, underlining the significant extent to which homelessness TSOs rely on government support. Furthermore, although the number of cases is small, the fact that no organisations

received between 20% and 80% of their income from voluntary sources resonates with concerns about bifurcation amongst TSOs, in so far as there seems to be a divergence between providers depending on statutory contracts and those depending on voluntary income.

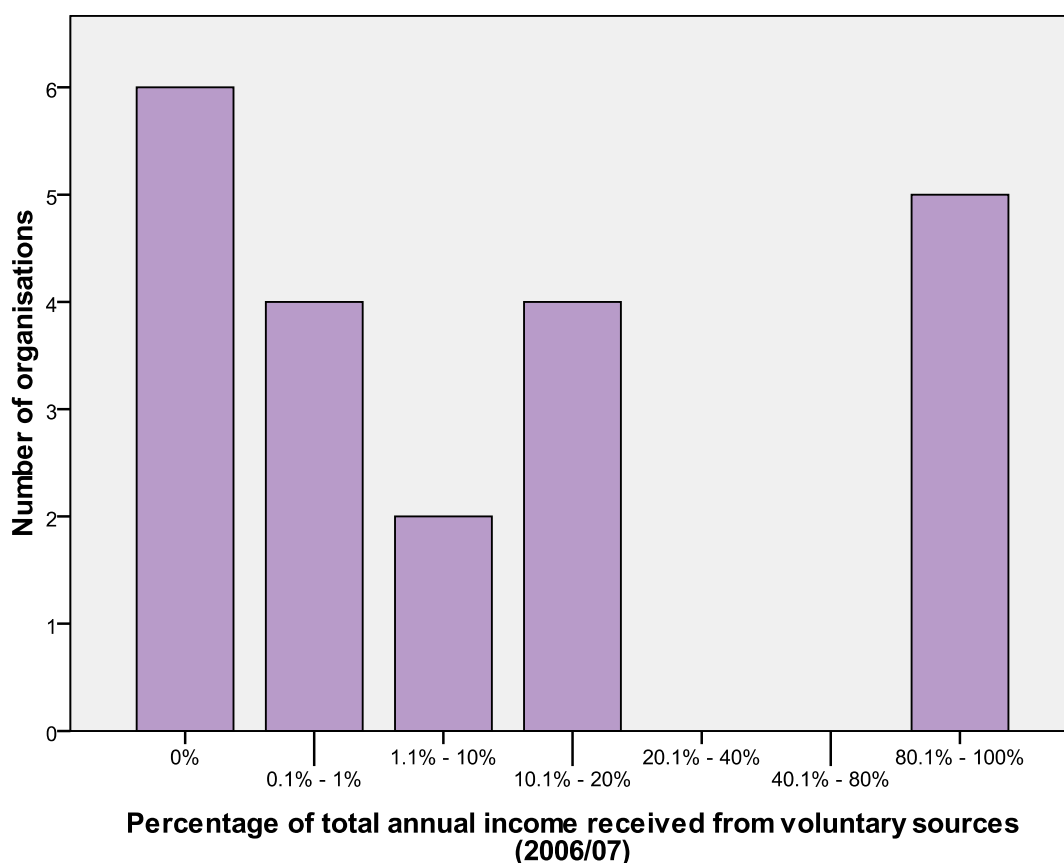


Figure 9. Histogram showing percentage of organisations' annual income received from voluntary sources

The matrix below (Table 8) shows that of the five organisations with over 80% voluntary income, only one received any income from Supporting People contracts. Meanwhile, of the fifteen providers that were contracted by Supporting People, six received no voluntary income. Only four organisations (3 Cautious Contractors and 1 Compliant Contractor; see Table 5) received over 10% of their income from both sources, and no organisations received more than 20% from both sources. This is perhaps a result of tensions between the requirements of voluntary donors and government commissioners, which were reported by some interviewees. However, two

Cautious Contractor organisations received 20-40% of their income from Supporting People and 10-20% from voluntary sources, suggesting that in some cases it was possible to reconcile these competing demands to some extent.

		Voluntary income (as a percentage of total income)						
		● = 1 TSO	0%	0.1- 10%	10.1– 20%	20.1- 40%	40.1- 80%	80.1- 100%
Supporting People contract income (as a percentage of total income)	0%			● ●				● ● ● ●
	0.1- 10%		● ● ●		●			
	10.1– 20%							●
	20.1- 40%		●		● ●			
	40.1- 60%		● ●	● ● ● ●	●			

Table 8. Matrix showing percentage of Supporting People income versus percentage of voluntary income for each TSO

It is difficult to disaggregate data on other sources of income such as investments, sales of property, rental income and other government funding streams, but in general the Supporting People funded providers were heavily reliant on earned income, whether from statutory or private sources. The organisations with no voluntary income and less than 10% Supporting People income were large registered social landlords (mostly Comfortable Contractors) which provided mainly general needs social housing and therefore received the majority of their income from rent. These providers had greater potential for cross-subsidising homelessness services with resources from other parts of the organisation. However, the fact that six of the contracted providers received no

voluntary income raises questions regarding government discourses about the involvement of voluntary and community organisations in public service provision.

### **Human Resources: Volunteers and paid staff**

The degree of ‘voluntarism’ embodied by a particular organisation can also be assessed with reference to the involvement of volunteers within it. The roles occupied by volunteers may vary considerably between organisations, and their involvement may fluctuate over time. According to the interview data, 12 of the providers studied involved volunteers and 9 did not. In fact all the organisations with charitable status would have had volunteer trustees or board members, but interestingly these were rarely mentioned by interviewees when asked about volunteer involvement. Figures 10 and 11 then, relate to the involvement of volunteers in roles involving contact with service users: this is more theoretically relevant to the research objectives because both political discourses and academic research suggest that volunteers are important in facilitating social environments and promoting the social integration of service users within broader communities (Wolch, 1983; Putnam, 2001; see Chapters 1 and 3). One provider reported that volunteers helped with administrative work in addition to their involvement with service users.

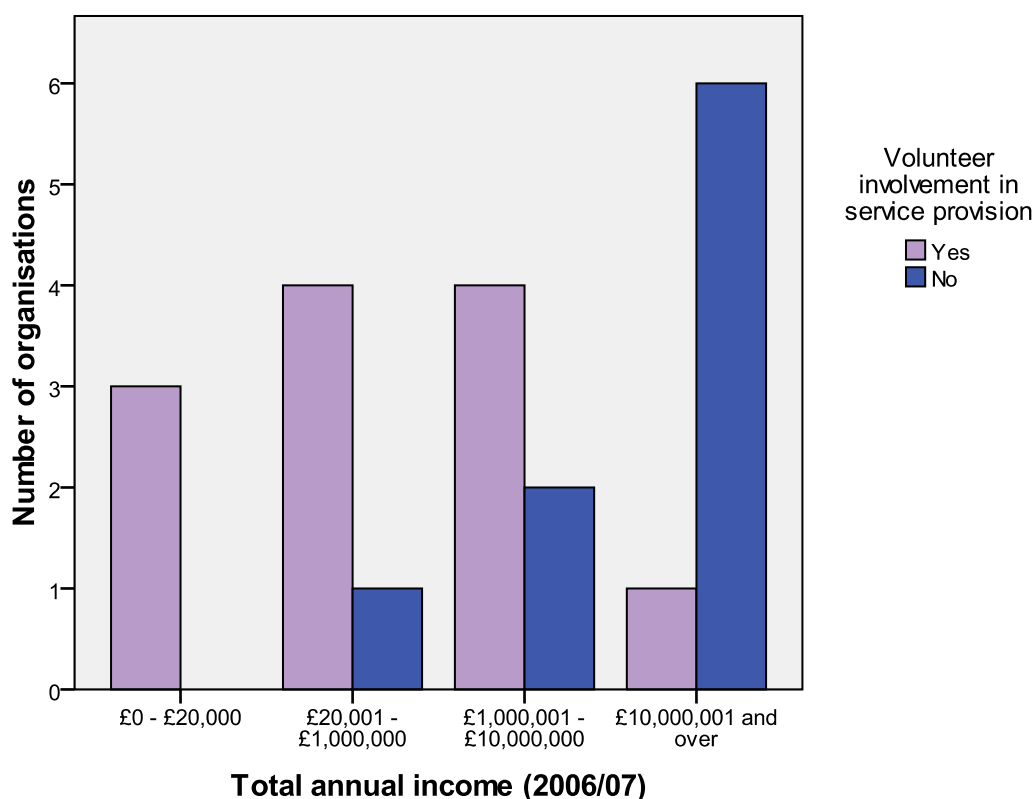


Figure 10. Bar chart showing volunteer involvement according to organisations' annual income

All the Community-based Non-contractors and Cautious Contractors involved volunteers, and TSOs with smaller incomes were more likely to involve volunteers than those with larger incomes (Figure 10). Several medium-large income providers reported that they had involved volunteers in the past but no longer did; however, some said that they were seeking to involve volunteers in the future, partly due to cost constraints and the need to maximise cost-efficiency. One provider reported that it was not feasible for their organisation to directly involve volunteers, but that it could call upon a group of volunteers brought together by local churches to carry out tasks (such as maintaining gardens) that were outside the remit of the organisation's own staff and budget. For some of the Compliant and Cautious Contractors, people participating in government work experience programmes or social work student placements made a significant contribution to their workforce. Several organisations also encouraged their service users to participate in voluntary work in order to gain skills, confidence and work experience.

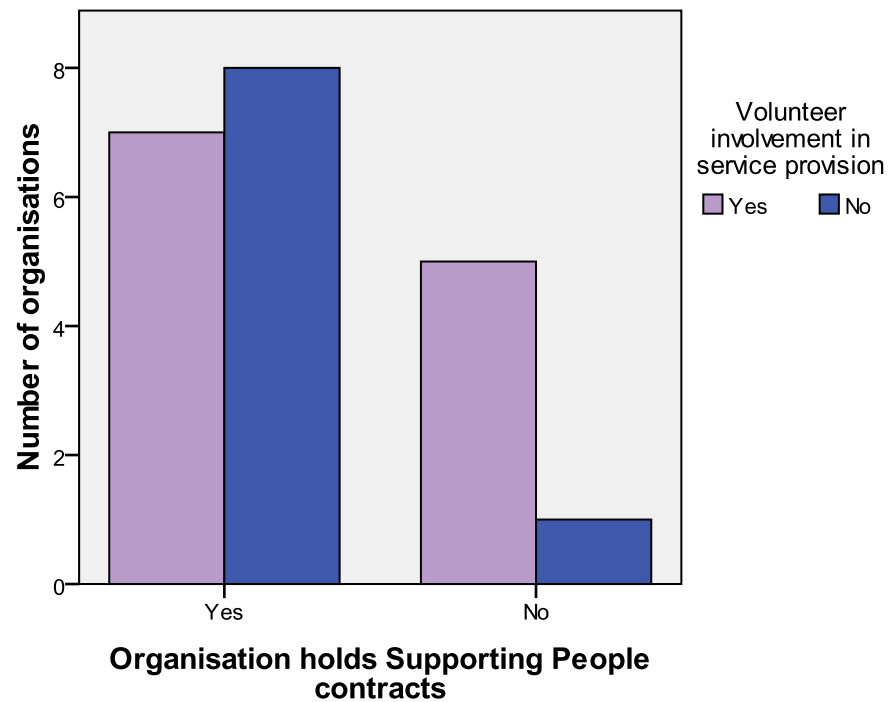


Figure 11. Organisations' involvement of volunteers according to involvement in Supporting People contracts

Given debates in the literature that involvement in government contracts would lead to the professionalisation of voluntary organisations and consequently a reduction in volunteer involvement (e.g. Milligan and Fyfe, 2005), it is interesting to consider the relationship between receipt of Supporting People funding and volunteer involvement (Figure 11). All the organisations that did not hold Supporting People contracts did involve volunteers, with one exception (this organisation received non-contractual payments for providing other services to Supporting People). Although the majority of organisations with Supporting People contracts did not involve volunteers, seven Supporting People funded providers did, demonstrating that involvement in government contracts does not preclude volunteer involvement (*ibid.*). However, in some cases where organisations provided a range of services, volunteer involvement was limited to those services not funded by Supporting People (such as soup runs and day centres). Some providers felt that accommodation-related support (typically funded by Supporting People) was not an appropriate context for volunteer involvement because of the need for consistent staffing and the satisfaction of health and safety requirements. Soup runs and meals services which involved more basic practical provision and

informal relationships were generally deemed more appropriate spheres for volunteer involvement. In some instances though, volunteers were involved in befriending schemes or social activities that operated within or alongside Supporting People services.

Two of the Community-based Non-contractor organisations in the study relied entirely on volunteer staff, but most providers had some paid employees. The median number of full time equivalent (FTE) paid staff for all organisations was 102 but staff numbers varied considerably amongst the providers. Two providers had only one FTE employee, but ten employed over 100 staff. The largest provider had over 3000 FTE paid staff. However, in the larger TSOs the figures included staff working outside of the study areas and with different client groups.

### **Values and faith-based organisations**

Over a third (8) of the organisations were Christian faith-based organisations, whose aims, management and day-to-day practices were reported by managers to be significantly influenced by the values of this faith. Some of these organisations had developed within or in association with local church communities, whilst others were national faith-based organisations (some of which also had links with local churches). A further two providers were 'faith-related organisations' (Smith and Sosin, 2001) in that they had originated as faith-based organisations but were now no longer overtly or actively faith-based. Seven of the eight faith-based organisations involved volunteers, and some organisations that were not faith-based also reported that local faith communities were an important source of volunteers as well as financial or in-kind donations.

Although categorical and quantitative data offer limited scope for presenting meaningful information about organisational values (which are arguably constituted (or not) through the day to day practices of individual staff and volunteers), evidence from the interviews and organisations' mission statements attested to the presence of a similar variety of values to those identified by Cloke *et al.* (2005). A number of providers spoke about their organisation's aim to promote more independent living: this resonated closely with

the objectives of the Supporting People programme and reflected an ethos concerned with encouraging lifestyle change amongst clients. Other organisations, particularly the Community-based Non-contractors that provided more informal services, placed a greater emphasis on demonstrating acceptance of clients regardless of their behaviour. However as subsequent discussions reveal, some TSOs – especially the Cautious Contractors – were seeking to find a middle ground between these two approaches.

## 5.5 CONCLUSION

This chapter has highlighted the diversity of the homelessness TSOs that were operating in Southampton and Hampshire and has provided important contextual information which will ensure that the more in-depth discussions about the impacts of contracting in the subsequent chapters are informed by an awareness of the characteristics of the organisations represented in the data. The quantitative evidence presented here has also drawn attention to some interesting patterns. For instance, in most cases providers were *either* heavily dependent on state funding *or* heavily dependent on voluntary funding and in this respect, there was some evidence of bifurcation amongst the TSOs in this study. However, a few TSOs received significant proportions of their incomes from both of these sources, and the interview data attest to the existence of a complex variety of TSO responses to contracting. There was clearly a need for a more nuanced analysis of differing TSO responses to government contracting than that afforded by the concept of bifurcation introduced at the beginning of this chapter.

In answer to this, a four-fold typology was developed, based on the experiences of the TSOs studied. The four types, Comfortable Contractors, Compliant Contractors, Cautious Contractors and Community-based Non-contractors, were developed with reference to organisations' characteristics (e.g. total income, volunteer involvement) as well as their involvement in and responses to contracting. The Compliant and Cautious Contractors seemed to be most affected by contracting: the Compliant Contractors had undergone the most significant changes, whereas the Cautious Contractors were experiencing the greatest tensions. If commissioning practices remain the same, it may be that providers of these types will cease to operate, or will become more similar to either the Comfortable Contractors or Community-based Non-Contractors.



The variation depicted in this chapter leads us to anticipate significant variation in the impacts that tendering and monitoring processes will have on practices within homelessness TSOs, and highlights the inadequacy of talking about the impacts of changing policy and funding arrangements on the homelessness third sector as a whole. The typology proposed here provides a valuable conceptual framework within which a more nuanced and differentiated analysis of these impacts can be presented in the following two chapters, which focus in turn on two specific aspects of contracting: tendering and quality measurement.

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<sup>1</sup> Most notably, two of the type 2 organisations receive no contractual Supporting People funding. Both these organisations were integral to the implementation of the Supporting People programme and had adopted professional standards and practices similar to those promoted by Supporting People, which meant that they fitted best in Type 2.

<sup>2</sup> One TSO has been excluded here because it received payments from Supporting People but not in contractual form.

## THE IMPACTS OF TENDERING ON THIRD SECTOR ORGANISATIONS

*We live in times defined by the relentless extension of market relations into almost everything. This deepening of market relations is reaching into arenas where the social good should (but often does not) take precedent over profitability and the efficient operation of markets.*

*(Lawson, 2007, p. 1)*

### 6.1 INTRODUCTION

As the previous chapter revealed, the majority of the TSOs in the study were involved in tendering for contracts with local government. In Chapter 1 we saw how this had become increasingly prevalent in the third sector more broadly, and some of the impacts identified by existing research were discussed. The review of national and local level homelessness policy in Chapter 2 showed how contracting and tendering had become significant issues in the homelessness sector, particularly since the introduction of the Supporting People programme in 2003. This chapter uses the interview data to explore the impacts that tendering was having on homelessness service providers in Southampton and Hampshire. In doing so it focuses particularly on the practical demands made of TSOs by the tendering process, and on the impacts of the emphasis on cost efficiency associated with tendering. The impacts of the performance monitoring and quality assessment processes, although related, are discussed separately in the following chapter.

### **Box 5. Stages in the commissioning and procurement cycle**

#### **Continuing market dialogue**

- Developing the supplier base

#### **Shaping programmes and strategies**

- Establishing policy and assessing needs
- Developing procurement strategy

#### **Pre-tender phase**

- Publicising contract opportunities
- Drawing up the specification
- Submission and scoring of pre-qualification questionnaires (if used)
- Or compilation of approved providers list (if used)

#### **Tendering phase**

- Applicants successful at PQQ notified (if relevant)
- Invitations to tender and full tender documentation including specification, contract conditions and quality requirements issued to (qualifying) applicants
- Submission of tender documents by providers
- Tender documents scored
- Short listed provided may be invited to give a presentation
- Evaluation and clarification of tenders
- Award of contract

#### **Post-tender phase**

- Managing the contract
- Monitoring and reviewing service delivery

Adapted from ACU (2004, p. 17) and Finance Hub (2007, p. 4).

Tendering is one of a number of processes that comprise the commissioning cycle (see Box 5) through which local authorities co-ordinate the provision of public services by TSOs and other agencies. Commissioning involves assessing needs, designing and securing services, and monitoring and reviewing their delivery (OTS, 2006a). Those parts of the commissioning cycle that ‘focus on the process of buying services, from initial advertising through to appropriate contract arrangements’ (*ibid.*, p. 4) are known as procurement processes. Tendering is therefore one aspect of procurement, but it cannot be studied effectively in isolation from the other parts of the commissioning

cycle. For example, the assessment of local needs will influence service design, and this in turn will be reflected in the specifications supplied to potential providers. As such, although the focus here is on the impacts of tendering, the effects of the advertising, specification and size of contracts are not excluded from the discussions that follow.

For most of the providers in the study, Supporting People contracts were the main form of government income. Where this was not the case, statutory funding was typically in grant form, either because the amounts involved were relatively small or because longer term grants awarded in the past had not yet expired. One exception to this was a provider that had an annual contract with the local housing department. However, only the Supporting People contracts were allocated through tendering, and these are therefore the focus of this chapter.

Within the Supporting People programme a variety of approaches to tendering have been adopted. As the following accounts show, there was considerable variation in tendering practices between the two local authorities studied, and also some variation within each local authority. In both Hampshire and Southampton, the procurement processes were subject to ongoing re-evaluation and modification as commissioners and providers gained experience over time. Several providers had experienced different contract allocation processes in different local authorities, for different services, or at different times in the evolution of commissioners' procurement strategies. The nature of the tendering process affects how it impacts upon TSOs, therefore the following section describes in detail the approaches employed in the two local authorities.

## **6.2 TENDERING PROCESSES IN PRACTICE**

The typical features of the tendering phase of the commissioning cycle are identified in Box 5; however, these features vary somewhat depending on the approach taken by local authority commissioners. Under the UK Public Contract Regulations 2006 (which implement Directive 2004/18/EC), four forms of tendering are available to local authorities: open, restricted, negotiated, and (since 2006) competitive dialogue (See Box 6; Office of Government Commerce (OGC), 2008; Shiva and Phelps, 2008). Health and social care are listed as 'Part B' services, meaning that they are exempt from some of

the procurement regulations. However, commissioners are still obliged to apply the principles of ‘non-discrimination, equal treatment, transparency, mutual recognition and proportionality’ (OGC, 2008, p. 5), and to achieve value for money in line with the UK government’s objectives for public procurement. The OGC advise that in order to do this, ‘some degree of advertising’ of contracts by local authorities is likely to be necessary (*ibid.*, p.5). At the time of data collection, however, there seemed to be a lack of clarity about how the Procurement Regulations should be applied, and they had been interpreted differently in each of the two local authorities studied, as the following descriptions show.

#### **Box 6. EU Public Procurement Procedures**

**1. Open tendering:** The invitation to tender is openly advertised and all interested providers may submit tenders in response to this. Authorities then select the winning provider directly.

**2. Restricted tendering:** Potential providers submit expressions of interest in response to an advertised contract notice. Authorities then select suitable bidders (based on a pre-qualification questionnaire, for example) and invite them to tender. The winning provider is selected from amongst the invited tenders.

**3. Competitive dialogue procedure:** Suitable bidders are selected from responses to an advertised contract. Authorities enter into dialogue with these providers to develop appropriate solutions. Providers are then invited to tender to provide the agreed solution. (Only used for very complex contracts where authorities require providers’ expertise to determine the contract specification).

**4. Negotiated tendering:** authorities negotiate the terms of a contract with one or more selected potential bidders. Usually the contract must be openly advertised and at least three potential providers invited to negotiate.

Based on OGC (2008, p. 6) and Shiva and Phelps (2008, p. 2)

## **Southampton**

In Southampton, the restructuring of homelessness services proposed in 2006 (see Box 3, Chapter 2.5) was implemented by allocating all the contracts through a tendering process. The single homelessness contracts were put out to tender over a two year period, meaning that different providers and services were at different stages in the procurement process: some were preparing tenders, some were operating services that they had recently won contracts for, whilst others were in the process of handing or taking over services to or from another provider. Indeed, providers with multiple services were often experiencing several of these situations at the same time with different services. Southampton's Supporting People Team drew up detailed service specifications for each service within the new structure and (in contrast to Hampshire's approach) openly advertised a call to tender to all potential providers for each contract. Although the Southampton Supporting People representative interviewed described their tendering process as 'open', it was in fact in most cases a restricted tendering process (see Box 6) because a pre-qualification stage was used when large numbers of applicants were expected, and this had become the norm. Pre-qualification questionnaires are used to identify suitable bidders on the basis of their financial standing and technical knowledge (only), thereby preventing excessively large numbers of bidders from completing the full tender documentation (Shiva and Phelps, 2008). Providers that passed the prequalification stage were sent the full documentation and were required to put together a tender outlining how they would meet the service specification and demonstrating their competence and capacity to do so. A panel assembled by Supporting People assessed the tenders, and produced a shortlist of providers. The short-listed providers were invited to give a presentation to the panel and answer their questions, and the panel would decide which provider was to be awarded the contract.

Tenders were scored according to their cost and quality. The latter was assessed on the basis of providers' previous performance in the Quality Assessment Framework (the tool used to measure the standard of Supporting People services: see Chapter 7.3) and on the outcomes they claimed would be achieved by the service. The weightings ascribed to quality and cost had changed over time, but for the majority of the contracts 60% was allocated to outcomes (or quality) and 40% to costs. This ratio had been used

for earlier tendering exercises in which the commissioners had given providers responsibility for determining the best price for which they could offer the service described in the specification. However, providers had found it difficult to prepare tenders with no indication of how much Supporting People were willing to pay for a service. As a result, the procurement process had been changed so that contracts were advertised with a fixed maximum price. The cost component of the scoring was then based on how many hours of support were offered for the price given, although providers could also choose to undercut the maximum price. This approach placed the emphasis on reducing the hourly cost of support, but because the price was already given, the scoring system was adjusted to give greater weight to quality (80%) than cost (20%). Prior to the Supporting People programme, homelessness funding had been allocated by consensus amongst members of the Supported Housing Forum, which was established by a coalition of local TSOs. Tendering therefore represented a much more transparent and in some respects fairer system than that which had preceded it, although as subsequent discussions will show, some providers were better able to participate than others.

All the Supporting People single homelessness contracts awarded in Southampton were for at least three years, and therefore offered successful bidders a longer (albeit still limited) period of financial stability than they had had in the past. This suggests that earlier concerns about insecurity resulting from the short duration of statutory contracts (e.g. Scott and Russell, 2001) had to some extent been addressed in this context. The contracts also made provisions for a two year extension to be granted at the Supporting People Team's discretion. The Supporting People representative interviewed reported that providers had been told to expect that this extension would ordinarily be given; however, it was not guaranteed and could be withheld if a provider was deemed to be underperforming or if the service was no longer considered strategically relevant to local needs. Contracts could also be terminated during the initial three years if a provider consistently failed to perform sufficiently well in the standards and outcomes monitored by the local authority (see Chapter 7).

Although there had been some variation and development of the tendering processes used to allocated Southampton's single homelessness contracts, these had been more

uniform than those used in Hampshire, where a rather different approach had been taken.

## **Hampshire**

In Hampshire there was far more variation in the procurement processes used to allocate different contracts. This partly reflected the fact that Hampshire's Supporting People team had taken a more gradual approach to the re-modelling of homelessness services, and that the changes deemed necessary were less radical (see Chapter 2.5). However, it was also a result of differing interpretations of the procurement regulations made by the legal teams of each local authority: whereas Southampton's Supporting People Team had been advised that they were obliged to put all their contracts out to tender, Hampshire's Supporting People Team had been informed that a tendering exercise was not always required because homelessness services qualified as 'Part B' services under the procurement regulations (see p. 136-7). Hampshire's approach therefore involved a combination of restricted tendering and negotiating contracts with existing providers. The latter did not constitute negotiated *tendering* (Box 6.2; OGC, 2008) because the contracts were not publicly advertised and negotiations typically only involved the organisation currently providing the service. However, Hampshire's Supporting People Team and their legal advisors were satisfied that their approach met the transparency, equality and value for money requirements of the procurement regulations.

The conditions under which tendering was to be used were outlined clearly in Hampshire's Supporting People Strategic Review and included instances when service reviews revealed an existing service to be very poor or not providing value for money; when a new service was being commissioned; and when services were altered for strategic reasons (e.g. merging similar services, or changing the type or client group of a service) (HSP, 2006). This meant that in contrast to Southampton where providers expected to have to re-tender for their contracts when they expired, Hampshire-based providers were likely (although not certain) to have their contracts renewed if they were meeting the required quality standards, were providing value for money, and continued to be strategically relevant. However, the Supporting People representative interviewed pointed out that it would occasionally be necessary to carry out tendering exercises for services that were presumed to be meeting these criteria, in order to ensure that value for money was indeed being achieved, and this caused some uncertainty for providers.



Tendering had been used to allocate eight contracts in the homelessness cluster as part of the implementation of the strategic review (see Chapter 2.5; HSP, 2006; HSP County Core Group, 2006). Hampshire's restricted tendering process was different from that used in Southampton, however. Rather than issuing a pre-qualification questionnaire for each contract, an approved providers list was used. This effectively served as a pre-qualification stage because only approved providers could tender for Supporting People contracts in the county. The opportunity to join this list was advertised openly on an annual basis and to gain approved status, providers had to satisfy certain requirements relating to their employment policies, financial viability, and track record in service delivery. At the time of the research, the approved providers list included 118 organisations. Invitations to tender were only advertised to organisations on this list, and all approved providers who expressed an interest in a tender were sent the full tender documentation. As in Southampton, the written bids were assessed first, and then the short-listed providers were interviewed. The scoring system differed slightly from that used in Southampton though. A weighting of 30% was given to 'inputs', which included how many hours of support and how many staff the bidding organisation proposed to provide, and how many clients they would support. Hampshire's tenders were done on a fixed price basis, meaning that the total cost was specified by commissioners at the outset, so the 'inputs' effectively represented the 'cost' component of the scoring system, and the percentage of the budget allocated to front line staff salaries was a key indicator used in assessing the value for money offered by each bidder. Another 30% was allocated to the broader quality of the service, including how the services would be delivered, the positive outcomes providers claimed they would have for service users, and the ways in which they would involve service users. Weightings of 10% were given to each of four further criteria: previous track record; plans for the development and continuous improvement of services; innovation; and bid compliance.

The tendering process in Hampshire was in some respects more sensitive to the interests of providers and their staff than that used in Southampton; however, the process could be seen as slightly exclusive because of the requirement to join the approved providers list. Similarly, whilst negotiating rather than tendering some of the contracts reduced transaction costs and minimised disruption for TSO staff and clients, negotiation was

less transparent than tendering. However, although this raises concerns regarding fair access to contractual opportunities for potential new providers, the intensive performance monitoring processes and quality standards introduced since the start of the Supporting People programme (see Chapter 7) did at least ensure that contracted providers were accountable to the local authority and achieved the required outcomes.

There are clearly important differences between the procurement strategies used by Southampton and Hampshire local authorities. These differences correspond to some extent with Osborne's (1997) earlier findings regarding social services procurement. The three local authorities in his study were found to utilise three different approaches to co-ordinating services, which he termed markets, hierarchies and clans (*ibid.*). The clan mechanism saw contracts being allocated through negotiation with a group of known providers who subscribed to a set of shared values. Hampshire's approach in some respects corresponded with this trust-based but more exclusive system of co-ordinating service provision, although there were also elements of hierarchical planning by local government and of market influences through the tendering process. Southampton's procurement processes more closely resembled Osborne's market mechanism of co-ordination, although again, the other mechanisms also played a part.

This discussion of the procurement strategies used in Hampshire and Southampton has not only shown the potential for variation in policy implementation between local authorities, but has also revealed that decisions about the tendering process were to some extent being made by legal teams rather than those with an awareness of the client group and provider mix. In spite of these differences, the increasing use of tendering was having similar impacts (albeit to differing extents) on TSOs in Southampton and Hampshire. The following sections draw on interviews with providers to explore first the practical implications of the tendering process, and secondly, the impacts of the emphasis on cost efficiency.

## 6.3 PRACTICAL IMPACTS OF THE TENDERING PROCESS

### Time devoted to tendering

Many TSOs interviewed raised concerns about the significant amount of staff time that was taken up by tendering, and these corresponded with concerns identified in other studies of contracting in the third sector (e.g. Taylor and Lewis, 1997; Alcock *et al.*, 2004; Morris, 2000; Cunningham, 2008; Cunningham and Nixon, 2009). Providers had to be able to demonstrate that they had sufficient expertise and experience to provide the services specified. This required the compilation of data about the quality standards and performance outcomes achieved in previous contracts or other relevant services. Costing the bid could also be time consuming and required providers to manage a delicate balancing act, maximising value for money, while also costing services accurately and realistically. The increasing emphasis on innovation (particularly as a means of reducing costs) meant that time spent researching and developing new approaches could also help to give a tender a competitive edge.

TSO managers were concerned that the time absorbed by tender-writing diverted human and financial resources away from the operational management of services:

*‘...we just get contracts for three years, and then you know, you’re always negotiating, you’re always looking at ways to get extra funding [...] That’s wrong. [...] we shouldn’t be working on doing tenders, we should be working on what we’ve got. But [...] you just can’t afford to let up [...] there’s far more competition out there now for, for the work.’ (Interview 8; Compliant Contractor)*

Similar concerns about the resources expended on tendering were expressed by a larger provider:

*‘The frustrating thing is that it actually is quite distracting. So a large amount of your energy and your efforts and your, and your costs, goes into maintaining your contracts, because the thing is, three years isn’t long in the life of a contract, you know, you’re no sooner started than you’re having to think about...you’re going to have to re-tender it. And so there’s continual uncertainty, and so [...] much of the senior management time in the organisation is spent just keeping those contracts...’ (Interview 19; Comfortable Contractor)*

There was of course no guarantee that this investment of time would result in the provider winning the contract, therefore participation in the tendering process represented a significant financial risk for some TSOs. In Southampton the pre-qualification questionnaire reduced this risk to some extent, because only five or six organisations were usually invited to tender. In Hampshire though, ten to fifteen tenders were typically received for each contract. Nevertheless, in each case, all but one of the bidding organisations would receive no financial reward for their efforts. Unsuccessful providers may have accrued some tangential benefits from tendering, for example through reflecting on their operations and strategy, examining their own performance, or becoming better known to commissioners. However, if an organisation did not win any funding contracts, these insights or developments would not benefit service users. As such, a significant proportion of the transaction costs incurred by TSOs in the process of preparing tenders were effectively wasted once a contract had been awarded.

#### *Advantages for larger providers?*

The larger Comfortable Contractors were typically best able to free up resources for the tendering process because they could amalgamate funding from several contracts to cover core costs, or could subsidise these using funding from other sources (see also Alcock *et al.*, 2004). The medium sized Compliant Contractors had also done this to some extent. This corresponds with Taylor and Lewis' (1997, p. 40) suggestion that the creation of markets for third sector services is 'likely to favour the larger organisations that have the capacity to prepare and negotiate contracts' and with more recent empirical research in which smaller TSOs have been shown to encounter greater difficulty in responding to tendering requirements (Morris, 2000; Milbourne, 2009; Cunningham, 2008). A Compliant Contractor which operated at the national level had employed a designated member of staff who was responsible for writing all the organisation's tenders, for example (Interview 17). However, one Supporting People representative was critical of this approach:

*'... the other model that large organisations use is they centralise everything. In which case as I say you come out with these very bland, very non descript bids that tend to be based on what they're currently providing, rather than looking at*

*what we are asking for [...] it doesn't require anybody with very much wit or understanding to recognise when somebody's given you a pat answer, and then they've tagged on the local situation at the end. It doesn't look very good. It really doesn't.* (Southampton Supporting People Representative)

This suggests that larger organisations were not automatically more likely to succeed simply by centralising the tender-writing process because local knowledge was also important.

Indeed, some Comfortable Contractor organisations did not seem to have used the economies of scale to their best advantage. In one such organisation managers reported that tender-writing responsibilities had been added to their pre-existing operational roles and it was therefore hard to find time for the former. Interestingly, although this was one of the largest TSOs in the study, one of its managers made the following statement:

*'I think the only thing with the open tender process is that you can end up swimming with sharks and it will only be the big people who get all the tender contracts [...] there are some support providers all over the country who have the financial capability to employ dedicated teams to fill in tenders and go through that tender process. We don't. It will be [name], and [name], and sometimes myself. So we have to try and fit that in to our normal workload.'* (Interview 11; Comfortable Contractor)

The difficulties faced by managers in this TSO were partly explained by the fact that support services were a relatively small component of the organisation's overall operations, which focussed mainly on social housing provision. As such, although the organisation had a very high annual income, relatively few central resources were made available to support those involved in tendering for Supporting People contracts. This suggests that the structure of an organisation, and the level at which the responsibility for tender-writing was located, was significant if the organisations' resources were to be used most effectively and efficiently in the tendering process. This point was reinforced by a Supporting People representative:

*'...you can then see the agencies that [...] are either more localised, or those that have the right structure in place – it could be a large organisation that have got*

*[...] the right level of centralised and local together, you can spot those ones that understand how to deliver a service effectively, and how you would deliver it on a day-to-day basis. [...] it doesn't matter whether you're large or small. That's actually about having the right structure in place.'* (Southampton Supporting People representative)

The quality of a tender then was not entirely dependant on the size and resources held by an organisation, but also on how they were distributed amongst its departments and services.

However, commissioners acknowledged that small providers did find it more difficult to meet the practical demands of the tendering process:

*'I think it's the sheer weight of information that we're asking for and expecting [...] that's the biggest issue. And certainly this is where your smaller providers do have more difficulty, is finding the time to sit down and write tenders.'*  
(Southampton Supporting People representative)

Because the majority of the Cautious Contractors only operated one service, they could not benefit from economies of scale and therefore while they may have had good local knowledge, they were less likely to have the time and expertise to write successful tenders. Large, well structured organisations with local or regional offices seemed best able to balance local knowledge and tendering expertise, and were therefore particularly successful in tendering.

### **Specific skills required by the tendering process**

In order to participate effectively in the tendering process, providers in Southampton and Hampshire had needed to access legal expertise and tender-writing skills. As one provider expressed it:

*'We are now in an environment where it has become intensely competitive [...]  
And so tendering is very much the new skill in the market. And being able to develop innovative services and present those, to be able to win those contracts is*

*as important a skill as any other in the sector' (Interview 19; Comfortable Contractor)*

Earlier studies of contracting in the third sector noted that TSOs encountered difficulties in understanding and negotiating the terms of contracts and had to access legal expertise in order to do so (Charlesworth *et al.*, 1995). A more recent report on the future of homelessness services in the UK predicted that the Supporting People programme would place new demands on skills and expertise within TSOs and suggested that:

‘Managers will need to be skilled negotiators and contractors to operate within the market, with high order skills in assessing quality, and organisational development, including supporting workers through second order change.’ (van Doorn and Kain, 2003, p. 10).

Cunningham and Nixon’s (2009) research suggests that the Supporting People programme has indeed required TSOs to develop new skills in order to tender effectively, and the managers interviewed in the current study also reported this to be the case. However, different TSOs had accessed these skills in different ways and to differing extents.

The larger Comfortable Contractor organisations typically had access to in-house legal advice. This contrasts with the TSOs involved in Alcock *et al.*’s (2004) study of contracting in social and health care which typically did not have their own legal and financial staff to scrutinise and negotiate contracts. This contrast may be partly due to differences in the size or nature of the TSOs studied, but it may also reflect the increasing need for such expertise due to changes in procurement practices over time. However, the ability of those writing the tenders to access this expertise again depended on where the tender-writing process was located within the organisational structure. In some cases, managers of specific services or departments retained primary responsibility for writing tenders for their own services but could draw on support from centralised legal or finance teams within the organisation. Another Comfortable Contractor organisation brought together a ‘tender team’ for each tendering opportunity to ensure that people with relevant skills and experience from across the organisation were involved in the bid:

*'...you can pull in people who've got certain skills. So if we're bidding for some particular contract and we've got someone in [County] who's very good at floating support with learning disabilities and they've done it before, we could pull them in as part of the tender team... Or if somebody's very good at the service user involvement... So it's a matter of we have the resources to win.'*  
(Interview 6; Comfortable Contractor)

Like other Comfortable Contractor organisations, this provider saw knowledge as an important resource and sought to develop it through both training and recruitment.

Compliant Contractor organisations were less likely to have in-house legal advice, and therefore corresponded more closely with Alcock *et al.*'s (2004) findings. However, these TSOs had found ways of accessing the necessary expertise, either by purchasing it externally or training their own staff. The Compliant Contractors tended to cover a smaller geographical area than the Comfortable Contractors and therefore usually could not draw on expertise from other parts of the country. Some of them had however tendered for service contracts for other client groups, and so had skills and experience that could be transferred to the homelessness tenders. These Compliant Contractors had therefore adapted relatively well to the skill requirements of the tendering process itself, although some reported difficulties in negotiating the complex TUPE legislation that affected the transfer of staff when a contract changed hands (e.g. Interview 18; see also Cunningham and Nickson, 2009).

The smaller Cautious Contractor organisations experienced greater difficulty in responding to the skills demands of tendering. The manager of one Cautious Contractor (Interview 16) organisation reported that the costs of drafting contracts ran to several thousand pounds and that this, in addition to the cost of training staff and producing new policy documents, represented a significant outgoing for a small organisation. He suggested that it was problematic that commissioners required very small TSOs to achieve the same standards and participate in the same processes as much larger ones. This reflects the conclusions of a recent national investigation of the Supporting People programme, which advocated greater sensitivity to smaller providers' needs in commissioning practices (House of Commons Communities and Local Government Committee, 2009). Indeed, the TSO mentioned above had negotiated rather than



tendered for its contract, and therefore was yet to experience the more onerous demands of tendering. It is difficult to assess the extent to which TSOs might have been excluded from contracting opportunities, because potential providers were more difficult to identify than actual providers. However, the implementation of the strategic reviews in Southampton and Hampshire had led to a reduction in the number of providers and it was reported that some of the TSOs that had been taken over or ceased to operate had struggled to meet contractual requirements (Interview 19).

There were opportunities for smaller TSOs to gain the required tendering skills, however. For example, a local infrastructure TSO had made it possible for providers in Hampshire to seek legal advice on the contracts jointly so that the cost could be shared amongst them. Free training on how to tender for contracts had been provided by Supporting People, and further advice and training on contracts and tendering was offered by the infrastructure TSO. The latter charged providers for its services, but operated a sliding pricing scale to ensure that smaller providers could access them. However, for some Cautious Contractor organisations (e.g. Interview 16) with one or few paid staff, finding time to attend training courses was difficult and although these courses offered practical advice about tendering, smaller providers would not necessarily have the capacity and resources to implement the advice given.

Whilst the tendering process itself generated significant transaction costs for bidding TSOs, as Le Grand (1991) points out, competition also encourages providers to divert resources to promoting or marketing themselves and thereby generates further indirect costs. The larger Comfortable Contractors attached considerable importance to branding and 'being the best known' (Interview 11). Medium sized Compliant Contractors were also becoming more attuned to the importance of attracting recognition for their work outside of the tendering process itself: some had held open days for this reason, for example (Interview 17). One might question whether the resources used for branding and marketing might have been better used for service provision; however, this was arguably important in increasing an organisation's chances of securing future funding. Smaller providers were less likely to have spare resources to invest in marketing, although the fact that they were more likely to involve volunteers and receive voluntary donations may have helped them to establish their reputation within the local community (e.g. Interview 16). Indeed, whilst the Compliant and Cautious Contractors

generally had fewer resources than the Comfortable Contractors in areas such as finance, law and human resources, because of their smaller geographical scope they often had greater local knowledge. However, larger providers with regional or local offices could also demonstrate good connections with local communities and therefore were not necessarily disadvantaged in this respect.

In spite of efforts to build the capacity of smaller TSOs to engage in tendering, both commissioners and providers acknowledged that larger, regional or national providers were advantaged in the tendering process. As one of the Comfortable Contractor managers acknowledged:

*'Partly I think because we are part of this big group, we had the resources to tender well from the beginning. And I think that's an important thing. So [Group Name] as a housing organisation had skills in tendering for other types of business, so we could learn from that. But also, I think what we're seeing in the Supporting People world is that people who have won initial tenders, learn how to tender well and keep on getting better at it. And people who don't know how to tender, if you're a small organisation and you're cleaning the toilets, writing the business plan, doing the client work [...] it's, one it's about time, two it's about resources, and knowledge' (Interview 6; Comfortable Contractor)*

As such, it seemed that TSOs that had not developed their ability to tender effectively at an early stage were unlikely to be able to catch up or compete with established Comfortable and Compliant Contractors. This raises concerns about the continued diversity of the provider mix. In Southampton, for instance, none of the organisations involved in Supporting People contracts could be described as Cautious Contractors. The organisations that had won contracts included national, regional and local providers, but all operated multiple services and had annual incomes of over £1 million. In Hampshire, the combination of negotiation and tendering reflected a more pro-active effort to preserve a mixture of large and small providers and to ensure that smaller local TSOs were not excluded from contracts. However, over time service specifications would have to be redesigned to reflect changing needs and resources, and (according to the guidelines set out by HSP County Core Group (2006)) these services would then

have to be tendered. It therefore seemed that small providers' exposure to tendering was being delayed rather than prevented through this approach.

This research supports the findings of studies which suggest that smaller third sector providers experience greater difficulty in meeting the practical requirements of the tendering process (Milbourne, 2009; Morris, 2000). However, it should be noted that the smallest TSOs were not involved in tendering at all. All but one of the Community-based Non-contractors lacked the resources to tender for contracts and the capacity to provide them, but this was not constructed as problematic by those involved in them. This was primarily because the services they provided (soup runs, meals, clothing, etc.) were outside the remit of government programmes such as Supporting People. These services also tended to be inexpensive in material terms, and could be staffed by volunteers. Furthermore, the voluntary giving of time and resources in order to care for others was itself identified by interviewees as an important aspect of these services (Interviews 22, 24 and 25). Following on from this one might conclude that contractual obligations (be they service provision contracts, or employment contracts) would have detracted from the voluntary component of these services. The one Community-based Non-contractor organisation that provided a service that could have fallen within the scope of the Supporting People programme had chosen to opt out of this because it wanted to retain its independence to pursue its own mission, which it felt would have been compromised by involvement in government contracts (Interview 4). In general, then, it seemed that the small to medium -sized Cautious Contractors who already relied on contractual funding but did not necessarily have sufficient resources to compete effectively for tenders experienced the greatest difficulties as a result of tendering processes.

#### **6.4 IMPACTS OF THE EMPHASIS ON COST EFFICIENCY RESULTING FROM TENDERING**

Tendering was used by the Supporting People Teams as a mechanism for generating competition in order to improve the cost efficiency and quality of services and to bring greater transparency to the allocation of contracts. Such arrangements can be described as a form of quasi-market (Le Grand, 1991), although this characterisation should be

qualified. The split between statutory funders and third sector providers was not new in homelessness services: independent providers were not replacing state providers, rather the conditions under which funding was allocated to existing (and in some cases new) third sector providers were changing. The context studied departed from Le Grand's (2007) 'choice and competition model' for the delivery of public services in that quality standards and performance measures were used by funders to regulate and control the market to a considerable extent (see Chapter 7). The degree of consumer choice involved here was also minimal: service users were usually involved in the commissioning process to some degree, but individuals could not exercise choice over which provider received a contract, nor were they (at the time this research was undertaken<sup>1</sup>) allotted individual budgets (*cf. ibid.*). For these reasons, caution is needed in applying arguments about the potential of quasi-markets to increase consumer choice and promote innovation to local homelessness service 'markets' in Hampshire and Southampton. However, the tendering processes used by Supporting People do bring multiple potential providers into competition with one another for the resources and responsibility to provide services, which is perhaps the most distinctive feature of a quasi-market. This, along with the existing literature and interview evidence, suggests that debates about the emphasis that quasi-market conditions place on cost efficiency are highly relevant to this study.

It is important to clarify that although cost efficiency is the main theme of this section, local authorities were required to improve value for money, rather than simply reduce costs. Indeed, the Audit Commission's (2009, p. 6) report on the Supporting People programme stated that at a national level

'[v]alue for money has improved. The overall value of the [Supporting People] grant has fallen since the start of the programme. In 2003/04, the total grant was £1.814 [billion] and in 2008/09, the total grant was £1.686 billion but the numbers of service users supported nationally slightly increased and quality has improved.'

This suggests that although the total expenditure on Supporting People services had been reduced, improved cost efficiency had enabled more people to be assisted. Cost efficiency should not therefore be seen as a negative thing *per se*: by ensuring that public funding is used efficiently with minimal wastage local authorities can in theory

secure more services to meet needs more comprehensively. However, the translation of annual cuts in the national Supporting People budget into reductions in the funding allocated to Hampshire and Southampton local authorities meant that commissioners were required to reduce expenditure whilst simultaneously maintaining or even improving the quality of services. The savings had to be passed on to TSOs and, ultimately, to their workforces and clients.

### **‘Value for Money’ or ‘More for Less’?**

In Southampton, considerable cost savings had been achieved following the service restructuring:

‘The complete hostel package [in Southampton] at the outset of the VIP [Value Improvement Project] was £872,000 for 55 support places. The price of the emergency hostel following rationalisation and tendering was £660,000 for 55 support places. Efficiency savings (cashable) for 2006/07 were £206,000, a 24 per cent reduction.’ (Audit Commission, 2009, p. 26)

However, because the emergency hostel provision had been amalgamated from four separate providers into one larger hostel, it is impossible to disaggregate the efficiency savings achieved by rationalisation from those that were the consequence of the competitive tendering process itself. Indeed, in Hampshire greater savings in the cost per unit of support were made on average on the contracts that were negotiated with existing providers (4.83%) than on those where competitive tendering was used (0.90%) (HSP County Core Group, 2006). The Hampshire Supporting People representative acknowledged that the threat of tendering may have made providers more acquiescent in negotiations, but nevertheless felt that their ‘partnering’ approach to allocating contracts was more effective than tendering. When transaction costs are taken into account, negotiation becomes still more advantageous for local authorities because the tendering process required considerable financial and human resources to be devoted to preparing the necessary documentation and assessing tenders (nef, 2007; see also Osborne, 1997). Most providers that worked in both local authorities preferred the approach taken in Hampshire, perhaps because negotiation was seen to offer them greater security.

However, while the cost savings reported demonstrate that tendering does not necessarily provide better value for money, they are also inimical to the notion of protecting smaller TSOs, because these organisations were then required to provide good quality services at a lower cost.

For commissioners, the cost savings described above were a necessary response to budget reductions. However, these ‘achievements’ on the part of the local authority effectively meant that the responsibility to reduce the cost of provision had been successfully delegated to providers, some of whom reported that they were continually being asked to achieve more with fewer resources (e.g. Interview 17). This was partly because the tenders were assessed in terms of broader value for money and quality and not solely on cost. This meant that as well as being cost efficient, TSOs were required to meet particular quality standards and performance measures, and demonstrate continual improvement in these. One provider described the situation in which they found themselves as follows:

*‘...Supporting People has cut costs, it’s said you’re going to get less money from us, we want more quality. So that’s the two pressures [...] And if you don’t change with those two levers, you don’t win.’ (Interview 6; Comfortable Contractor)*

Pressure to cut costs whilst simultaneously improving service quality was a key concern for large and small providers alike. Whilst the contracted providers generally agreed that the emphasis on quality and performance monitoring had contributed to significant improvements in the quality of services since the introduction of the Supporting People programme (see Chapter 7.4) there were concerns, particularly amongst the Compliant Contractors, that these improvements could not be sustained if funding continued to be reduced:

*‘... they’re consistently asking for more and the money’s getting less and less, it’s going to reach a point where no, it’s not sustainable, and I personally feel it’s not sustainable any longer. [...] I mean you had cuts last year, and now you’re making further cuts, and further cuts and although [...] people will say well there’s more money in the pot than there was years ago [...] I think the services are different now. The services are different to what people paid for years ago,*

*and they'll either have to go back to what before were often just like glorified baby-sitting services, because you'd just have someone on duty making sure the place wasn't wrecked or something, [compared] to actually working quite proactively with people' (Interview 13; Compliant Contractor)*

As this quotation suggests, the Supporting People programme had required providers to engage more proactively with clients to help them make progress in their lives. Whilst this was welcomed by most managers, it also required more time and skills than simply supporting clients to 'exist' and some providers were concerned that this might not be taken into account when expenditure on Supporting People services was compared with that which was in place prior to the programme.

Although tenders were assessed on the basis of quality and cost, providers were very conscious of the need to minimise costs in order to increase their chances of success in tendering. Decisions made by TSOs are inevitably influenced by the means available to them as well as their values or mission (Cho and Gillespie, 2006; Leat, 1995). However, competitive contracting may increase the pressure on organisations to make means-rational rather than value-rational (see DiMaggio and Anheier, 1990, p. 145) decisions in order to survive, potentially causing them to drift from their original values and purpose (Alexander *et al.*, 1999; Aiken, 2002) and increasing their likeness to market sector organisations. Whilst it is perhaps to be expected that for TSOs to succeed in winning contracts there must be considerable correspondence between their values and objectives and those of the state, the increasing influence of market-related values (such as reducing costs and maximising efficiency) on TSOs relates to broader concerns that the

‘...deepening of market relations is reaching into arenas where the social good should (but often does not) take precedent over profitability and the efficient operation of markets.’ (Lawson 2007, p. 1).

Considering that TSOs are characterised as value-driven organisations – and that values seem to play a particularly significant part in the homelessness field (see Chapter 3.3) – the emphasis on cost efficiency may threaten this element of the third sector's distinctive contribution to homelessness services.

## **Pressure on wages**

Staff costs are the main item of expenditure in housing-related support services, so pressure to produce competitively priced tenders inevitably led to downwards pressure on pay and conditions for employees. Similar pressures were reported in a recent study of Supporting People-contracted TSOs in Scotland, which found that wages and employment conditions were being reduced as providers sought to maximise cost-efficiency in order to retain contracts that were being re-tendered (Cunningham and Nickson, 2009). Most managers interviewed were keen to emphasise that the salaries paid by their organisation were not among the lowest offered, but nevertheless reported that there was pressure to reduce staff costs. For instance, one manager said

*'I think we're one of the better payers, although to be honest Supporting People and the tendering process has driven us to create a grade below what we were working at which we call a kind of starter post, which is Housing Support Assistant. So you don't have to have any experience. But really to be honest that was driven by money, rather than, we want to get lots of new people in. It was about you know getting our costs down.'* (Interview 6; Comfortable Contractor)

Another provider was also considering introducing a new lower pay band in order to be able to provide services more cheaply (Interview 13). This practice was also observed by Cunningham and Nickson (2009), and corresponds with the de-skilling that has occurred in other service provision contexts as a result of marketisation (Leys, 2001). This resonates with Cloutier-Fisher and Skinner's (2006) study of the impacts of 'managed competition' on third sector care providers in Ontario, Canada, which found that pressure to cut costs in order to compete was having a detrimental effect on the quality of TSOs' services. Indeed, it appears that while the Supporting People programme has so far led to an emphasis on staff training and professional accreditation amongst TSOs (Scragg, 2008), pressure to be competitive and cost efficient may now be acting to reduce the skill and training levels of front line staff.

Whilst commissioners had no choice but to pass on budget cuts to providers, most TSOs were in a weak position to defend the pay and conditions of their workers. Third sector employees generally have relatively low levels of trade union representation (Agenda Consulting, 2006, cited in Clark, 2007), and while some of the larger organisations had



sufficient financial stability to turn down contracts that they deemed to be too cheap, small and medium sized organisations specializing in homelessness services or operating over a small geographical area had less scope to do so. This adds weight to concerns about the potential for TSOs and their employees to be exploited as cost savings are transferred from the state to the third sector (e.g. Foyer, 2006; Salman, 2006).

In Hampshire, some efforts had been made to protect the wages of front line staff in contracted TSOs, as the Supporting People representative explained:

*‘...the most important thing in delivering housing-related support is the staff. Now we’re quite clear with providers, that broadly we expect something around sixty, sixty-five percent of every pound that we give them to go on the frontline staff. Not on the office staff.’ (Hampshire Supporting People representative)*

This was designed to ensure that a reasonable salary could be offered to support workers, based on the maximum hourly cost of support that Hampshire’s Supporting People team were willing to pay (set at £20 in 2003/04). However, because the commissioners were also keen to secure cost efficiency through tendering and contract negotiations, the hourly cost eventually paid to providers was typically considerably lower than this maximum amount (on average £17.01 in 2006 (HSP County Core Group, 2006)). As such, these measures were not necessarily sufficient to sustain or improve the pay and conditions of front line staff.

Tendering has been shown to contribute to workforce insecurity in the third sector (Cunningham and James, 2007; Cloutier-Fisher and Skinner, 2006) and in the current study, several TSOs reported having high staff turnover and difficulties in recruiting staff. Economic conditions have changed considerably since the data were collected and staff retention may consequently be less problematic at present; however, the job insecurity that arose when contracts were being re-tendered was also reported by some interviewees to be contributing to low staff morale (e.g. Interview 5), which could undermine service quality or lead employees to seek more secure employment elsewhere (see also Cunningham, 2008). In combination, these observations suggest that the cost efficiencies being required of providers were unsustainable and would in the long run lead to reduced service quality.

## **Cross subsidisation and the economies of scale**

The efforts of commissioners in Hampshire to ensure that providers focused their resources on front line provision also prompt the question of whether adequate resources were being made available for overhead and administrative costs.

Commissioners in Southampton and Hampshire stated that the contractual funding was intended to cover administration costs as well as direct service provision. For example:

*'We would expect the services to be, not necessarily stand-alone, because if you've got processes already set up there will be efficiencies there, but the [contracts] are designed to pay for the front line support, the management of that, the administration, the other costings that make certain that the service actually runs.'* (Southampton Supporting People representative)

The Compliant Contractors generally agreed that they did receive full cost recovery and, as the data presented in Chapter 5.4 showed, these organisations in any case received little voluntary income with which they could supplement their contractual funding. This seems to be inconsistent with widespread concerns that many TSOs do not receive full cost recovery for services provided under contract to the state and that they are required to subsidise services themselves (Alcock *et al.*, 2004; Benjamin, 2007; Leather, 2007). However, one Compliant Contractor stated that in accommodation-based services, the managers responsible for support workers were funded by rental income, meaning that the costs of the Supporting People service were partially subsidised by housing benefit and potentially service users themselves. It was also reported that in at least one instance, a provider had mistakenly not included any management costs in their bid: having won the tender, they were then required to make up the deficit in their budget using the TSO's own resources. There seemed to be some confusion amongst providers about which costs were to be included within the tenders.

The Comfortable and Compliant Contractors were typically able to amalgamate funding from multiple contracts to provide the necessary administrative and monitoring functions more cost effectively than smaller providers with only one contract. However, as the comment about 'efficiencies' in the quotation above implies, some of the Comfortable Contractors were also cross-subsidising their contractual income from

other more profitable parts of their business. In one organisation it was reported that the contractual income was only used for direct service provision:

*'Departmental Manager: No, we're not subsidised, but as a whole, [Organisation name]'s figures look healthy at the end of the year because other departments make a surplus*

*Service Manager: [...Organisation name] makes a surplus, quite a large surplus, and yes, some of our services that do run at a loss are supported by others [...]*

*Departmental Manager: Yes, 'cause we don't receive any [Supporting People] money now for me, or you [to Service Manager], or [Administrator], or [Administrator] [...] and we've got a dedicated Supporting People monitoring officer [...], but we don't get any SP funding for them*

*Service Manager: No because our SP funding is always now for a hundred percent support [...] So the money we get is for delivering the service, face-to-face' (Interview 11; Comfortable Contractor)*

It was difficult to verify these claims, but the managers explained that this situation was tolerated by the organisation's central management because the support services were considered to add a 'social purpose' to its core social housing business. Cross subsidisation did not seem to be as widespread amongst TSOs in Southampton and Hampshire as it was amongst those studied by Cunningham and Nickson (2009). Nevertheless, this evidence suggests that larger organisations, and particularly those that did not specialise in housing-related support or homelessness services, would be able to undercut the bids of smaller, more specialised providers.

While larger providers sometimes subsidised their contracts with other forms of earned income, Cautious Contractors were more likely to use voluntary income to supplement their Supporting People contracts. However, this was often used to pay for things that were outside the scope of Supporting People funding such as providing social activities for service users. In one case an organisation did not charge rent to clients and instead the accommodation component of the service was funded by donated income (Interview 16). Another way in which these organisations indirectly subsidised the contracts was through their use of volunteers, although only in one contracted TSO were volunteers

used in what could be described as core service provision roles. For the most part voluntary resources gave these organisations greater flexibility to provide services in a way that was more closely aligned with their own mission or values. However, in some cases – for instance where volunteers were used in administrative roles - they may have enabled these providers to offer services to Supporting People at a lower cost. Interestingly, at least two of the Comfortable Contractor organisations were investigating ways in which they might involve volunteers in the future, partly in order to reduce costs so that they could produce more competitive bids. Although certain forms of volunteer involvement can have significant benefits for service users, interviewees had elsewhere raised concerns about using volunteers in core service provision roles because consistent involvement could not be guaranteed (through a contract, for example) and it was not always financially viable for TSOs to train them suitably. As such, this adds weight to the concerns raised above regarding the potential for improvements in quality standards and consistency to be undermined by pressures to compete and cut costs.

## **6.5 CONCLUSION**

The data discussed above reveal some of the direct and indirect impacts of tendering on TSOs involved in Supporting People contracts. There were concerns about the high transaction costs of tendering and the diversion of TSOs' resources away from direct service provision. The time and skill requirements of the tendering process were reported to be particularly problematic for the smaller Cautious Contractors, because the scale of their operations did not support the employment of staff with specific tendering skills. By contrast, some of the Comfortable Contractors drew upon knowledge and skills from different departments or geographical areas in writing each tender. Not all Comfortable Contractors adopted this approach however, and the extent to which the resources held by larger TSOs actually benefited them in the tendering process depended on how tendering was positioned and organised within organisational hierarchies. Commissioners were concerned to ensure that successful bids were locally specific, and as such it was important that national or regional level providers struck a balance between drawing on centrally held expertise and the local knowledge of

individual service managers. Efforts were being made to provide training in tendering for TSOs but resource imbalances nevertheless made it difficult for smaller TSOs to compete with larger ones.

The differences between the commissioning processes used in Hampshire and Southampton highlight the potential for significant geographical variation in the implementation of procurement regulations and consequently in the nature of local state-third sector relationships. This study could not capture the experiences of organisations that had ceased to provide services in either local authority as a result of losing contracts. However in Hampshire, where some contracts had been negotiated rather than tendered for, a larger and more diverse group of TSO providers had remained. Hampshire's decision to negotiate rather than tender the majority of its single homelessness service contracts was partly motivated by a desire to spare smaller providers (and the local authority) the transaction costs involved in tendering. This seemed to have sustained a more diverse provider mix in Hampshire (compared to Southampton) and had also achieved greater cost savings compared to the contracts that were tendered for in the same local authority. However, these cost savings had to be absorbed by the TSOs, which seemed to contradict the desire to protect smaller providers that was supposed to have motivated the selection of this approach to procurement. Southampton's approach, which involved tendering for all the contracts, was more open and transparent but had created considerable insecurity for providers (Buckingham, 2009) and although some larger local TSOs had won contracts, no small providers had done so. It should be acknowledged, though, that the evidence-based approaches to procurement used in both local authorities were far more transparent (albeit more so in Southampton) than the contract allocation processes used prior to 2006.

TSO managers reported significant pressure to reduce costs, and some providers had introduced a lower staff pay band in order to offer services at a more competitive price. As such, the emphasis on cost efficiency had begun to contribute to the de-skilling of service provision. This raises the concern that improvements in the qualification levels of staff that had been achieved through the quality measures imposed by the Supporting People programme may be undermined by the need to reduce costs, potentially reversing improvements in service quality already achieved.

Importantly though, quality as well as cost was taken into account in assessing tenders and providers agreed that service quality had improved significantly since the start of the Supporting People programme. However, these improvements were attributed primarily to the standards and monitoring schemes introduced, and as such it seemed that the ‘targets and performance management model’ had had a greater influence on service quality than the ‘choice and competition model’ with which the tendering mechanism is more closely associated (Le Grand, 2007). The emphasis on performance monitoring and quality assessment had contributed to the tensions that both larger and smaller providers experienced between demands to improve quality and to reduce costs. There were real concerns that these dual pressures would become unsustainable and may jeopardize the quality of services in the longer term. The impacts of the quality measurement processes are explored in the following chapter.

Although tendering was closely associated with increasing cost pressure by the TSO managers interviewed, it is more accurately seen as a *mechanism* for exerting cost pressure on TSOs, rather than as the cause of such pressure which, at the time of the study, could be traced to resource allocation decisions made at the national level. However, in April 2009 the ‘ring-fences’ around local Supporting People budgets were removed, giving local authorities greater discretion regarding the allocation of funding to these services. Practitioners have raised concerns that this will leave homelessness and other support services vulnerable to further funding reductions (House of Commons Communities and Local Government Committee, 2009; Audit Commission, 2009) and as such it is important that discussions about procurement processes do not distract from the fundamental issue of resource allocation to public services (see also Johnson *et al.*, 1998).

Nevertheless, tendering had significant implications for TSOs and was effecting substantial changes in the homelessness service provider mix in the areas studied. It may be that the TSOs that were best adapted to and most successful in tendering were also best equipped to provide professional, consistent services and comply with the necessary quality measurement processes. However, these providers did not necessarily exhibit the distinctive qualities that are ascribed to TSOs in political discourses and which are deemed to make such organisations well suited to working with vulnerable groups such as homeless people. Such qualities were more evident amongst the

Community-based Non-contractors. As such, the tendering process and its impacts seem somewhat contrary to the government's objectives for TSO involvement in public service delivery and care needs to be taken to ensure that tendering requirements do not undermine TSOs' comparative advantages.

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<sup>1</sup> At the time of data collection, the implementation of Individual Budgets for health and social care was under discussion and there was some uncertainty as to how these would influence Supporting People services (Audit Commission, 2009). However, the consensus amongst service managers interviewed was that it would not be practicable to introduce Individual Budgets for single homeless clients.

QUALITY MEASUREMENT AND ITS IMPACTS ON  
THIRD SECTOR ORGANISATIONS

*Not everything that can be counted counts,  
and not everything that counts can be counted.  
(Albert Einstein, 1879–1955)*

**7.1 INTRODUCTION**

TSOs' increasing involvement in public service provision contracts has been accompanied in the last decade by a growing emphasis on measuring the quality and effectiveness of their services. Although quality measurement practices have been implemented inconsistently amongst homelessness TSOs in the UK (May *et al.*, 2006), quality standards and performance measurement have certainly been important components of the Supporting People programme. Providers contracted under this programme were required to meet specific quality standards and to report regularly on certain performance measures. These measurement schemes were intended to standardise and improve the quality of services and to ensure that providers were held accountable for their use of public funding. However, for homelessness TSOs in Southampton and Hampshire, the quality measurement processes had had a complex and ambiguous range of implications. This chapter therefore explores these impacts and seeks to identify some of the unintended consequences that quality measurement processes had for providers.

TSO managers generally felt that Supporting People's performance measures rightly made them more accountable for their use of public funding, and providers and commissioners alike agreed that the Quality Assessment Framework introduced by Supporting People had improved the quality and consistency of services covered by the



programme. However, there were concerns about the administrative burden associated with quality measurement, and the potential neglect of the longer term or less measurable aspects of service provision. Supporting People's performance measures emphasised the importance of moving clients on from services within a specified time frame, and managers were concerned that this meant that clients were sometimes moved on before they were ready. Providers also pointed out that improvements in clients' self esteem and relational skills were highly significant but were not easily measurable. As a result these aspects were not recognised by the quality measures used by government and other funders, which tended to focus on shorter term, tangible improvements relating to accommodation and employment status.

Experiences of and responses to quality measurement varied considerably amongst the TSOs studied. For the Cautious and Compliant Contractors, adopting the quality measurement processes had required major changes in their working practices, whereas the Comfortable Contractors had encountered less upheaval because they already had similar measurement processes in place. The most informal TSO services that were not involved in government contracts typically had no formal quality measures in place. This chapter focuses on the TSOs which did use quality measurement processes: those that did not were typically providing more informal services (such as drop-in meals services) and could not be directly compared. However, in some instances these organisations provided insightful contrasts and their experiences are therefore drawn on from time to time.

The chapter begins by considering how quality can be understood in the context of homelessness services, and then explains the quality measurement processes used in the TSOs studied. The impacts that these processes had on the organisations are then discussed, focussing in turn on: accountability and transparency; administrative demands; the potential for improved standards and outcomes; the emphasis on moving clients on; the potential neglect of non-measurable outcomes; and finally the influence on relational aspects of service provision. The existing literature on performance measurement in the third sector is rather limited, but is drawn on throughout the discussion. By identifying and evidencing some of the impacts of the quality measurement practices used in homelessness services, it is hoped that the material

presented here will provide insights into how some of the negative effects might be ameliorated.

## **7.2 OUTCOMES AND ‘QUALITY’ IN THIRD SECTOR HOMELESSNESS SERVICES**

In order to investigate quality measurement in homelessness services it is important to consider what sort of outcomes it might be desirable for these services to achieve. Different stakeholder groups such as government and non-governmental funding bodies, managers, staff and clients have different perspectives on which outcomes are important, and these perspectives varied between different organisations and individuals. Indeed, the involvement of multiple stakeholders often makes it difficult for TSOs managers to identify the objectives against which the effectiveness of their services should be measured (Johnson *et al.*, 1998).

The Supporting People programme places a strong emphasis on supporting clients to move towards more independent living, and local Supporting People teams were therefore particularly concerned with outcomes such as the number of clients that moved-on into more independent accommodation. This concern had also been adopted by the contracted TSOs, but as some managers pointed out, these move-ons did not necessarily constitute positive outcomes for clients in the longer term. For instance, if service users were unable to cope with the greater level of independence they could become homeless again. However, it would have been difficult to measure longer term outcomes because once clients had left a service their progress could not easily be monitored.

A significant barrier to the effective measurement of TSO performance lies in the difficulty of observing and measuring outcomes for complex human services (e.g. Lipsky, 1980). For example, some managers stated that improving clients’ self esteem was an important outcome of their organisations’ work: this could not be quantified, but was considered to be fundamental if clients were to make progress towards other more tangible outcomes. In other studies, TSO representatives have pointed out that a ‘friendly atmosphere’ may be instrumental to the effectiveness of a service, but its

existence cannot be measured (Nicholls, 1997; Bolton, 2004). TSO managers interviewed in the current study also talked about the importance of social relationships for clients' wellbeing. Indeed, the development of positive relationships with service users was one of the key objectives of the more informal services provided by the Community-based Non-contractors. Again though, such relationships, and their influence on service users' wellbeing were difficult to measure. Service users were not interviewed in this research, but one would expect that they would offer a further set of criteria for evaluating the performance of homelessness services, and that different individuals would again have different priorities in this regard.

These complexities testify to the fact that quality is a subjective concept, and as such, the various measures used to assess it within TSOs are, at best, proxies for quality, some of which are more reliable than others. The quality measurement literature differentiates between measures that relate to structural aspects or inputs (relatively stable characteristics such as the physical environment and workforce); procedures and processes (how the service is provided, e.g. levels of user involvement); outputs (what is provided, e.g. how many clients are accommodated); and outcomes (benefits or changes for service users) (Donabedian, 1980, cited in Wolf and Edgar, 2007; Moxham and Boaden, 2007; Johnson *et al.*, 1998). The terminology relating to these measures varies considerably: in this study the term 'quality standards' refers to the measurement of inputs and processes and 'performance monitoring' refers to the ongoing measurement of outputs and outcomes.

The omission of less easily measurable outcomes from quality measurement processes relates to broader concerns about the lack of correspondence between the indicators measured and the actual outcomes of TSO activity. This is partly a consequence of goal ambiguity and the difficulty of reconciling different stakeholders' perceptions of quality (Johnson *et al.*, 1998). However, it also results from poorly designed quality measurement systems that focus on processes and outputs (e.g. number of service users), which may or may not be causally related to longer term outcomes experienced by clients (Moxham, 2009; Moxham and Boaden, 2007). On the basis of his US-based research, Kaplan (2001) argues that the focus of performance measurement needs to shift from programmes (or processes) to outcomes if resources are to be targeted effectively towards TSOs' core objectives.

### **7.3 DESCRIBING THE QUALITY MEASUREMENT PROCESSES**

Quality measurement practices amongst the TSOs studied were strongly influenced by funding bodies' requirements and, partly as a consequence of this, they also varied depending on the type of service(s) an organisation provided. Organisations that were contracted by Supporting People were required to adopt specific ongoing outcome measures and to participate in a quality standards scheme known as the Quality Assessment Framework (QAF). This contrasts with Wolf and Edgar's (2007) findings about the lack of outcomes monitoring amongst homelessness TSOs. Amongst non-Supporting People services however, the adoption and character of quality measurement practices varied considerably. The soup runs and meals services typically had no quality measures in place, but the three day centres all used some form of quality measurement. The day centres which received statutory funding were usually required to give quantitative evidence about the number of clients served, for example, and some providers had developed their own internal monitoring procedures and quality standards. The fact that there was no independent standards scheme for homelessness services outside of the Supporting People system was highlighted as a problem by a number of providers, and as a result some of Supporting People's quality measurement tools had been adopted by managers of services that were not included in the programme.

#### **Supporting People services**

Whereas Hampshire and Southampton employed different approaches to tendering Supporting People contracts, the quality measurement processes used for these services were specified at the national level and therefore were the same in each local authority. During the service reviews that took place between 2003 and 2006 (see Chapter 3.3), all the accommodation-related services then contracted by Supporting People were assessed using the QAF, which was developed for this purpose. Providers self-assessed their services using this framework and Supporting People teams carried out validation visits to verify the results. The QAF<sup>1</sup> consisted of 11 'supplementary objectives' and six 'core objectives' which included: assessing service users' needs and risk; ensuring up-to-date support plans were in place; and protecting staff and services users' health and

safety (see ODPM, 2005c). Several of the criteria emphasised the role of skilled and professional staff and the importance of service user involvement in decisions about support. For each objective services were awarded a performance level from A to D, whereby ‘A’ denoted excellence and ‘D’ meant the service had failed to meet the minimum quality standards. Providers receiving level D scores were required to immediately prioritise improvement to level C, and those receiving Cs were required to agree a timetable for attaining level B with the local authority. The QAF emphasised the importance of continual improvement and contracted providers in Southampton and Hampshire were required to complete this assessment annually.

In addition to the QAF, Supporting People-funded providers had to keep detailed client records and were obliged to submit quarterly performance returns reporting on the number of residents (utilisation), empty bed spaces (voids), move-ons and evictions, and providing data about staffing levels, move-on destinations and whether move-ons were planned or unplanned. Providers were required to justify deviations from the levels of staffing or utilization (for example) expected by Supporting People. Contracts could be terminated if providers consistently failed to meet the required quality or performance standards, although most managers reported that the Supporting People teams were supportive in helping them to rectify under-performance. Nevertheless, the possibility of decommissioning added to the importance of meeting the standards, as the following quotation suggests:

*‘...with most of our contracts we don’t have particular targets, because most of our contracts – especially around homelessness – are to support tenants for anything up to two years, and anything past two years, then we’ll start to be picked up. If we don’t have a very high percentage of very positive move-ons, then we’ll be picked up [...]*

*Interviewer: And what happens if you’re picked up?*

*[Supporting People] will come in and review the service and make a decision as to whether we need to make changes or whether it will be decommissioned.’*  
*(Interview 11; Comfortable Contractor)*

Most managers reported that their organisations had not been given specific targets by Supporting People but, as the above quotation shows, because the contracts specified the maximum length of client stays, providers were in fact expected to work towards moving *all* clients on within the time period specified. Some organisations carried out additional internal monitoring and some managers claimed that their internal standards schemes had pre-empted and closely corresponded with those required by Supporting People. More often though, TSOs had significantly altered their own procedures or introduced new ones in order to incorporate Supporting People's requirements.

In 2007 a new outcomes framework was launched by Supporting People which required providers to submit detailed information about clients' progress in a range of areas including being healthy, achieving economic well-being and participation in training, work and leisure activities (Supporting People Client Record Office, 2007). This provided a basis for assessing individuals' wellbeing on entering and leaving a service and therefore was a means of assessing the service's quality and effectiveness. The framework could also be used as a basis for designing support plans and structuring client consultations, and a few organisations in the study were already using it in this way. The framework was designed to address concerns regarding the lack of correspondence between quality measures and actual benefits for service users (*ibid.*; e.g. Wolf and Edgar, 2007). However, when the interviews were conducted in 2007-2008 the implementation of this framework was at a very early stage: assessing its impact is therefore beyond the scope of this study, but would be an interesting topic for future research.

### **Non-Supporting People services**

The Supporting People programme had not only increased the usage of quality measurement processes by the Comfortable, Compliant and Cautious Contractors that it funded, but it had also standardised measurement practices amongst these TSOs. By contrast, there was considerable variation in the measurement processes used by TSOs not funded by Supporting People. This partly reflected the fact that information was being collected for different purposes. Some organisations collected quantitative data about their activities to support funding applications to charitable trusts and other non-

statutory sources, whereas others had to meet measurement requirements made by other government departments.

TSOs that received statutory grants or contracts from housing departments or social services typically had more formal measurement requirements than those that received no statutory funding, but these were less intensive than Supporting People's demands. Nevertheless, the amount of information requested had reportedly increased over recent years:

*'...back in the day, you would have Social Services calling you saying 'oh how's it going?' and you'd say, 'oh we've seen about seventy people and they've had a meal, and we're trying to get them housed' and that would be enough, and now it's more statistical reporting, and the demographic of the services users, alongside the support planning. So they want to see the information on the people accessing the service, and breakdowns of outcomes and service provision.'*  
(Interview 2; Compliant Contractor)

Some TSOs reported that non-statutory funding bodies were also increasingly demanding quantitative evidence. However, the lack of a recognised standards scheme for day centres or outreach services made it difficult for managers to provide suitable assurances to funders about services' quality or impact. Some managers had resorted to using the QAF to assess services that were not Supporting People-funded, thereby furthering the impact that this programme had had on local homelessness TSOs. Other providers had developed in house monitoring processes to ensure and improve standards, to facilitate intra- and inter-organisational comparisons, or to gain credibility with TSOs and local government. In larger organisations, such systems also offered a means of keeping standards consistent, holding service managers accountable for performance and ensuring that resources were being used effectively.

The smaller Community-based Non-contractors were funded mainly by voluntary donations or fundraising activities, and although their representatives gave an estimate of the number of people attending each week, they were not generally required to quantify their effectiveness. The fact that these services were embedded within local communities did however permit other less formal mechanisms of accountability. For instance, local church congregations were key suppliers of financial resources and

volunteers to one of the Cautious Contractors and three of the Community-based Non-contractors: information about what was happening in these services could therefore be exchanged informally through social relationships between donors, volunteers and staff. In one such service, a significant proportion of the costs were met by the volunteers, who were therefore able to observe the ‘outcomes’ for themselves to some extent (Interview 24).

The differences in the adoption of quality measurement practices by homelessness TSOs in Southampton and Hampshire highlighted above illustrate the different types of institutional isomorphism identified by DiMaggio and Powell (1983). The providers contracted by Supporting People were obliged to adopt the measurement processes specified by this programme, and were therefore subject to coercive isomorphism. Mimetic isomorphism was exemplified by the providers that adopted the QAF voluntarily. With the exception of the Community-based Non-Contractors, all the TSOs were influenced by normative isomorphism due to changing expectations about quality measurement in homelessness services. One day centre for instance was seeking to respond to (and to help develop) guidelines issued by a national umbrella organisation, in the absence of any statutory quality standards (Interview 2). The TSOs studied by Cairns *et al.* (2005b) reported similar normative pressures to adopt quality measurement techniques, for instance when they were endorsed by a relevant infrastructure organisation.

The uptake of quality measurement processes within third sector homelessness services since 2003 can be further elucidated with reference to the governmentality concept. From this perspective, increased monitoring of TSOs is interpreted as part of a shift from a system of governance to one of governmentality in which state power is exerted ‘at a distance’ (Ling, 2000; Morison, 2000). This resembles the arguments previously advanced by Wolch (1990) and others about state control over TSOs, but the governmentality literature draws particular attention to the ‘technologies’ - such as performance targets, good practice guides and reporting processes - through which this power is exerted (Rose and Miller, 1992; e.g. Morison, 2000; Bondi and Laurie, 2005; Fyfe, 2005; Larner and Butler, 2005; May *et al.*, 2005). The quality measures introduced



by Supporting People can therefore be seen as technologies for the exertion of state power at a distance, and their uptake by non-contracted providers exemplifies the way in which such technologies subtly extend government control to areas ‘beyond the state’ (Rose and Miller, 1992). The quality measurement processes certainly afforded Supporting People considerable power over the priorities and practices of contracted providers. However, state power should not be seen as intrinsically negative and had arguably been used to improve service quality in some respects. It is therefore important to explore the specific impacts of the quality measurement processes on TSOs and their services.

## **7.4 THE IMPACTS ON TSOS**

### **Accountability and Transparency**

Quality measurement is one of the main ways in which the government seeks to ensure that TSOs fulfil their contractual obligations and are held accountable for their use of public funding (Rochester, 1995). Several TSO managers pointed out that prior to the Supporting People programme very little information about service quality or performance was required by government funders (as the quotation on p. 171 suggests). The QAF and the quarterly performance returns therefore rendered transcribable what had previously been rather vague and poorly substantiated notions of effectiveness (see Rose, 1999). As a result, costs and performance could be compared amongst providers and this transparency imposed a discipline on organisations, providing an incentive for them to improve quality standards, at least in so far as these were defined by the measurement processes. The quality measures themselves therefore generated competition amongst providers by enabling their performance to be compared, and the importance of achieving highly in the indicators measured was accentuated by the fact that quality and performance data were used to assess tenders for new contracts. Various concerns were raised about the tendering process (see Chapter 6), but the availability of quality and performance data about providers did enable commissioners to make more transparent, evidence-based decisions about contract allocation than had previously been possible, and ensured that quality as well as cost was taken into account.

The performance data could also be used to inform local authority's strategic plans. Southampton's accommodation-related support services were restructured on the basis of evidence about planned move-on rates in existing services while in Hampshire, service utilisation and outcomes data were used to decide how the required budget reductions could be achieved with minimal negative implications for service users. The Supporting People teams also had to report aggregated outcomes data for the services they commissioned and so were also held accountable at a national level for their planning, commissioning and monitoring work. The collation and analysis of this data (e.g. Briheim-Crookall *et al.*, 2008) could help inform homelessness policy at a national level.

All the providers that received contractual funding agreed that they should be held accountable for their use of public funds and as one manager said:

*'I guess it's in the last five years that we've, that we've kind of seen a sea change in terms of being in receipt of public money and needing therefore to be much more accountable for it. And I don't have a problem with that at all, I mean I think it's absolutely right that we're accountable for it.'* (Interview 2; Compliant Contractor)

This view corresponded closely with those expressed by TSO managers in Bolton's (2004) study; however, as was also the case amongst her interviewees, most managers in this study raised concerns about the quality measurement processes used to achieve this accountability.

### **Administrative demands**

The administrative burden generated by the measurement requirements was frequently identified as problematic by TSO managers. All the Supporting People-funded providers agreed that the volume of administration had increased significantly since 2003, and other government and non-statutory funders were also demanding increasing amounts of information. Providers' main concern was that the measurement processes were diverting time and resources away from other activities, particularly direct work with clients:

*'I think mainly it's the paperwork. And I know that it's really important, but you have one member of staff, and well, so much of her time is taken up with paperwork. And actually [...] she could be seeing another couple of people, you know, informally, getting them on board, engaging, you know, during the time it takes her to do all the paper work.'* (Interview 3; Cautious Contractor)

This corresponds with concerns raised elsewhere in the third sector literature about the amount of time consumed by quality measurement (Johnson *et al.*, 1998; Moxham and Boaden, 2007). Indeed, Moxham's (2009, p. 754) study of six TSOs concluded that measurement processes 'detracted from the activities of the nonprofits, as they were often resource intensive'. Whilst some managers in the current study acknowledged that additional time spent planning support and recording progress could improve the focus and quality of the face-to-face work done by support workers, there were also concerns that reduced contact time hindered the development of trusting and effective supportive relationships between staff and clients, which often took considerable time to establish (see pp. 189-194).

However, TSOs had responded to the administrative demands posed by quality measurement in different ways. The extent to which TSOs experienced these demands as problematic seemed to depend on the size and number of contracts held by an organisation and the extent to which the measurement processes were integrated into its normal operations. However, as Cairns *et al.* (2005b) point out, the measurement processes required by funders do not always fit well with TSOs' existing cultures and practices. The Comfortable Contractors were best able to assimilate the monitoring and reporting processes: one manager said that Supporting People's quality requirements had become 'firmly embedded within the organisation' (Interview 11; Comfortable Contractor), for instance. Compliant Contractors had also managed to integrate quality measurement into their working practices, as the following quotation suggests:

*'I wouldn't say the QAF takes up too much time really [...] it is [...] done far more on a consistent basis now, so it's just part of your work really, rather than you know spending a few weeks before your review trying to compile it and get it all together'* (Interview 13; Compliant Contractor)

However, this integration had typically entailed more significant changes for Compliant Contractors than for the Comfortable Contractors and several managers reported having had to re-train staff, purchase new computer systems or take on additional administrative staff. This difference seemed to have arisen because the Compliant Contractors had typically originated as local charities and had previously relied more heavily on trust and shared values amongst staff and volunteers to ensure service quality, whereas the Comfortable Contractors were associated with housing associations and were more accustomed to business-like practices. Indeed, although all the Compliant Contractors had adapted to the required quality measurement processes, some had embraced them more willingly than others. For instance, some TSOs had pre-emptively developed their own measurement systems and these providers had experienced less upheaval when external requirements were imposed because they fitted more closely with the existing organisational culture and practices. This reinforces Cairns *et al.*'s (2005b) observations about the significance of the 'fit' between measurement systems and organisational cultures.

The Comfortable and Compliant Contractors typically had multiple Supporting People contracts and therefore, as with the tendering process, the economies of scale permitted them to employ staff specifically to administer the quality measurement systems. The Cautious Contractors generally could not do this and, as other studies have found (e.g. Moxham, 2009; Milbourne, 2009), smaller providers found it more difficult to meet the quality measurement requirements. One manager of a small TSO explained:

*'...[The QAF] is not bad in itself, but it's created a lot of extra work for a very small charity. It seems to me that regardless of whether you're a big charity like [Organisation Name 1] and you've got [...] lots of people to do the work; the same applies to them as it applies to us, we have to do the same things.'*  
(Interview 16; Cautious Contractor)

Amongst the Cautious Contractors, quality measurement tended to be added to, rather than integrated into, organisations' existing work and, as Cairns *et al.* (2005b) also observed, this made it burdensome for staff. These providers were also more likely to have multiple funding sources, and therefore sometimes had to supply different performance information to different stakeholders (Interview 3; see also Bolton, 2004;

Moxham, 2009). Furthermore, two Cautious Contractor managers pointed out that although completing the quality standards forms was a lengthy procedure, more time consuming still was the process of writing the policies (e.g. health and safety, equal opportunities) required by the standards framework (Interviews 1 and 16). The Cautious Contractors were less likely to have these policies in place already and so faced a significant amount of work in order to comply with the requirements, although this arguably served to improve their procedures and services.

Managers of Supporting People-funded TSOs of all types reported that the measurement tools took up most time when they were first introduced but became less onerous over time, once the relevant policies and procedures were in place and records needed only to be updated rather than back-dated. However, there had been revisions to the QAF and outcomes monitoring processes, and the new outcomes framework required providers to complete a 26 page form for each client leaving a service<sup>2</sup> and so further increased the amount of administration required.

Non-Supporting People-funded providers reported differing experiences of the administrative demands associated with quality measurement. Where in-house quality measures were used, managers seemed less likely to raise concerns about time demands, perhaps because the measurement systems were better integrated into normal operations or because they were understood to be relevant to the organisation's mission. One TSO was investigating how it could more effectively quantify the impact of its services in order to attract support from potential funders (Interview 2). Amongst the Community-based Non-contractors, however, very few resources were used for quality measurement. One such organisation kept records of how often clients had used the service to ensure that it was not abused. Two other services, which operated at very low cost, did not have any formal monitoring in place and although there was some administrative work to be done in terms of organising volunteer rotas, human and financial resources were devoted almost exclusively to service provision itself.

## Improved standards and outcomes

There was a strong consensus amongst TSO managers that the QAF had significantly improved the standard of homelessness services in Southampton and Hampshire. This corresponds with national research involving service users, providers, inspectors and commissioners which reported that service quality in housing-related support had improved since 2005 and that the QAF had played a key part in this (Audit Commission, 2009). One TSO manager interviewed for the present study reflected:

*'I think when Supporting People was first introduced, it did actually sort of standardise organisations, the way they work, the policies and procedures, the expectations, it did standardise things in a very positive way. [...] there were organisations out there that were perhaps not delivering the service that perhaps they should have been.'* (Interview 5, Comfortable Contractor)

Several managers made comments of this nature, sometimes pointing to the elimination of bad practice in other TSOs, or the failure of poor quality providers to retain contracts as beneficial impacts of the QAF and as evidence of the standardisation of quality that it had effected. Most managers identified improvements within their own organisations too, but these often related to improved policies or procedures rather than actual service delivery practices. This may be partly because managers were reluctant to acknowledge that the quality of their own services had been lower in the past, but could also reflect the fact that the QAF focussed on structural and processual aspects of services, rather than outcomes. Indeed, Cairns *et al.* (2005b) similarly found that while TSO managers in their study identified improvements in organisational learning and service planning that had resulted from quality measurement, they did not report direct improvements in service quality *per se*.

The need to perform well in the QAF in order to maintain or win contracts had certainly focussed providers' attention on meeting the criteria set out within it (see ODPM, 2005c) and as a result services were increasingly characterised by structured support, professional standards, and greater user involvement. The QAF had also required TSOs to clarify and improve their internal monitoring processes, which meant that managers could take a more informed approach to developing services and improving performance. Although the expectation of continual improvement that was built into the

QAF was sometimes experienced as burdensome, providers also reported that it ensured that policies and working practices were updated regularly and that it guarded against complacency or stagnation.

Whereas the QAF focused on procedures, policies and working conditions, outcomes measures were used to monitor ongoing service performance. The proportion of planned client move-ons (as opposed to unplanned moves such as abandonments or evictions) was an important performance indicator and in Southampton's single homelessness hostels this had risen from only 26% in 2005/06 (DCLG, 2007a), to 53% in 2007/08 (DCLG, 2009b). In Hampshire, 55% of hostel move-ons in 2007/08 were planned<sup>3</sup>, and for both areas these figures were slightly above the national average of 50% for 2007/08 (*ibid.*). Another performance objective for providers was to move all their clients on within the maximum time specified in their contracts. However, improved move-on statistics do not necessarily represent improvements in actual outcomes for clients, particularly in the longer term. Such improvements could, for example, reflect changes in support planning practices. A provider's ability to move clients on rapidly was therefore not necessarily a reliable proxy for service quality.

This problem had been acknowledged by Supporting People and as Section 7.3 explained, the new outcomes framework required providers to report on clients' progress in a range of areas to give an overall indication of wellbeing (Supporting People Client Record Office, 2007). Having already adopted this framework, one manager reported that it was

*'...really good because in our team meetings now we go through the achievements of what we've done [...] and it gives a really good sort of morale boost to the team, to know that they've actually done this [...] and they've been able to sort of help X amount of people.'* (Interview 8; Compliant Contractor)

The ability to quantify outcomes had given managers and staff a new vocabulary with which to discuss progress and achievements, and this was said to be contributing to improved staff morale and better targeting of resources towards the desired outcomes. The impacts of the new outcomes framework will need to be examined as they unfold over time but initial reactions from providers suggested that it did to some extent

address criticisms about the lack of outcomes monitoring in homelessness services (Wolf and Edgar, 2007) and in the wider third sector (e.g. Kaplan, 2001).

It has been suggested that Supporting People's quality measurement systems would exacerbate inconsistencies in the quality of homelessness services because they did not apply to non-contracted providers (May *et al.*, 2006). This case study does not permit an adequate investigation of this issue because all the single homelessness accommodation providers operating in Southampton and Hampshire at the time of the study were funded by Supporting People. The fact that the QAF had been adopted voluntarily by some services that were not funded by Supporting People shows that its influence extended beyond the contracted providers; however, it may be that providers working under greater resource constraints would be less likely to undertake voluntary quality measurement. Managers of the Community-based Non-contractors described some ways in which they had sought to improve the services they offered, such as by liaising with more professionalised homelessness TSOs to gain awareness of where service users could be directed for further help. However, improvements to these services relied very much on volunteers' decisions and perceptions about what might or might not have been effective and feasible.

In general, there was strong agreement that the quality of homelessness services had improved since 2003 and that the QAF had been instrumental in achieving this. Although the performance measures used at the time of the study did not provide a close proxy for service quality, they represented an improvement on the limited data that was collected prior to the Supporting People programme. Nevertheless, the focus on measurable outcomes had given rise to some concerns, as the following section reveals.

## **Moving-on and making progress**

### *Positive Impacts*

Providers contracted by Supporting People were expected to work with service users to assist them in moving towards independent living. This objective was operationalised using measures of how and when clients 'moved-on' from support services, and where they moved to. The monitoring processes encouraged providers to move clients on to



lower level support services or independent accommodation within a particular time frame. There was an emphasis on achieving ‘planned moves’ and avoiding ‘unplanned moves’ such as abandonments or evictions, which often resulted in repeat homelessness. A key aim of Southampton’s service restructuring was to reduce the proportion of unplanned moves and the resultant churning of individuals through the hostel system and as the figures on p. 179 show, significant improvements had been attained in this respect (DCLG, 2007a).

The emphasis on support planning played a key part in efforts to achieve planned moves and clients were required to engage with support workers to develop and implement a support plan. This approach can be criticised because by emphasising behavioural change rather than structural solutions, it implies that the causes of homelessness are personal rather than societal factors. However, although many TSO managers drew attention to the need for structural change in addition to individual level intervention, most felt that the more pro-active, interventionist approach to supporting individuals fostered by the Supporting People programme represented a significant improvement on past approaches. This was particularly the case amongst the Comfortable and Compliant Contractors whose values corresponded most closely with the focus on promoting independence. For most Compliant Contractors this was a departure from their original approach, but managers pointed out that it was one upon which they had embarked prior to the introduction of Supporting People. The Comfortable Contractors tended to have become involved in support provision more recently and were more likely to have adopted the emphasis on progress and move-on from their outset.

There was concern amongst Comfortable and Compliant Contractor managers that services based on unconditional acceptance of clients failed to provide the help and support that might have enabled them to live more fulfilling lives. Some managers sought to distance their organisations from what was described as the ‘charitable end of the market’ (Interview 2) which they deemed to be characterised by this non-interventionist approach, for example:

*‘I don’t mean this to sound pejorative [...] but the be all and end all shouldn’t just be about giving people free food and [...] then not expecting them to change their lifestyle. [...] if we don’t have expectations that people can and will change their*

*lives, then we might as well consign twenty percent of the population to being you know the twenty first century equivalent of the workhouses, but without workhouses. You know, we're just consigning a percentage of the population to the dump, and that's just wrong, fundamentally.' (Interview 2; Compliant Contractor).*

In line with this view, another manager suggested that to merely support the existence of homeless people without encouraging and facilitating change was to disregard their humanity and potential, and argued that our social responsibility to one another extends beyond simply providing for basic subsistence (Interview 6). As such, some managers felt that there was a strong moral imperative to adopt a more interventionist approach which encouraged clients to make positive changes in their lives and the emphasis on monitoring move-ons was therefore seen as a good way of ensuring that providers were facilitating progress amongst clients, rather than failing to intervene.

The Cautious Contractors had also been obliged to adopt the support planning and monitoring processes required by Supporting People and so had also accepted the proactive, interventionist approach to some extent. However, acceptance was still held as an important value in these TSOs as the following quotation illustrates:

*'...often with the Council, or most of the grant applications we fill out, people want to see successes. So we have to play on 'we're going to get so many people into work' [...] and really actually what we want to do is make sure that the person that's on the street can come in, and wherever they're at now, which is probably, you know, quite low – employment, housing, are a little bit too far off - they can just come in and be looked after for a while, you know, while we're open. That isn't necessarily what people [funders] want to hear. People want to hear that people are moving on. And lots of people do, lots of people do. And there are lots of people who don't, and might not ever, but we still want to work with them, and make sure they've had a meal today.' (Interview 3; Cautious Contractor).*

The Cautious Contractors therefore sometimes experienced a conflict between their own values and the emphasis on move-on promoted by funders.

In general, the day centres focussed less explicitly on ‘move-on’ because they were not funded by Supporting People and clients were not resident in the services. However, these services had begun to adopt more structured support planning. This was sometimes because of other funders’ requirements but it also seemed to reflect the way in which these practices (and the values they represented) were becoming normalised in homelessness services. Only amongst Community-based Non-contractors had the emphasis on accepting clients without requiring behaviour change remained dominant, and this seemed to be fundamental to the type of service that these providers sought to offer (see p. 192).

### *Negative Impacts*

Although the more pro-active approach fostered by Supporting People was broadly endorsed by most contracted TSOs, it was not embraced uncritically. Some managers felt that progressing clients more rapidly through services was not necessarily an effective or long term solution to single homelessness because underlying problems such as drug or alcohol issues could not be addressed in a short period of time. Some respondents suggested that increasingly structured support planning and monitoring processes reduced the flexibility with which they could respond to needs. For instance, one provider commented:

*‘[Supporting People] are sort of saying to us well [...] give them an assessment, move them on to either life skills or independent living and they’ll be fine. And you sort of think well actually it takes a bit longer than that to address someone’s drug issues, or alcohol issues. Sometimes you feel that it’s a bit too, you know, cut and dried really, because people aren’t that cut and dried, at all’ (Interview 13; Compliant Contractor)*

Similarly, another manager explained that the time limits imposed by contract specifications and monitoring did not take sufficient account of the time it could take for support workers to establish trusting relationships with the most vulnerable clients:

*‘...staying in accommodation, being able to budget for themselves, they don’t care about those things for the first six or eight months. It takes them that long to*

*actually realise that they're in a safe environment, they've got a roof over their head, they've got people that care around them that will help, and then it only kind of gives you about six months before you've then got to say well look [...] you'll be coming up to your two years and you've got to start looking at where you're going to go. And they've only just settled in, they've only just started to work with you properly...' (Interview 8; Compliant Contractor).*

The shorter term housing-related support services were required to move clients on within six weeks, but a two-year limit was more common. Although this was considered feasible and appropriate for many clients, for some it was deemed to be unrealistic and there were concerns that an emphasis on improving move-on statistics could lead to clients being moved on too quickly:

*'...sometimes there is a lot of pressure on organisations to move people through, when people aren't actually ready. Sometimes it's all about the throughput now, rather than whether people are ready to move on.' (Interview 13; Compliant Contractor)*

It was reported that many clients struggled to cope with the isolation they experienced upon leaving supported accommodation and this was seen as a major contributor to repeat homelessness. For certain individuals (particularly older clients who had lived in a service for many years) managers had negotiated permission for longer stays with Supporting People and there was some evidence to suggest that as working relationships between TSOs and the local authority developed, trusted providers were gradually being afforded greater discretion:

*'We're not so much interested in the cut-off points because now we've been through the tender process, we know that an agency that says somebody will need support for longer than two years [...] would have tried everything to shorten that period of time, but clearly that individual will need support. [...] in a sense we can trust their judgement because they've been through the tender process, they know what we're looking for [...].' (Interview 15; Southampton Supporting People)*

Nevertheless, there remained a strong emphasis on moving clients on and it will be important to monitor the effect this has on repeat homelessness over time.

The Supporting People programme also emphasised the importance of clients moving towards financial independence. In the light of this, some managers were concerned that short term political and economic goals such as reducing welfare expenditure and increasing labour market participation had been more influential in shaping the Supporting People programme than a more holistic concern for service users' best interests. The number of people entering employment was also used as a measure of success by some non-statutory funding bodies and as the quotation on p. 182 (Interview 3; Cautious Contractor) suggests, managers were not always comfortable with this. However, one Comfortable Contractor manager explained that although mainstream employment was probably not within the reach of all clients, taking steps towards this goal could improve their general well-being and enable them to realise something of their own potential (Interview 6). For some this meant having the confidence and motivation to go for a walk around the block, whilst for others it meant involvement in education, training or voluntary work. However, managers were concerned about the lack of adequate housing and employment opportunities for clients to move-on to, which made the emphasis on planned and timely move-ons seem somewhat futile.

Supporting People had certainly focussed providers' efforts on enabling clients to make progress towards independent living. This had also influenced homelessness services that were funded by other sources, with the exception of those provided by the Community-based Non-contractors. However, as was noted earlier, the extent to which move-ons themselves were a genuine indicator of the quality and effectiveness of services was questionable and one respondent commented:

*'... it's how you determine the success for a [service user]. Is it that they come in and they achieve independent living and that they just leave [...]? Or is it really, you know, what's happening to that individual whilst they're in [the service]?'  
(Interview 4; Community-based Non-contractor)*

This problem about defining success relates to wider debates about the elision of non-quantifiable outcomes from the reports that reach funders and policy makers (e.g. Ilcan and Basok, 2004) and a number of managers drew attention to this issue.

## **Neglect of non-measurable outcomes**

Although standards in Supporting People-funded services were perceived to have improved since 2003, when talking about the improvements achieved in their services, managers rarely identified changes that would not have brought greater credit within the Supporting People programme. Other third sector researchers have pointed to the ‘strong tendency to evaluate only what is readily measurable’ (Johnson *et al.*, 1998, p. 324) and have voiced concerns that the unquantifiable characteristics deemed to ‘add-value’ to third sector services will be neglected as a result (e.g. Cemlyn *et al.*, 2005; Walden, 2006).

The criteria and measures used by Supporting People seemed to have influenced how success was defined and perceived amongst homelessness TSOs. Power (1997, p. 51) suggests that ‘the efficiency and effectiveness of organizations is not so much verified as constructed around the audit process itself’ and it certainly seemed that many providers understood ‘quality’ as it was defined by the QAF, and ‘success’ as meeting the terms of their contracts and performing well in the outcomes measures (such as planned moves) used by Supporting People. The measurement processes not only affected providers’ definitions of quality, but also focussed their attention and resources towards improving the variables that were measured (see also Ilcan and Basok, 2004). Lipsky’s (1980, p. 51) observation that ‘behaviour in organizations tends to drift towards compatibility with the ways the organization is evaluated’ certainly seemed to hold true amongst the Supporting People contracted providers and one manager conceded that:

*‘...if you know someone’s going to measure something, you’d be stupid not to concentrate on those things. You may disagree with what they’re measuring, or think, you know that’s not what we’re interested in, but they’re the people who pay all our money... if there’s a certain amount of people that have to be in the service, and every one of them has to have a support plan and, you know, twenty percent of them need to be in training and education within a year, then you’re going to concentrate your staff and your clients on these things.’ (Interview 6; Comfortable Contractor).*

Such a focus on achieving measurable outcomes would not necessarily have been problematic if there was close correspondence between providers' and funders' objectives, and between the outcomes measured and the benefits experienced by service users; however, this was not always considered to be the case. The manager quoted above continued:

*'...rather than meeting client needs, you're looking at 'what are Supporting People needs?' and what they're measuring, and they may not always be the same as what clients want support with, help with, or care with.'* (Interview 6; Comfortable Contractor)

This corresponds with concerns in the literature about the discrepancy between the measurement of effectiveness and the way in which it is perceived and experienced by service users (Moxham, 2009; Moxham and Boaden, 2007). Given that the quantitative measurement systems seemed to have considerable power in directing TSOs' energies, it seems important to examine their shortcomings and identify any significant benefits to service users that they fail to capture.

Several managers reported that the difficult circumstances faced by clients meant that progress was often very gradual and measures of events such as move-ons to more independent accommodation were too coarse to capture smaller but nonetheless significant achievements. By representing move-ons as events rather than processes, the measures did not seem to take sufficient account of the emotional and social dimensions of 'moving-on' which clients had to be prepared for. Providers also pointed out that significant personal achievements were not captured by the outcomes measures. Examples of these included: learning to iron a shirt in preparation for an interview; participating in a sponsored walk; and being able to enter an office (which had previously been too intimidating for this client) (Interviews 4 and 8). These were not necessarily unmeasurable, but were unique to particular clients and as such could not be communicated to funders in a standardised way.

Providers also identified outcomes that could not be measured due to their intangibility. For instance, building clients' self esteem and confidence was considered to contribute to their general wellbeing and was also deemed to be a pre-requisite for a successful transition to independent accommodation or employment. Progress of this nature was

difficult for providers to demonstrate to funders because it could not be easily quantified. Commissioners and managers alike recognised that performance measures reported in the quarterly returns and client record forms gave only a partial account of the real impacts that services were having on clients' lives. This relates to Alcock and Scott's (2005) argument about the inadequacy of using quantitative methods alone to study TSOs and their services, but is also a problem shared by the public sector because, as Lipsky (1980, p. 168) observes, 'the most important dimensions of service performance defy calibration' and this tends to lead to a focus on measuring more readily quantifiable aspects (see also Power, 1997).

However, while changes in clients' behaviour and relationships could not be quantified, this did not mean that they could not be evidenced at all. Managers' observations of such changes were themselves a form of evidence but this did not appear to be recognised by funders or TSO managers, and 'evidence' was often implicitly conflated with 'statistics'. The volunteer-run Community-based Non-contractor projects offer an insightful comparison here. Aside from counting service users, these projects did not use any formal measurement processes but the accounts given by volunteer leaders contained what could be seen as informal performance indicators. For instance, service users reportedly advertised the services by word of mouth and introduced new people to them, suggesting that they themselves found the service in some way beneficial (Interviews 22 and 24). One leader said that service users had become involved as volunteers, which indicated the service's success in engaging users and enabling them to contribute to others' wellbeing (Interview 24). Volunteer leaders could observe first hand the provision and receipt of material resources, and the social interaction that took place amongst service users and between volunteers and service users. These examples suggest that observation of and engagement in service provision can reveal much about the effectiveness of a service. Some of these more informal monitoring processes were also evident amongst the contracted TSOs, but they appeared to play a more significant part in the informal services, and volunteer leaders' ability to observe the immediate impacts of their efforts was important in motivating their continued involvement.

One Compliant Contractor felt that concerns about the intangibility of outcomes in homelessness services were sometimes used by other TSOs as an excuse for failing to intervene in practical and proactive ways (Interview 2). In general though, significant



social and emotional dimensions of service provision were thought to be under-represented in the quality measurement schemes. Given that qualitative studies have highlighted the significance of the experiential, emotional and socio-relational aspects of services for homeless people and other vulnerable groups (e.g. Johnsen *et al.*, 2005a; Conradson, 2003; see also Chapter 3.3), quality measures that focus providers' attention solely on quantifiable aspects of services may be detrimental to service quality. Indeed, the quality of relationships with clients was the aspect of services that was frequently identified as at risk of being impaired as a result of the focus on measurable outcomes, and this is explored in the section below.

### **Inhibiting a relational approach?**

The existing literature suggests that relationships are of central importance in homelessness services (e.g. Ann Rosengard Associates with Scottish Health Feedback, 2001; Cloke *et al.*, 2008; see Chapters 2 and 3) and theoretical and empirical work suggests that TSOs have comparative advantages over other welfare providers in establishing trusting relationships with vulnerable clients and in fostering social environments in which service users can interact (e.g. Hansmann, 1980; Billis and Glennerster, 1998; Frumkin, 2002; Parr, 2000; see Chapters 1 and 3). Clients' lack of self-esteem and confidence often needed to be addressed before more measurable outcomes such as entering employment or leaving supported accommodation could be achieved, and relationships with support workers were seen as contexts in which this kind of personal development could take place. However, support workers' ability to gain clients' trust was important in making this possible and some TSO managers suggested that pressure to achieve measurable outcomes was hindering the development of effective relationships between staff and clients.

Managers of the TSOs contracted by Supporting People generally reported that client-support worker relationships were becoming more structured and limited in terms of time and scope. This was seen as positive in that it had clarified relationships and responsibilities, improved staff safety and created more professional standards. Some providers also felt that more structured relationships were more likely to effect client progress:

*‘we could show that we were going to measure, and we were going to show progress, [...] rather than [service users] virtually become family members, which you will see in certain institutions and certain organisations [...] “Oh, old Joe’s back again for his soup” ...but where does that...I mean it’s kind, it’s kindness, and as I say if I’m a volunteer somewhere, I may do that [...] in my own personal life, but as a professional organisation, where we’re trying to get to, and where is this person, what would make their life happier.’ (Interview 6; Comfortable Contractor)*

This manager considered more formal, professionalised client-support worker relationships to be an improvement on the informal relationships which he said had characterised past services and persisted in those still run by volunteers. However, he also felt that the emphasis on achieving measurable outcomes did not always correspond well with the development of effective relationships with clients:

*‘relationships take time to form... particularly with people who are chaotic and may have mental health issues or quite endemic drugs and alcohol issues. So it’s about time, and it’s about relationships, which outcomes don’t really fit into.’ (Interview 6; Comfortable Contractor)*

This manager and others reported that due to the monitoring requirements a greater proportion of support workers’ time was allocated to administration, thus reducing their contact time with clients. Providers pointed out that it could take a long time to gain clients’ trust (see p. 183-4) and suggested that reduced contact time made this process longer still.

However, one manager of a smaller Cautious Contractor reported a rather different perspective on client-support worker relationships:

*‘...most [service users] don’t have many people in their lives. So the vast majority have no contact with family. So we in a way become almost like a substitute family for them. They’re not going out working, they’re not mixing and meeting a great many people so...’ (Interview 1; Cautious Contractor)*

Whereas the Comfortable Contractor (Interview 6) quoted at the top of this page saw ‘family-like’ relationships as inappropriate in ‘professional’ homelessness services, this

respondent saw such relationships as meeting an unmet need because service users were not in contact with their own families. This was not typical of the Supporting People-funded providers though, and the client-support worker relationships described by Comfortable and Compliant Contractor managers were relatively formal and structured in nature.

The day centre services were not subject to Supporting People's requirements and because they were primarily comprised of communal space there were greater opportunities for informal interaction between staff and services users than in the accommodation-based services where clients had their own rooms and contact time needed to be arranged or scheduled. One respondent explained how this informality helped them to engage clients:

*'...we build up quite a good working relationship with people, we work in quite an informal way, you know we don't sort of have an office area and then the main area, we try and spend most of our time in the main hall area. [...] a lot of the guys tend to, you know, really value those relationships I guess with the staff, and with other people they meet down here. So it's sort of like a place for them to have positive contact as well with people. [...] I mean sometimes you'll say to someone so, "right do you want to sit and talk about your drink problem", they'll be like "no". But then you know, later on you'll be having a game of pool with them and stuff, and you just ask them about how things are going and it'll come out then.'*  
(Interview 21; Cautious Contractor)

This more informal approach was considered to be important in establishing client's trust, and support workers could subsequently encourage clients to engage with more formal support services.

Another TSO manager identified the alleviation of loneliness as an important function of their organisations' day centre service:

*'.. the social element as well, because people are so lonely, so lonely. Well, nobody wants to give you money just for a little social club, and we're not a social club, but people meeting people and having some contact is really important, you know.'* (Interview 3; Cautious Contractor)

This corresponds with Parr's (2000) observation that day centre services can be particularly significant in providing social interaction for people whose behaviour, appearance, health or other characteristics may be met with intolerance, disregard or hostility in broader society. However, the social function served by this service could not easily be measured and as a result its importance was not acknowledged by potential funders (Interview 3).

Representatives of the Community-based Non-contractors typically reported far more informal relationships between (mainly volunteer) staff and service users. As the quotation on p. 190 (Interview 6) implied, the services provided by volunteers served a distinctly different purpose from the 'professional' homelessness services. Being free from the need to demonstrate measurable progress, these providers were in some ways more able to allocate time and energy to developing relationships with clients, as the following quotation suggests:

*'Because we're here every week, we get to know them and they get to know us, and they can confide in us. And there's lots of problems that perhaps we can sort out for them apart from just giving them something to eat and drink. And you know they sort of rely on us now, and class us as part of their friends, which is rather nice in some ways' (Interview 22; Community-based Non-contractor)*

The leaders of the two meals services felt that although the provision of food was probably the main attraction for service users, both volunteers and service users benefited from the relationships that developed in these contexts. One leader said:

*'I just really love getting to meet with the bunch of people that are coming in each week. [...] I really look forward to catching up with them. They've become my friends [...] And it's that relationship, I think people have really enjoyed getting to see the people each week, getting to hang out with them, and seeing them [...] actually moving on...' (Interview 24; Community-based Non-contractor)*

These services gave service users opportunities to socialise with one another and with members of the wider community. One project was linked to a large church congregation and although there was no expectation for service users to participate in other activities associated with the church, some service users did attend services and

other events which had enabled them to establish social relationships with other members of the community.

Faith-based values were held to be significant in three of the four Community-based Non-Contractors and the leaders outlined how they sought to relate to service users in a way that enacted the principles of their Christian faith. In particular, this involved an emphasis on acceptance and communicating to service users that they were valued<sup>4</sup>. While the Community-based Non-contractors did not face the pressures associated with quality measurement, they were constrained by their limited resources and reliance on unpaid volunteers and multi-use buildings. This meant that services were only provided for short periods each week.

Contracted providers also raised concerns about the continuity of client-support worker relationships. According to Hampshire's Supporting People representative, consultations with service users had identified this as one of the most important aspects of homelessness services. This corresponds with providers' observations about the time it took to develop effective relationships with clients, and more rapid move-ons between services could lead to more frequent disruption of these relationships<sup>5</sup>. As other research has shown, social relationships with other service users are often significant sources of emotional and practical support for homeless people (Cloke *et al.*, 2008), and these relationships were also disrupted by the move-on process. However, day centres, soup runs and meals services provided spaces in which personal relationships could continue regardless of a change in accommodation, and the fact that these services were often frequented by service users long after they had moved out of supported accommodation testified to their importance as sites of sociality for homeless and formerly homeless people. Nevertheless, managers reported that social isolation was often a major problem for clients moving out of supported accommodation and pointed out that for most people living alone, family and friendship networks play a vital part in avoiding loneliness and meeting other welfare needs not provided by the state or markets (e.g. Interviews 6 and 14; Rose, 1986; Evers, 1988). Other research has suggested that the reduced scope for volunteer involvement as a result of the professionalisation of third sector services (e.g. Milligan and Fyfe, 2006; Cloke *et al.*, 2007) may undermine TSOs' efficacy in facilitating active citizenship and social integration (e.g. Fyfe and Milligan, 2003b; Milligan and Fyfe, 2005; Fyfe *et al.*, 2006). However, in order to alleviate the

isolation clients experienced, one Compliant Contractor had established a befriending service whereby formerly homeless volunteers would visit those who had recently moved into independent accommodation (Interview 14). This, and the other services in which volunteers were involved, seemed to be making a different type of contribution to meeting homeless people's needs and were perhaps better able to address isolation and social exclusion than some of the more professionalised services.

## 7.5 CONCLUSION

Concerns raised by homelessness TSOs in Southampton and Hampshire about the time consumed by quality measurement correspond with those identified in other third sector studies (e.g. Johnson *et al.*, 1998; Moxham and Boaden, 2009). However, there was also considerable variation in the way that contracted TSOs had responded to quality measurement requirements. The Comfortable Contractors had integrated the measurement processes most easily and effectively into their working practices and had focussed their attention on achieving the outcomes measured by Supporting People. The Compliant Contractors had also done this, but for these providers the measurement processes represented a more significant departure from their existing practices and had therefore caused greater upheaval. Although the smaller Cautious Contractors had also adopted the measurement processes required by funders, they encountered greater difficulty in doing so. This was partly because managers and other stakeholders were keen to ensure that organisations were not diverted from their values and mission, but was also influenced by a lack of resources and the fact that quality measurement had not been part of their pre-existing organisational cultures. In particular, these smaller providers were not able to benefit from the economies of scale which made it possible for larger TSOs with multiple contracts to administer the measurement systems in a more cost effective way. The evidence presented here about the administrative demands of Supporting People's measurement processes supports the contention that in spite of political rhetoric about partnership with the third sector in public service provision, the government is seeking primarily to partner with those TSOs that are able and willing to embrace modernization and have the capacity to report accurately on their activities (McLaughlin, 2004).

The quality standards had encouraged providers to review their practices and the information produced could be used to inform decision making within TSOs and to provide a more transparent basis for local governments' strategic and procurement decisions. Most managers felt that the more structured approach to support planning that was promoted by the quality standards had helped ensure that services were focussed on helping clients to make progress. Nevertheless, there were concerns that the emphasis on measuring move-on rates would result in some clients being moved on prematurely. It was also suggested that as contracted TSOs focussed their resources towards achieving the outcomes that were measured by funders, less tangible but nevertheless important aspects of services were being neglected. And, in a similar vein, some TSO managers were concerned that reduced contact hours due to the administrative demands of the measurement processes could have a detrimental impact on support worker-client relationships, potentially reducing the effectiveness of services.

The Community-based Non-contractors that did not use formal quality measurement process were not required to achieve particular measurable outcomes in order to satisfy their funders and were therefore able to place a strong emphasis on developing informal, affirming relationships with service users and by involving volunteers they facilitated some degree of social integration between homeless people and the wider community. This is not to suggest that these services were better than the more formalised ones, but that they served a different and valuable purpose. These informal, mainly volunteer-staffed services seemed to have a niche role or comparative advantage in addressing (albeit to a limited extent) the social isolation that TSO managers frequently cited as problematic and a cause of repeat homelessness. As such, although TSOs with mainly paid staff were able to offer a more consistent and professional quality of service, in the Community-based Non-contractors' services, volunteers seemed to make an important contribution to service users' wellbeing and were meeting some of the needs that might in other circumstances have been provided for by family or friends (Rose, 1986). The fact that these services were provided on a voluntary basis seemed to be fundamental to these TSOs' ability to do this. However, further research involving service users would be required to corroborate the evidence provided by the volunteer leaders<sup>6</sup> and to further explore these issues.

The existence of this division of labour amongst the homelessness TSOs studied does not negate the concerns raised above about the potentially detrimental impacts quality measurement on client-support worker relationships. The evidence presented here suggests that care needs to be taken to ensure that staff contact time with clients is not further eroded and that monitoring processes are proportionate and do not impinge on support workers' ability to do their jobs. The new Supporting People outcomes framework introduced in 2007 may go some way towards addressing some of the problems identified here because it requires contracted providers to monitor a more detailed set of outcomes relating to the experiences and progress of individual clients. However, quality measurement was only obligatory for homelessness TSOs that were contracted by Supporting People, and as such, although work is underway to develop quality standards for day centres and other homelessness services (see for example: <http://www.homelessoutcomes.org.uk/>), concerns about inconsistency in the quality of homelessness services remain relevant (May *et al.*, 2006). Furthermore, as one manager pointed out, although the new outcomes framework gave Supporting People-funded providers a mandate to adopt a more holistic approach, it was not accompanied by any additional resources with which to do so. It therefore seemed that, as the previous chapter also reported, contracted providers were being required to achieve more with fewer resources, again calling into question the sustainability of the demands being made of TSOs by government.

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<sup>1</sup> These details refer to the QAF as updated in 2005 because this was in use at the time of data collection. In April 2009 the further revised 'QAF Refresh' was issued; for details on this see: [http://www.spkweb.org.uk/Subjects/Quality\\_and\\_monitoring/Quality+assessment+framework+-+revised/](http://www.spkweb.org.uk/Subjects/Quality_and_monitoring/Quality+assessment+framework+-+revised/)

<sup>2</sup> See: [http://www.spclientrecord.org.uk/documents/OutcomeShort/2009\\_10/ShortTermOutcomeForm.pdf](http://www.spclientrecord.org.uk/documents/OutcomeShort/2009_10/ShortTermOutcomeForm.pdf)

<sup>3</sup> Data were not available for planned moves in Hampshire prior to 2007/08.

<sup>4</sup> This is not to suggest that these values were not shared by staff in other organisations, but they were typically emphasised much more strongly by the Community-based Non-contractor leaders.

<sup>5</sup> It should be noted though that transitions between services did occur prior to the recent emphasis on planned moves and in some respects the Supporting People programme had clarified and improved these transitions by obliging providers to work co-operatively.

<sup>6</sup> Informal conversations with service users enabled me to verify these accounts sufficiently for the purposes of the current study.



## CONCLUSIONS AND IMPLICATIONS

### 8.1 INTRODUCTION

The impacts of the tendering and quality measurement processes entailed in government contracting varied considerably amongst the different types of TSOs working with homeless people in Southampton and Hampshire. Amongst the contracted providers, these processes were – as the governmentality literature suggested – acting as mechanisms for the exertion of state power over TSOs (e.g. Larner and Butler, 2005). While this partially fulfils Wolch's (1990) prediction that a shadow state would emerge as government funding of the third sector increased, a number of TSOs (the Community-based Non-contractors) were not involved in contracts and had remained independent of government influence. These tended to be the more informal services such as drop-in meals services that had been marginalised by government homelessness policy and, partly as a result of this, were more able to involve volunteers and provide less structured forms of support to single homeless people than the contracted providers. This division of labour within the homelessness third sector is explained further below, but the diverse characteristics and functions of the TSOs involved in this study point to the need for a more carefully differentiated policy discourse towards the third sector.

The study has also shown that amongst the contracted providers, capacity to participate in the tendering and measurement processes varied considerably. Larger TSOs with multiple contracts benefited from economies of scale and greater access to expertise, which enabled them to carry out these processes more efficiently. This included the Comfortable Contractors and, to a lesser extent, the Compliant Contractors. However, the Cautious Contractors found the requirements of government contracting more burdensome because they tended to have fewer resources and had to satisfy the demands of multiple funding bodies and donors. Values-based tensions were also more significant amongst the Cautious Contractors, the majority of which were faith-based organisations. Whilst the Cautious Contractors had thus far satisfied the quality

measurement requirements, doing so had entailed significant changes for these organisations, and it was questionable whether they would be able to compete with larger TSOs if exposed to tendering in future. It seemed likely that over time, the demands of the tendering and quality measurement processes would filter out smaller providers. This raises some concerns about the continued efficacy of third sector homelessness services, because these smaller providers were the most embedded in local communities and could adapt to local needs, two attributes which have been identified as comparative advantages of TSOs.

The quality measurement processes had contributed to improved and more consistent standards amongst the contracted providers, but had also led to a focus on the achievement of measurable outcomes, and in particular on moving clients on within a given time. The impacts of this were ambiguous, but managers were concerned that clients with the most complex needs could be moved on too soon as a result of pressure to perform well in the quality measures. The quality measurement systems developed by Supporting People had been designed to report on outcomes for clients, and as such seemed to correspond more closely with ‘actual’ service quality than the systems identified in other third sector studies (e.g. Moxham, 2009; Moxham and Boaden, 2007). However, only short term outcomes were measured, meaning that it was not possible to tell whether the progress that clients had made was sustained. The quality measurement processes also had the potential to undermine some of the distinctive characteristics associated with TSOs, as is explained further below.

The three research questions outlined at the outset of this thesis regarding the variation between TSOs, the impacts of tendering and the impacts of quality measurement have been addressed in Chapters 5, 6 and 7 respectively. This concluding chapter therefore uses the empirical evidence from this study to contribute to broader debates relating to the third sector. It elaborates on the issues summarised in the paragraphs above, first discussing state control over TSOs, then considering the division of labour amongst homelessness TSOs, and highlighting the potential for TSOs’ distinctive characteristics to be undermined by contracting processes. Although the conclusions derived from this study of homelessness TSOs operating in Southampton and Hampshire cannot be extrapolated to all homelessness TSOs and, still less, to the entire UK third sector, the extent to which this study’s findings support or diverge from existing research is

considered. Some of the implications of the research findings for policy makers and practitioners are suggested. The welfare triangle model introduced in Chapter 1 is then revisited. The evidence gathered in this study highlights some of the limitations of this model, and a refined ‘welfare pyramid’ model is tentatively proposed, which could serve as a useful basis for further investigation. The thesis closes with some suggestions for further related research.

## **8.2 SHIFTING SHADOWS? THE CHANGING INFLUENCE OF THE STATE**

Government agencies certainly exercised considerable control over TSOs that were involved in contracts: these providers were obliged by funders to adopt particular practices and as such, coercive isomorphism was taking place amongst them (DiMaggio and Powell, 1983). The mechanisms that effected this isomorphism included contract specifications, the tendering process, quality standards schemes and ongoing performance measurement requirements. These mechanisms therefore served as tools by which government power was exerted over contracted TSOs (Larner and Butler, 2005). Some TSOs also used the government’s quality measurement processes to assess services that were not state-funded. This can be seen as an example of mimetic isomorphism (DiMaggio and Powell, 1983) and highlights the pervasiveness of state power, to which the governmentality perspective has drawn attention (e.g. Ling, 2000).

However, this state power was by no means all-encompassing and there were opportunities for organisations to exercise autonomy both within and outside of contractual arrangements. For instance the Cautious Contractors, and to a lesser extent the Compliant Contractors could use voluntary income to fund activities that were outside the remit of their contracts, such as providing additional bed spaces or social activities for clients. This gave them some flexibility in pursuing organisational objectives that were not supported by government funding or policy. The Comfortable Contractors also retained a considerable amount of power because of the larger geographical scale of their operations, and because those that relied primarily on rental income from general needs social housing had the option to cease to provide homelessness services altogether if the contract conditions became unfavourable to them.

Importantly, the organisations that had the greatest degree of autonomy from the state were those that most reflected the distinctive characteristics associated with the third sector, such as volunteer involvement, being embedded in local communities, and being explicitly values-based. These Community-based Non-contractors were not involved in contracts and therefore were not affected by the tendering or quality measurement processes. This was partly because the services they provided were not eligible for government funding, but the existence and activity of these local, volunteer-staffed TSOs shows that although concerns about increasing state control had proven well-founded amongst some TSOs, others had remained outside the 'shadow state' (Wolch, 1990).

Furthermore, whilst the level of state control over some TSOs had increased, the effects of this were somewhat different from those anticipated by Wolch (1990) and DiMaggio and Powell (1983), who suggested that state-funded TSOs would adopt the bureaucratic processes and principles then associated with government administration. Marketisation and managerialism have had a significant influence on state welfare since the 1980s and as a result, contemporary institutional isomorphism sees TSOs adopting a more complex combination of state and market -related values and practices, including a greater emphasis on competition and cost efficiency. This is discussed further in the section (8.6) on the welfare triangle below.

### **8.3 THE DIVISION OF LABOUR IN THE MIXED ECONOMY OF HOMELESSNESS SERVICES**

The welfare mix concept rests on the premise that there is a division of labour between market, state, informal and third sector actors in meeting welfare needs. However, this study has shown that a division of labour also exists amongst third sector providers within what might be termed the mixed economy of homelessness services. Single homeless people often encounter difficulties in accessing market, state and informal sector welfare (see Chapter 3.3). The different types of TSOs in this study were responding to needs arising from the shortcomings or inherent limitations of different sectors of the welfare mix. By providing accommodation, the Comfortable, Compliant and Cautious Contractors were catering for needs that would usually be met through

private or social housing markets. These TSOs also offered housing-related support under the Supporting People programme, which aimed primarily [albeit implicitly] to better equip clients to access state or preferably (from the government's perspective) market welfare, for instance by preparing them to maintain a tenancy in private or social housing<sup>1</sup>, or providing assistance with budgeting, benefits applications or securing employment. These TSOs were therefore compensating for some of the shortcomings of state and market welfare, and helping homeless people overcome barriers to accessing these.

By contrast, the Community-based Non-contractors primarily served functions that family and friends might otherwise have provided, such as companionship, hospitality, emotional support and meeting financial or physical needs in emergencies. As such these TSOs could be said to be compensating for shortcomings in informal welfare provision<sup>2</sup>. The involvement of volunteers in these services seemed to be fundamental to their ability to meet these types of need, because this facilitated the development of informal relationships and a degree of social integration with wider local communities. Some of the Cautious Contractors were to an extent able to combine functions relating to the informal, market and state sectors. For instance, these organisations often involved volunteers and their values led them to place a strong emphasis on fostering accepting, supportive relationships with clients, but they were also involved in government contracts and used structured support plans with some of their clients to help them towards independent accommodation and employment.

The division of labour between contracted and non-contracted providers was becoming more pronounced as a result of the government's homelessness policy and its approach to commissioning services from the third sector. This corresponds with broader debates about the bifurcation of the third sector and divergence between professionalised, corporatist TSOs and grassroots, voluntaristic TSOs (Knight, 1993; Fyfe and Milligan, 2003b). As other studies have found (e.g. Milligan and Fyfe, 2005), some TSOs (mainly the Cautious Contractors) occupied a position between these two poles; however, these organisations were subject to considerable tensions as a result of having to reconcile the demands of government contracting processes with those of volunteers, donors and clients, as well as their own organisational values. These TSOs also found it most difficult to implement the quality measurement processes and participate in tendering,

and as such it was questionable for how long they would be able to hold this ‘middle ground’.

The Compliant Contractors meanwhile had assimilated the quality measurement processes and other contractual requirements more effectively and had thereby moved towards more professionalised, corporatist organisational practices and forms. However, in doing so they had moved further away not only from the core of the third sector, but also from any likeness to the informal sector that they may have previously had (see Figure 12, p. 209). The processes entailed in contracting therefore made it more difficult for TSOs to serve multiple functions and take an holistic approach to meeting homeless people’s needs. Given that the Community-based Non-contractors had more limited resources and were distributed rather sporadically over space, this raises the concern that needs arising from the limitations of informal welfare provision may be inadequately catered for in future.

Drawing attention to this division of labour in homelessness services allows us to better appreciate the significance of the different contributions made by different types of TSOs. In particular, the informal services that have been neglected and even criticised by homelessness policy makers can be seen to make a distinctive and important contribution to homeless people’s wellbeing. The increasing division of labour amongst homelessness TSOs is not necessarily problematic in itself, but its implications need to be acknowledged. In particular, it will be increasingly important for the different types of TSO to work collaboratively in order to provide a holistic and cohesive response to single homelessness, and to minimise the risk of individual service users, or particular types of need ‘falling through the gaps’ in the service network.

The existence of this division of labour within the homelessness field also underlines the need for a more nuanced political discourse on the wider third sector. Government policies have tended to refer to the third sector as a whole, when in fact the organisations within it differ greatly in their characteristics and serve very different functions. The tendering and quality measurement processes seem to favour more professionalised, formalised TSOs. These providers may indeed be better suited to the provision of publicly funded services under contract, but this preference has not been made explicit in government policy towards the sector, which leaves third sector

practitioners and the general public with a vague and somewhat misleading impression of the types of organisations that the government intends to involve in public service delivery. The diverse range of responses to contracting also points to the need for greater precision within academic debates about TSOs, and further investigation and testing of the typology developed in this study could help to facilitate this.

#### 8.4 DISTINCTIVENESS UNDER THREAT?

Although, as was stated above, the increasingly pronounced division of labour amongst the homelessness TSOs studied was not intrinsically problematic, it does raise some important questions about the correspondence between government rhetoric about the third sector and the actual consequences of its policy interventions in this area. New Labour originally promoted the third sector's involvement in public service provision on the basis of the comparative advantages associated with TSOs such as their abilities in engaging communities, gaining public trust and in taking a personalised approach to service delivery (OTS, 2006a). However, in the context studied here it was the TSOs that were *not* involved in contracting (the Community-based Non-contractors) and those which encountered the greatest difficulties with the contracting processes (the Cautious Contractors) that embodied these attributes to the greatest extent. Those that were more successful in contracting (the Compliant and Comfortable Contractors) exhibited relatively few of these attributes: for instance, they did not involve volunteers, and had limited flexibility because their services were tightly specified by government funders. It seemed that, as McLaughlin (2004) suggests, the government's efforts to involve the third sector in public service provision were focussed on certain types of TSO that had both the capacity and the inclination to 'embrace the modernisation process' (*ibid.*, p. 557; Osborne and McLaughlin, 2004). If this is indeed the government's intention, it needs to be made more explicit in policies relating to the third sector. However, this also calls into question the government's real motives for involving the sector in public service provision.

Amongst the contracted TSOs, the quality measurement processes entailed in contracting had to a certain extent ameliorated some of the comparative disadvantages associated with the third sector, such as excessive amateurism and inconsistent quality

(Kendall, 2003). However, the tendering and measurement processes were also undermining some of the comparative advantages ascribed to TSOs, such as their ability to gain the trust of vulnerable clients (e.g. Hansmann, 1980). For instance, the administrative burden associated with quality measurement and tendering reduced the time and resources available for direct work with clients, and this was felt to be impinging on the quality of client-support worker relationships. Given the centrality of relationships to homelessness services, this could have a significant detrimental impact on the effectiveness of services. Although the comparative advantages associated with TSOs were being preserved amongst the non-contracted providers, the potential for the tendering processes to undermine these advantages amongst contracted providers is nevertheless a concern. If the government's agenda for third sector public service delivery is genuinely concerned with promoting the full range of distinctive capabilities that its rhetoric identifies (and not just with reducing costs), then existing tendering and quality measurement processes need to be adapted to ensure that these attributes are not further eroded.

## **8.5 IMPLICATIONS FOR POLICY AND PRACTICE**

This study has explored how government policies were being played out in practice in homelessness TSOs in Hampshire and Southampton and its findings therefore offer insights into how such policies might be developed. I first consider some of the implications for government policy towards the third sector, and then focus on homelessness policy specifically, before finally suggesting how TSO managers might respond to the findings of this study.

### **Tendering with TSOs**

Commissioners need to ensure that the time and resource demands of tendering are proportionate in order to avoid diverting excessive TSO resources away from service provision or disadvantaging smaller TSOs. Pre-qualification stages can assist in this by limiting the number of providers that complete the full tender documentation.

Negotiated tendering involving a small number of potential providers (at least three<sup>3</sup>)



could also reduce transaction costs and may be more sensitive to the needs and constraints of smaller TSOs than restricted tendering, whilst maintaining transparency and an element of competition. The two local authorities had interpreted the procurement regulations very differently, suggesting that more detailed guidelines are needed if the regulations are to be implemented consistently and appropriately.

Local authorities should also support TSOs in developing tendering skills (as they were doing in the authorities studied) and ensure that they are made aware of national government initiatives such as the Futurebuilders Small Organisation Tender Fund which offers grants to assist small TSOs in tendering for government contracts.

### **Quality Measurement**

In order for quality measurement processes to be most effective and least burdensome they need to be integrated into TSOs' normal working practices. Raising awareness of government capacity-building initiatives may enable TSOs to access resources to help them use and integrate quality measurement requirements more effectively. However, quality measures also need to be proportionate in terms of their administrative demands, and directly relevant to service users' wellbeing. The lack of correspondence between the variables measured and the outcomes experienced by clients had to some extent been addressed by the more holistic outcomes framework introduced by Supporting People in 2007. However, the continued emphasis on moving clients on within a specified time frame seemed to take insufficient account of the complex needs presented by some clients who may have benefited from longer stays. In order to better support the most vulnerable clients, processes could be put in place to grant greater discretion to providers in particular cases, and quality measures adapted to ensure that providers are not penalised for responding flexibly to individual needs.

The intangible but significant aspects of service provision were omitted from quality measurement processes because they could not be measured. Academic research has demonstrated the potential for participant observation to expose the more nuanced, less tangible impacts that TSO services may have on service users' wellbeing (e.g. Conradson, 2003). In a similar vein, contracted providers could be required to introduce peer observation or reflective practice (see Knott and Scragg, 2008) amongst support

workers in order to qualitatively monitor and improve support-worker client relationships, for example. Involving service users in the development of performance indicators could also help to ensure that aspects of service that are important to service users are given sufficient weight when assessing service quality.

### **Political discourses on the third sector**

Government policy needs to better acknowledge the third sector's diversity. New Labour's initial intentions to involve the third sector in public service delivery have narrowed in focus over time (McLaughlin, 2004; Osborne and McLaughlin, 2004), and in this study the larger, highly professionalised TSOs seemed to be favoured by the tendering processes. While these TSOs may indeed be better equipped to provide high quality public services in a consistent and accountable way, this transition has not been made explicit. Political rhetoric continues to emphasise the third sector's values basis, flexibility and community embeddedness (for example): attributes which are more evident amongst TSOs that are tacitly marginalised or excluded from public service contracts.

The apparent incongruence and lack of transparency in the government's stance towards the third sector could be addressed by articulating a more carefully differentiated discourse about the sector, and clarifying which types of TSO the government is seeking to involve for which purposes. This would make it easier for TSO managers to navigate the changing funding and policy environment and would also give the electorate a clearer impression of the government's intentions and values. It could be argued that the government's recent emphasis on social enterprise represents a step in this direction; however, this concept is perhaps more ambiguous still, and it is unclear to what extent market sector organisations will be drawn into public service provision under the guise of social enterprise<sup>4</sup>.

### **Homelessness Policy**

Several providers pointed out that individual level interventions alone (such as those funded by the Supporting People programme) were not sufficient to resolve single

homelessness. In particular there is a need to improve the availability of appropriate employment opportunities and affordable rented accommodation for people to move on to. Social enterprises could play a key part in providing intermediate employment opportunities for individuals who find it difficult to participate in the mainstream labour market (Teasdale, 2009).

Policy-makers also need to recognise the significant and potentially complementary roles played by different types of homelessness TSOs. Hostels and move-on accommodation with support services have received increasing and welcome government support under New Labour but there are no national programmes for funding day centres or night-shelters, which often play a key role in connecting people to more formal accommodation services and provide vital support for those still living on the streets. The government has been critical and unsupportive of soup runs, claiming that they sustain street homelessness. Similar objections could be levelled at the drop-in meals services included in this study, yet these services seemed to serve important practical and social functions. The fact that they were used by people who lived in hostels or had moved on to independent accommodation as well as rough sleepers testifies to the importance of these services as sites of sociality and casts doubt on the view that they sustain street homelessness. These services that had significant volunteer involvement were contributing to alleviating the loneliness that other TSO managers identified as a major problem for many service users. It therefore seems important that volunteers are encouraged to get involved in caring for homeless people in appropriate contexts, rather than being marginalised by policies that focus solely on professionalised contracted services.

Contracting was making the division of labour amongst homelessness TSOs more pronounced and as such it is increasingly important that TSOs of different types work collaboratively together. Local authorities could play a key role in coordinating the division of labour amongst homelessness TSOs, for instance by facilitating forums<sup>5</sup> or training days where volunteer leaders could gain skills and network with managers of contracted TSOs. This would enable different actors within the mixed economy of homelessness services to better coordinate their efforts, allowing their different functions to complement one another more effectively.

## **Implications for homelessness TSOs**

TSO managers were faced with complex decisions regarding their involvement in government contracts. Organisations' values and resources were key factors in these decisions and it is neither possible nor desirable to recommend a single course of action for all homelessness TSOs. However, the concepts presented in this conclusion could serve as valuable tools for organisational reflection and learning. TSO managers may be able to identify their organisation as corresponding with a particular type within the typology or may recognise how their organisation's functions fit within the division of labour described above. This could help managers to identify the tensions and pressures affecting their organisation and - if the organisation's values and objectives have been clearly articulated - to assess how the TSO's current situation and trajectory were influencing its ability to pursue its objectives. This could assist providers in gauging to what extent they should be involved in or seeking alternatives to government contracting. For instance, some Compliant Contractors may choose to remain involved in contracts but to raise additional voluntary funding to enable them to meet objectives not covered by government policy.

Making use of capacity-building initiatives such as Futurebuilders could enable smaller Cautious Contractors to develop their infrastructure and tender more effectively, and in particular these organisations might benefit from seeking advice about integrating the required quality measurement processes into their working practices.

Although this study suggests that the different functions served by different types of homelessness TSOs were complementary, the Community-based Non-contractors' services were not always well integrated with the government funded services. There also tended to be limited training for volunteers. Training days or forums facilitated by local authorities (see above) and perhaps delivered by contracted providers might improve the effectiveness of the informal services by equipping volunteers with relevant knowledge (for instance regarding health and safety, or dealing with abusive behaviour). This could foster better relationships between the informal and formal services and would enable volunteers to better assist their service users in accessing more formal services, while giving staff of contracted TSOs links with services that could offer informal support to their clients.

## 8.6 RE-SHAPING THE WELFARE TRIANGLE

At the outset of this thesis the third sector was conceptualised (after Evers, 1988) as a triangular tension field positioned between the state, market and informal sectors (Figure 12). Individual TSOs can be located at different points within this tension field depending on their relationships with the other sectors and the extent to which they exhibit characteristics or adopt principles typically associated with these sectors (see Chapter 1). TSOs can be conceived of as moving along different trajectories towards or away from the other sectors as their characteristics and relationships change over time. Although this study has been based on a relatively small number of TSOs operating in a particular field and geographical location, the findings raise a number of interesting points in relation to this model.

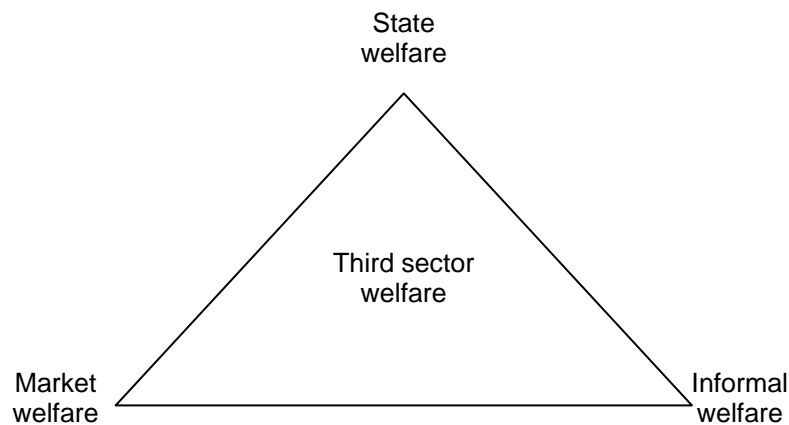


Figure 12. The welfare triangle (after Evers, 1988, p. 14)

The Community-based Non-contractors most strongly reflected the characteristics associated with the third sector in the academic and policy literature and on this basis I would argue that they are located at the 'core' of the third sector. However, Evers (2005) does not afford the third sector a distinctive identity of its own, suggesting instead that TSOs' distinctiveness lies in their hybridity or (in other words) their ability to combine the values and practices of the other sectors. Certainly, many of the TSOs studied here had adopted values and practices more associated with state and market sector welfare, partly as a consequence of contracting. However, as Bode (2006) points out, such hybridisation is not unique to the third sector. It may be that the central position of the third sector in the welfare triangle loads this model towards the

conclusion that TSOs *consist in* the combination of the influences of the surrounding sectors, when in fact the inter-sectoral exchange of practices and rationalities occurs across all sectors. Academic and political debates continue to be premised on the notion that TSOs are in some way distinctive, and the fact that the majority of the TSOs in this study had originated as local initiatives involving volunteers and had gradually become more professionalised over time seems to support the argument that there exists a distinctive core to the third sector. The tensions encountered by the Cautious Contractors in seeking to reconcile organisational values and volunteer involvement with the requirements of government funders add further weight to this view. These tensions arguably arose because these TSOs were positioned in between the core and the periphery of the third sector: if the third sector had no distinctiveness of its own, its core could not exert this ‘pull’ on an organisation.

To reflect this, the welfare triangle could be modified to give the third sector an identity or distinctiveness of its own whilst retaining the concept of hybridity or inter-sectoral mixing. Esping-Andersen (1999, in footnote on p. 35) noted that the third sector could constitute an additional component of the welfare ‘triad’ and, paraphrasing him, Powell (2007, p. 7) suggested that the triangle should in fact be a diamond. However, this would distort the visualisation of the mixing between sectors (by creating two pairs of opposing vertices) and would make it difficult to trace the movement of different TSOs within the model. Instead, I suggest that a fourth vertex for the third sector could be added to create a three dimensional model: the welfare pyramid (Figure 13).

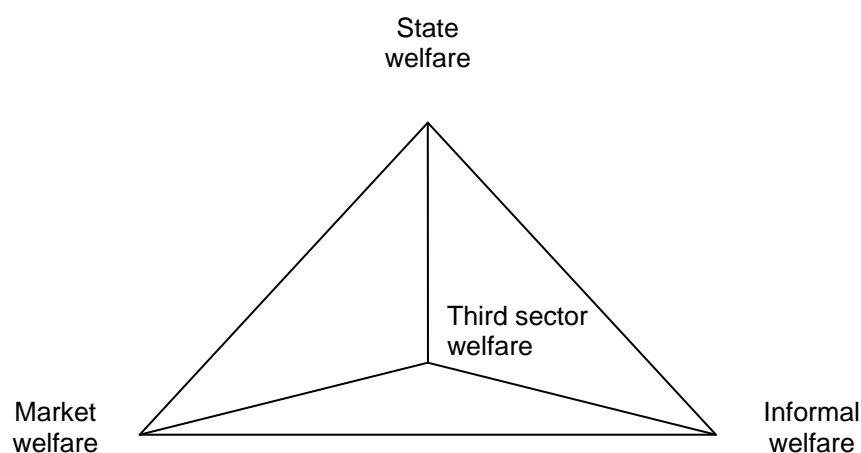


Figure 13. The welfare pyramid

This morphological change has a number of significant effects. Firstly, by introducing a third sector vertex, the third sector is given an identity of its own, rather than simply being conceived of as a hybrid of the other sectors. Secondly, the third sector is displaced from its central position, meaning that the model no longer places disproportionate emphasis on this sector and is not weighted towards the conclusion that hybridity is unique to the third sector. Thirdly, the tension field becomes a three-dimensional tension zone containing organisations from each of the four sectors. Each vertex represents the core of each sector, at which the 'ideal' characteristics associated with that sector (see Chapter 1.2) are most closely satisfied, but each sector extends into the tension zone, as long as the characteristics associated with that sector remain dominant. The tension zone therefore remains a space of hybridity, but is not occupied entirely by the third sector. Moving away from the vertices along the pyramid's edges, and towards its centre, there is greater mixing or hybridisation of the characteristics of two or more sectors. Individual TSOs can therefore be located within this three dimensional space according to the characteristics they exhibit.

Like the welfare triangle, the welfare pyramid allows us to conceptualise the movement of TSOs towards the state, market or informal sectors over time. There was certainly evidence to suggest that such transitions were being made by the homelessness TSOs studied. Crudely, the quality measurement processes could be seen as more characteristic of bureaucratic state administration processes, whilst tendering was intensifying competition amongst TSOs and encouraging them to maximise cost-efficiency, principles typically associated with the market sector. The welfare triangle and pyramid (as drawn in Figure 13) suggest that these two tendencies towards the market and state would 'pull' TSOs in different directions, creating an additional dimension to the tensions between the core and periphery described above. However, this did not appear to be the case. As was alluded to above, the influence of marketisation on state welfare since the 1980s had drawn state sector actors towards the market sector vertex. As a result, when conceptualising the changes affecting the TSOs studied here it is perhaps more accurate to think of one broader trajectory towards the marketised state (see Figure 14), than of two divergent trajectories towards the market and the state.

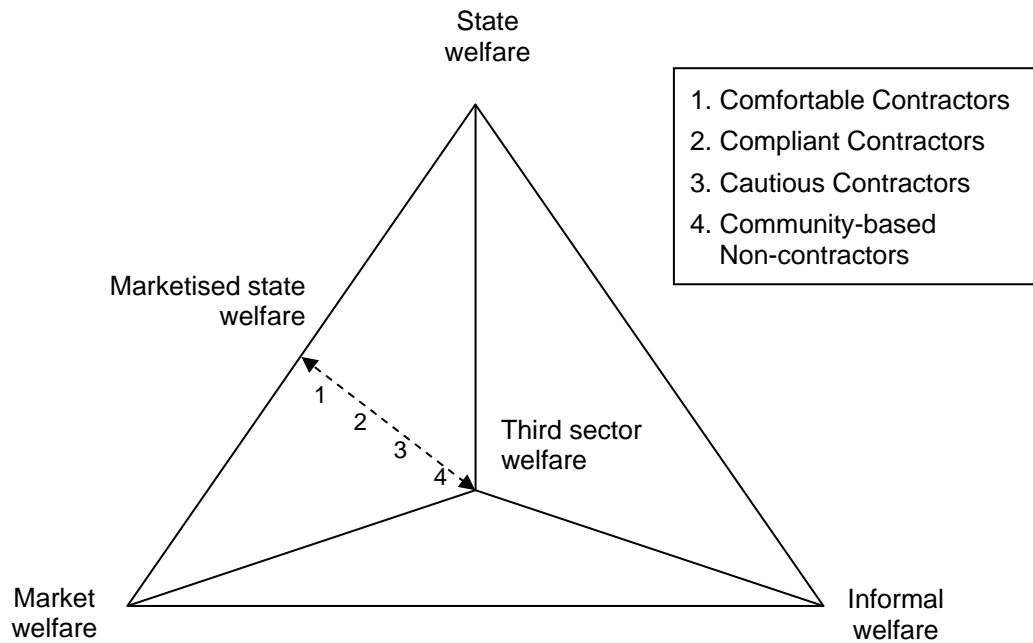


Figure 14. Positioning homelessness TSOs within the welfare pyramid

The homelessness TSOs in this study occupied different positions along this trajectory, as Figure 14 shows. The Comfortable Contractors were closest to the marketised state in terms of their values and practices, whereas the Community-based Non-Contractors remained at the core of the third sector. The Compliant and Cautious Contractors were positioned in between these poles. For the majority of the Compliant and Cautious Contractors the third sector vertex represented their approximate historical point of origin: formalisation and professionalisation in response to state contracting had contributed to their migration towards their current position. Some providers had originated as Comfortable Contractors, having been established in response to the availability of government funding. Organisations could also move back towards the core of the third sector, for instance by increasing their use of volunteers and voluntary income. As such, the arrow marked in Figure 14 is perhaps better described as a continuum than a trajectory. However, while a few managers reported that their organisations were contemplating measures that would have caused their organisations to change direction and move closer to the core of the third sector, none seemed to have done this as yet.



The precise pathways taken by individual TSOs of course differ and this study offers only a very limited evidence base upon which to propose these modifications. However, the welfare pyramid does correspond with the findings of other empirical studies reviewed in the course of this thesis. It would be interesting to investigate the extent to which this model applies to homelessness TSOs in other parts of the UK or Europe, and to TSOs operating in other welfare fields. The modified 'welfare pyramid' can therefore serve as a hypothesis to be corroborated, refuted or refined by further research. While it would be difficult to operationalise such a model quantitatively, the welfare pyramid nevertheless provides a conceptual tool for reflecting on and exploring the characteristics and processes affecting TSOs as a result of the reworking of state-third sector relationships and welfare provision responsibilities.

## **8.7 FURTHER RESEARCH**

In exploring the influence of contracting on TSOs providing homelessness services in Southampton and Hampshire, this study has identified several issues that call for further research. Both providers and commissioners reported that considerable transaction costs were incurred through tendering and it would be useful to quantify these costs in order to more accurately assess the resource demands placed on TSOs and the extent to which transaction costs offset any cost efficiencies achieved. Quantitative research into changing wages in Supporting People-funded services would provide useful insights into the effects of the emphasis on cost-efficiency. Studying mergers and organisational 'deaths' could also give an indication of how contracting processes are influencing the composition of the third sector.

It is important that future research solicits service users' perspectives on some of the issues identified by TSO managers. This is particularly relevant to discussions about the neglect of non-measurable outcomes, and service users could assist in verifying or refuting claims about changing client-support worker relationships. Service user involvement could also help to investigate whether the division of labour in homelessness services described above corresponds with how service users in fact draw upon the services offered by different types of homelessness TSO in order to meet their welfare needs.

The tendering and quality measurement processes described in this thesis were evolving over time, and as such it is important that their impacts are monitored on an ongoing basis. Future research might focus on how TSOs are influenced by developments such as the new Supporting People outcomes framework, changes in the interpretation of procurement regulations, or the incorporation of Supporting People funding into local Area Based Grants.

Further insight into the extent of variations in commissioning practices between local authorities could be gained by studying other areas and it would also be interesting to investigate whether the impacts of tendering and quality measurement identified here correspond with or differ from those experienced by TSOs operating in other welfare fields, such as health care or unemployment. This would provide the opportunity to test the applicability of the welfare pyramid model proposed above to other parts of the third sector.

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<sup>1</sup> Although social housing is cast here as a state welfare service and is allocated primarily by local government, much social housing is now provided by housing associations. Some of these organisations have charitable status, and there are ongoing debates about whether housing associations are part of the third sector.

<sup>2</sup> One might of course argue that responsibility for meeting such needs rightly lies with local communities (of which these TSOs could be considered a part) rather than with families or friends. Debates about how welfare responsibilities *should* be distributed are clearly important, but there is not space to enter into them here.

<sup>3</sup> This figure is based on the EU procurement regulations (see OGC, 2008).

<sup>4</sup> This is because the government's definition of social enterprises only requires that the organisation's profits are 'principally' re-invested towards its social or environmental purposes, so the distribution of profits to external stakeholders is not precluded.

<sup>5</sup> The local authorities studied both had Supported Housing Forums, but these did not involve the Community-based Non-contractors.

# APPENDICES

## Appendix 1. Homelessness decisions in 2006/07 in Southampton and Hampshire

Units: number of households	Accepted as homeless and in priority need	Eligible homeless and in priority need but intentionally	Eligible homeless but not in priority need	Eligible but not homeless	Total decisions	Decisions per 1000 households	Homeless acceptances per 1000 households
<b>Southampton</b>	248 (56.5%)	45 (10.2%)	39 (8.9%)	70 (15.9%)	439 (100%)	4.67	2.64
<b>Hampshire (total)</b>	714 (37.1%)	171 (8.9%)	153 (7.9%)	888 (46.1%)	1926 (100%)	3.73	1.38
<b>Basingstoke and Deane</b>	77 (57.0%)	26 (19.3%)	3 (2.2%)	29 (21.5%)	135 (100%)	2.11	1.20
<b>East Hampshire</b>	82 (42.5%)	11 (5.7%)	51 (26.4%)	49 (25.4%)	193 (100%)	4.29	1.82
<b>Eastleigh</b>	57 (44.9%)	21 (16.5%)	0 (0.0%)	49 (38.6%)	127 (100%)	2.65	1.19
<b>Fareham</b>	44 (54.3%)	17 (21.0%)	3 (3.7%)	17 (21.0%)	81 (100%)	1.84	1.00
<b>Gosport</b>	173 (61.1%)	30 (10.6%)	15 (5.3%)	65 (23.0%)	283 (100%)	8.84	5.41
<b>Hart</b>	10 (62.5%)	5 (31.3%)	0 (0.0%)	1 (6.3%)	16 (100%)	0.47	0.29
<b>Havant</b>	99 (13.1%)	6 (0.8%)	58 (7.7%)	594 (78.5%)	757 (100%)	15.45	2.02
<b>New Forest</b>	91 (48.7%)	36 (19.3%)	9 (4.8%)	51 (27.3%)	187 (100%)	2.53	1.23
<b>Rushmoor</b>	25 (49.0)	11 (21.6%)	3 (5.9%)	12 (23.5%)	51 (100%)	1.46	0.71
<b>Test Valley</b>	21 (42.9)	1 (2.0%)	8 (16.3%)	19 (38.8%)	49 (100%)	1.07	0.46
<b>Winchester</b>	35 (74.5)	7 (14.9%)	3 (6.4%)	2 (4.3%)	47 (100%)	1.04	0.78
<b>England</b>	73,360 (46.0%)	10,930 (6.9%)	31,140 (19.5%)	43,920 (27.6%)	159,350 (100%)	7.57	3.48

Source: <http://www.communities.gov.uk/documents/housing/xls/141476.xls>

**Appendix 2: primary client groups of Supporting People clients who were assigned single homelessness as a secondary client group**

<b>Primary Client Group</b>	<b>Southampton</b>	<b>Hampshire</b>
<b>Alcohol problems</b>	12	<b>6</b>
<b>Drug problems</b>	7	<b>1</b>
<b>Frail elderly</b>	0	<b>0</b>
<b>Generic</b>	2	<b>3</b>
<b>Homeless families with support needs</b>	0	<b>1</b>
<b>Learning disabilities</b>	5	<b>2</b>
<b>Mental health problems</b>	18	<b>18</b>
<b>Mentally disordered offenders</b>	n/a	<b>0</b>
<b>Offenders at risk of offending</b>	1	<b>6</b>
<b>Older people mental health</b>	0	<b>0</b>
<b>Older people with support needs</b>	2	<b>2</b>
<b>Physical or sensory disability</b>	2	<b>3</b>
<b>Refugees</b>	0	<b>n/a</b>
<b>Rough sleeper</b>	0	<b>2</b>
<b>Teenage parents</b>	0	<b>3</b>
<b>Traveller</b>	n/a	<b>0</b>
<b>Women at risk of domestic violence</b>	1	<b>7</b>
<b>Young people at risk</b>	3	<b>43</b>
<b>Young people leaving care</b>	1	<b>5</b>
<b>Total number of clients with single homelessness as a secondary client group</b>	<b>54</b>	<b>102</b>

Source: <http://www.spclientrecord.org.uk/>. NB. These figures are based on outcomes data for clients moving on from short term (up to two years) Supporting People services during 2007/08 and therefore do not relate to the same population as those in Table 4 (p. 62)

**Appendix 3. Secondary client groups for Supporting People clients with single homeless or rough sleeper as their primary client group**

Secondary Client Group	Single Homelessness Primary Client Group				Rough Sleepers Primary Client Group				Single homeless and Rough Sleepers Primary Client Groups (Total)			
	Hampshire		Southampton		Hampshire		Southampton		Hampshire		Southampton	
	Number of clients	% of total primary group	Number of clients	% of total primary group	Number of clients	% of total primary group	Number of clients	% of total primary group	Number of clients	% of total primary group	Number of clients	% of total primary group
<b>Alcohol problems</b>	100	11.39	63	25.61	3	15.79	2	66.67	103	11.48	65	<b>26.10</b>
<b>Complex Needs</b>	7	0.80	2	0.81	1	5.26	0	0.00	8	0.89	2	<b>0.80</b>
<b>Drug problems</b>	133	15.15	63	25.61	6	31.58	0	0.00	139	15.50	63	<b>25.30</b>
<b>Frail elderly</b>	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	<b>0.00</b>
<b>Generic</b>	6	0.68	3	1.22	3	15.79	0	0.00	9	1.00	3	<b>1.20</b>
<b>Homeless families with support needs</b>	2	0.23	0	0.00	0	0.00	0	0.00	2	0.22	0	<b>0.00</b>
<b>Learning disabilities</b>	26	2.96	4	1.63	1	5.26	0	0.00	27	3.01	4	<b>1.61</b>
<b>Mental health problems</b>	103	11.73	43	17.48	1	5.26	1	33.33	104	11.59	44	<b>17.67</b>
<b>Mentally disordered offenders</b>	6	0.68	1	0.41	0	0.00	0	0.00	6	0.67	1	<b>0.40</b>
<b>Offenders/at risk of offending</b>	102	11.62	29	11.79	0	0.00	0	0.00	102	11.37	29	<b>11.65</b>
<b>Older people mental health</b>	1	0.11	0	0.00	0	0.00	0	0.00	1	0.11	0	<b>0.00</b>
<b>Older people with support needs</b>	2	0.23	1	0.41	0	0.00	0	0.00	2	0.22	1	<b>0.40</b>

Secondary Client Group	Single Homelessness Primary Client Group				Rough Sleepers Primary Client Group				Single homeless and Rough Sleepers Primary Client Groups (Total)			
	Hampshire		Southampton		Hampshire		Southampton		Hampshire		Southampton	
	Number of clients	% of total primary group	Number of clients	% of total primary group	Number of clients	% of total primary group	Number of clients	% of total primary group	Number of clients	% of total primary group	Number of clients	% of total primary group
People with HIV/AIDS	1	0.11	2	0.81	0	0.00	0	0.00	1	0.11	2	<b>0.80</b>
Physical or sensory disability	15	1.71	6	2.44	0	0.00	1	33.33	15	1.67	7	<b>2.81</b>
Refugees	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	<b>0.00</b>
Rough Sleeper	11	1.25	14	5.69	0	0.00	0	0.00	11	1.23	14	<b>5.62</b>
Single homeless with support	0	0.00	0	0.00	2	10.53	0	0.00	2	0.22	0	<b>0.00</b>
Teenage parents	9	1.03	4	1.63	0	0.00	0	0.00	9	1.00	4	<b>1.61</b>
Traveller	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	<b>0.00</b>
Women at risk of domestic viol.	6	0.68	2	0.81	0	0.00	0	0.00	6	0.67	2	<b>0.80</b>
Young people at risk	162	18.45	40	16.26	1	5.26	0	0.00	163	18.17	40	<b>16.06</b>
Young people leaving care	10	1.14	3	1.22	0	0.00	0	0.00	10	1.11	3	<b>1.20</b>
<b>Total people in primary client group</b>	<b>878</b>		<b>246</b>		<b>19</b>		<b>3</b>		<b>897</b>		<b>249</b>	

Source: <http://www.spclientrecord.org.uk/>. Based on outcomes data for clients moving on from short term Supporting People services in 2007/08. The data do not sum to 100% because clients can be assigned to up to 3 client groups: some single homeless clients appear more than once, others not at all.

#### Appendix 4. TSO characteristics variables used in SPSS datasheet

Variable	Label	Values
ORG_ID	ID number of organisation	
ORG_NAME	Name of organisation	
TRANSCRIPT_NO	Transcript Number	
ADDITIONAL_TRANSCRIPT_NO	Transcript Number for additional interviews within this organisation	
CLIENT_GROUPS	Client groups served within study areas	<p>Single homeless people only</p> <p>Homelessness 'cluster': young people, rough sleepers, homeless families</p> <p>Homelessness 'cluster' and mental health/drug/alcohol services</p> <p>Supporting People vulnerable client groups</p> <p>More general client group - e.g. incl. people in general needs social housing</p> <p>Other</p>

<b>Variable</b>	<b>Label</b>	<b>Values</b>
GEOG_SCOPE	Geographical scope of the organisations current service provision	Service provided at one site only  Local authority level (multiple sites within one local authority)  Regional level (SE GOR plus neighbouring local authorities: Devon and Wiltshire)  National level (i.e. multi-regional)  Other
SP_CONTRACTS	Organisation holds Supporting People contracts	Yes  No
SERVICE_TYPE_MEALS	Organisation provides meals/soup run type service	Yes  No
SERVICE_TYPE_DAY_CENTRE	Organisation provides day centre service	Yes  No
SERVICE_TYPE_SHORTTERM	Organisation provides short term/emergency hostel/night-shelter	Yes  No



<b>Variable</b>	<b>Label</b>	<b>Values</b>
SERVICE_TYPE_MEDIUMTERM	Organisation provides medium term accommodation with support (including life skills and intensive move-on services)	Yes No
SERVICE_TYPE_FLOATING	Organisation provides floating (community-based) support	Yes No
SERVICE_TYPE_OTHER	Organisation provides another type of service for single homeless people	Yes No
INCOME_TOTAL	Organisation's total annual income for year ending in 2007 (according to data from Charity Commission)	

Variable	Label	Values
INCOME_CAT	Total annual income category	£0 - £20,000 £20,001 – 100,000 £100,001 – £500,000 £500,001 - £1,000,000 £1,000,001 - £5,000,000 £5,000,001 - £10,000,000 £10,000,001 - £50,000,000 £50,000,001 - £250,000,000
BROAD_INCOMECAT	Organisation's total income (categorised at broader intervals)	£0 - £20,000 £20,001 - £1,000, 000 £1,000,001 – £10,000,000 £10,000,001 +
SP_INCOME	Organisation's total income from Supporting People for year ending in 2007	

Variable	Label	Values
PERCENT_SP_INCOME	Supporting People income as a % of total income	
SP_CAT	Supporting People income as a % of total income (categorised)	0% 0.1% - 10% 10.1% - 20% 20.1% - 40% 40.1% - 60% 60% - 100%
VOL_INCOME	Organisation's total (donated) voluntary income for year ending in 2007	
FUND_GEN_ACTIV_INCOME	Organisation's total income from fund generating activity for year ending in 2007	

Variable	Label	Values
COMBINED_VOL_INCOME	Total voluntary income (donated income + income from fund generating activities)	
PERCENT_VOL_INCOME	Total voluntary income (donated income + income from fund generating activities) as a % of total income	
VOL_INC_CAT	Total voluntary income (donated income + income from fund generating activities) as a percentage of total income (categorised)	0% 0.1% - 1% 1.1% - 10% 10.1% - 20% 20.1% - 40% 40.1% - 80% 80.1% - 100%
CHARITABLE_ACTIV_INCOME	Organisation's total income from charitable activity (includes rents and SP contracts) for year ending in 2007	

Variable	Label	Values
PAID_STAFF_WHOLE_ORG	Number of paid staff employed by the whole organisation	
PAIDSTAFF_CAT	Number of paid staff employed by the whole organisation (FTE)	0 1 – 5 6 – 25 26 – 50 51 – 100 101 – 200 201 – 400 401 +
STAFF_COSTS	Total staff costs according to 2007 annual report	

Variable	Label	Values
VOLUNTEER_NUMBERS	Number of volunteers involved in the single homelessness services the organisation provides in the study areas (categorised)	0 1 -2 3 – 5 6 – 10 11 – 20 21 – 50 51 – 100 100 – 150 151 +
VOLUNTEERS	Volunteer involvement in service provision	Yes No

Variable	Label	Values
TYPE	Organisation type according to typology (Chapter 5)	Type 1: Comfortable Contractor Type 2: Compliant Contractor Type 3: Cautious Contractor Type 4: Community-based Non-contractor

## **Appendix 5. Definitions of Income Categories on Charity Commission Summary Information Returns (SIRs)**

**Activities for generating funds:** trading activities undertaken by the charity specifically to generate incoming resources. They include:

- Fundraising events such as jumble sales, firework displays and concerts (which are legally considered to be trading activities);
- Non-charitable trading activities;
- Fees for any services provided to non-beneficiaries;
- Income generated through shops selling either bought- in or donated goods;
- Any lottery or sponsorship income that cannot be considered as pure donations.

**Income from charitable activities:** any incoming resources that are a payment for goods or services provided for the benefit of the charity's beneficiaries. They include income from:

- The sale of goods and services provided as part of the direct charitable activity (primary purpose trading);
- The sale of goods or services made or provided by the beneficiaries of the charity;
- The letting of non-investment property in furtherance of the charity's objects;
- Contractual payments from government or public authorities where these are received in the normal course of trading under the above three categories (e.g. fees for respite care);
- Grants that have conditions which make them similar in economic terms to trading income, such as service level agreements with local authorities.

**Voluntary income:** incoming resources provided to the charity for which the charity is not expected to provide anything in return. Voluntary income includes:



- Gifts and donations;
- Membership subscriptions that are primarily a donation in nature;
- Legacies;
- Grants of a general or core funding nature (but not grants requiring the provision of a particular charitable service);
- Gifts in kind, donated facilities or services where these are included in the statutory accounts of the charity.

**Income from activities for generating funds:** trading activities undertaken by the charity specifically to generate incoming resources. They include:

- Fundraising events such as jumble sales, firework displays and concerts (which are legally considered to be trading activities);
- Non-charitable trading activities;
- Fees for any services provided to non-beneficiaries;
- Income generated through shops selling either bought- in or donated goods;

Any lottery or sponsorship income that cannot be considered as pure donations.

**Investment income:** incoming resources from investment assets, including dividends, interest and rents received from investment property. It excludes realised and unrealised investment gains and losses.

Adapted from: <http://www.charity-commission.gov.uk/investigations/sir2005notes.asp>

## **Appendix 6: Interview Request Letter (Example)**

Dear NAME

### **RESEARCH ON HOMELESSNESS VOLUNTARY SECTOR ORGANISATIONS IN HAMPSHIRE**

I am conducting a research project looking at the influence of contractual arrangements with local government on voluntary sector organisations serving homeless people in Southampton and Hampshire. This is part of my PhD research based at the University of Southampton. I am writing to ask whether you might be able to help with this study by participating in an interview.

The study aims to improve understanding of the factors that affect the sustainability of voluntary organisations, and the role of values or ethos in these organisations. I am aware that [ORGANISATION] plays an important role in providing services for homeless people and would be really interested to hear about the experiences of your organisation in relation to these themes, and also about your own involvement in the organisation.

I wondered if it would be possible to arrange an informal interview with yourself (or a colleague if you feel this would be more appropriate)? I anticipate this would take about an hour but would be happy to limit it to whatever time you have available. With your consent, I would like to audio-record the interview to assist in my subsequent analysis, but any information will be used anonymously. If it would be helpful, I could provide a list of questions in advance. If you are able to provide any relevant documents, such as a recent annual report, I would also be very grateful to receive these.

I would really appreciate it if you could consider assisting me with this research and would be very happy to share the findings with you if you are interested. I will telephone in the next week to follow up this letter and would be glad to answer any questions you may have about the research, and if possible to arrange a time that is convenient for you.

Thank you very much indeed for your time and co-operation.

Yours Sincerely,

Heather Buckingham

Postgraduate Research Student, School of Social Sciences

Email: [H.Buckingham@soton.ac.uk](mailto:H.Buckingham@soton.ac.uk)

## Appendix 7. Details of organisations and individuals involved in interviews

<b>Inter- view No.</b>	<b>Type</b>	<b>Number of interviewees at interview</b>	<b>Services represented by manager(s) interviewed<sup>1</sup></b>
<b>1</b>	Cautious Contractor	2	Supported accommodation for people with low support needs. (= whole TSO)
<b>2</b>	Compliant Contractor	2	Day centre. This TSO also provided accommodation-based services (Interview 13).
<b>3</b>	Cautious Contractor	1	Whole TSO (TSO provided a small number of local day centres)
<b>4</b>	Community-based Non-contractor	1	Accommodation-based service
<b>5</b>	Comfortable Contractor	1	Hostel
<b>6</b>	Comfortable Contractor	1	Homelessness support services
<b>7</b>	Compliant Contractor	1	Day centre and supported accommodation services
<b>8</b>	Compliant Contractor	1	Supported housing services
<b>9</b>	Comfortable Contractor	1	Hostel
<b>10</b>	Comfortable Contractor	2	Supported accommodation and floating support (same TSO as Interview 19)
<b>11</b>	Comfortable Contractor	2	Supported housing
<b>12</b>	N/A	1	Supporting People representative (local government)
<b>13</b>	Compliant Contractor	1	Hostels. Same TSO as Interview 2.

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<sup>1</sup> ‘Whole TSO’ indicates that the interview was responsible for overall running of the TSO

<b>14</b>	Compliant Contractor	1	Street outreach and client referral work.
<b>15</b>	N/A	1	Supporting People representative (local government)
<b>16</b>	Cautious Contractor	1	Night-shelter (= whole TSO)
<b>17</b>	Compliant Contractor	1	Hostel
<b>18</b>	Compliant Contractor	1	Whole TSO. TSO provides hostel and move-on accommodation.
<b>19</b>	Comfortable Contractor	1	Supported accommodation. (same TSO as Interview 10)
<b>20</b>	Compliant Contractor	1	Whole TSO. TSO provides training, research and representation to commissioners and providers.
<b>21</b>	Cautious Contractor	1	Day centre (same TSO as Interview 26)
<b>22</b>	Community-based Non-contractor	1	Drop-in meals service
<b>23</b>	Comfortable Contractor	2	Supported housing and floating support.
<b>24</b>	Community-based Non-contractor	1	Drop-in meals service
<b>25</b>	Community-based Non-contractor	1	Food and clothing distribution service
<b>26</b>	Cautious Contractor	2	Hostel (same TSO as Interview 21)

## **Appendix 8: Interview Schedule for TSO Managers**

### **Background about organisation**

- What services does the organisation provide for homeless people? How are they accessed?
- Could you tell me a bit about how the organisation was set up? By whom? For what purpose?

### **Staff and volunteers**

- Does the organisation employ any paid staff – if so how many? What sort of work do they do?
- Are there any volunteers involved? If so, how many? What roles do volunteers play? Do they have any direct involvement with service users?
- Has the ratio of staff to volunteers, and their different roles, changed over time?

### **Funding**

- What are the main sources of funding for the organisation's work with homeless people? (Ask which government departments). Which are the most/least significant?
- Grants or contracts? Did the contracts have to be tendered for?
- Are there any conditions attached to the funding? Do you ever find that these conflict with the organisation's mission or values?
- Has the organisation always been very dependent on government funding? If not, how were services financed previously?
- Do you think this is quite a secure source of funding for the future?
- What do you think contributes most to an organisation's success in tendering for government funding contracts?

- Do you think the current trend towards contracting for statutory service provision contracts presents any new opportunities for your organisation? If so, what are they, and how are you responding to them? (→ risks too)

### **Targets and Standards**

- Do you have particular standards or targets that have to be met?
- How does this affect what you do on a day to day basis? How is the relevant information collected?
- Do you think these targets have benefited service users?

### **Own role**

- Could you tell me a bit about your role in the organisation? How long have you had this role? How and why did you get involved in this organisation?
- What sorts of responsibilities does your job involve?
- What sorts of activities take up most of your time in your job?

### **Values**

- How would you describe the values/ethos of the organisation?
- Would you say that this is a faith-based organisation? If so, how do you think this makes it different from an organisation that is not faith-based?
- Does the organisation have a mission statement? If so what is it?
- How are these values put into practice throughout the organisation? How do they affect the day-to-day operation of the organisation?
- What difficulties do you encounter in trying to put these values into practice?

### **Organisational change in response to external environment**

- What would you say are some of the most significant changes that have been made in the organisation over the last five years? (e.g. staff training, recruiting new staff, altering buildings).
- What would you say have been the main factors driving these changes?
- How have influenced the services experienced by homeless people?
- What do you think are the main challenges facing your organisation at the moment?
- Would you have liked to have seen the organisation change/develop in a different way?

### **Distinctiveness**

- What do you think is distinctive about this organisation, from others working in the homelessness sector (*esp. those heavily involved in contracts*)?
- In what way do you see this organisation as being distinctive from the private sector? ...or a state provider?
- How do you think this affects the experiences of service users? How is it maintained?
- Do you feel that the organisation's distinctiveness is being compromised at all? How important is this, and what steps are/could be taken to avoid it?
- How do you think homelessness services in this area are likely to change over the next five years or so? Do you think this would be a positive thing?



## **Appendix 9: Interview Schedule for leaders of volunteer-run services**

### **General Questions**

- Could you describe what the [Service/Project Name] provides for people who visit it?
- What would you say the aim of the [Service/Project Name] is? Why was it set up?
- Could you explain how [Service/Project Name] is run? (I.e. practical arrangements, funding)
- How would you describe the mixture of people that typically attend [Service/Project Name]? (Approximate numbers?)
- What do you think that the people who come to [Service/Project Name] regularly value most about it?

### **Volunteers**

- Does it rely entirely on volunteers?
- How many people are typically involved as volunteers?
- What do the volunteers do? Do they receive any training?
- How (and from where) are volunteers recruited?

### **Values**

- What do you think volunteers enjoy most about helping in [Service/Project Name]?
- What would you say is your motivation for being involved in [Service/Project Name]? Why/how did you get involved?
- Would you say that [Service/Project Name] has a faith-based ethos, and if so can you give some examples of how this might make a difference to the way it operates in practice?

### **Links with other services**

- Are you able to refer people on to other voluntary or state sector services (e.g. for homeless people, drug and alcohol services) in the city?
- Do you think that there would be benefits to having closer relationships with, for instance, supported accommodation providers or homelessness hostels?

### **Challenges**

- Can you think of any examples of challenging or difficult situations that have arisen with individuals visiting [Service/Project Name]? How have you tried to deal with these?
- Have you encountered (or do you anticipate) any other limitations or challenges in developing [Service/Project Name] as a project?
- Are there any ways in which you would like to change, or further develop [Service/Project Name] in future?

## **Appendix 10: Interview Schedule for Supporting People (local government) representatives**

### **Current allocation of funding**

- How are contracts for services for single homeless people currently allocated in Southampton?
- Do you anticipate that competitive tendering will become more widespread? (Will this affect all services, or only those deemed to be inadequate/ inappropriate?)
- How much choice do you have (e.g. directives from central government) about procurement processes? (Is there variation in implementation of policies between local authorities?)

### **About the contracts themselves**

- How do you decide what services to commission? (needs assessment?)
- How long do the contracts tend to run for? (What do they think about this? Is it likely to be increased?)
- How much flexibility is there within the specifications for organisations to innovate or provide services in a distinctive way?
- Is there a tendency towards putting larger contracts up for tender? (What are the advantages or disadvantages of this?)

### **Competitive tendering process**

- What are the main criteria that you use to decide which provider will win a contract? (Is any account taken of local knowledge/community links?)
- How do you balance the trade off between quality and cost-efficiency?
- What has been your perception of providers' response to competitive tendering and Supporting People in general?

- Do you provide training for organisations about tendering? (What are the advantages or disadvantages of this?)
- How many applications would you typically receive for each contract put up for tender? (What is the range of organisations: geographical, size, etc.)

### **Impacts and implications**

- What do you consider to be the main advantages of competitive tendering as a means of allocating funding (as opposed to negotiation, for instance)?
- What do you consider to be the main disadvantages of competitive tendering as a means of allocating funding (as opposed to negotiation, for instance)?
- What do you think the impacts of the Supporting People programme have been for people working on the front-line – Support workers, key workers, etc.?
- Do you think that the increasing prevalence of competitive tendering will lead to larger organisations coming to dominate service provision? (What are the implications of that?)
- How do you think increasing competition between providers might affect collaboration and joint working practices? (Are measures in place to encourage this?)

### **Monitoring and Target Setting**

- What procedures are in place for monitoring and evaluating the services?
- How effective do you think these have been in improving standards?
- Do you think the administrative burden on providers has lessened since Supporting People was first introduced?
- I get the impression that some organisations are better able to cope with the monitoring procedures than others – would you agree, and what you think influences this?

- Are there any aspects of services that are not monitored that you would like to be able to incorporate? – for instance less tangible outcomes (increased self-esteem, social integration, etc.)
- Does SP get any indication of staff turnover rates or recruitment difficulties from providers? (...which might affect service quality)

### **General Questions**

- How sustainable do you think the improvements in services are, given that funding constraints are likely to increase?
- What are the main challenges or difficulties that you face in your commissioning role? (Ask about accountability to central government and flexibility)
- What are the most rewarding aspects of your role in commissioning services?
- Are there any ways in which you would like to see the procurement process change or develop?

## **Appendix 11: Informed consent form for TSO Managers/Leaders**

Thank you very much for agreeing to participate in this study of the effects of contractual arrangements with government on voluntary organisations working with homeless people in Hampshire. The study is based at the School of Social Sciences at the University of Southampton and is part of my PhD research project (October 2006 – September 2009). The project is investigating two key themes in relation to contracting: the sustainability of voluntary organisations, and the role of values in voluntary organisations. I am very grateful for your support with this work, and am happy to share the findings with you in due course.

Please read the statements and questions below carefully and tick the relevant boxes. If you have any questions or would like further information, please do ask.

Please understand that your participation in this project is entirely voluntary and you are free to withdraw your involvement at any time during the interview.

Do you give your consent for the interview to be audio-**recorded** and transcribed to assist in later interpretation?

YES ☐ NO ☐

Are you happy for verbatim **quotations** to be used in writing up the research?

YES ☐ NO ☐

In **interpreting and writing up** the research I will make every effort to maintain **confidentiality and anonymity** by omitting names of individuals and organisations or by using pseudonyms if necessary when using the interview material.

If you have understood and are happy with these arrangements, **please tick** this box: ☐

Alternatively, if you would like to discuss concerns about anonymity and confidentiality in more depth, please ask me.

Signed..... Date ..... Organisation.....

Print Name ..... Position .....

I very much hope that this project will produce information that will be of interest to voluntary organisations and statutory agencies, and therefore would be very happy to provide you with a summary of the findings.

**Please tick** if you wish to receive this: ☐

If you have any further questions regarding the project, or think of something particularly important after the interview that you would like to mention, please contact me:

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## **Appendix 12: Informed Consent Form for Supporting People Commissioners**

Thank you very much for agreeing to participate in this study of the effects of contractual arrangements with government on voluntary organisations working with homeless people in Hampshire. The study is based at the School of Social Sciences at the University of Southampton and is part of my PhD research project (October 2006 – September 2009). The project is investigating two key themes in relation to contracting: the sustainability of voluntary organisations, and the role of values in voluntary organisations. I am very grateful for your support with this work, and am happy to share the findings with you in due course.

Please read the statements and questions below carefully and tick the relevant boxes. If you have any questions or would like further information, please do ask.

Please understand that your participation in this project is entirely voluntary and you are free to withdraw your involvement at any time during the interview.

Do you give your consent for the interview to be audio-**recorded** and transcribed to assist in later interpretation?

YES ☐ NO ☐

Are you happy for verbatim **quotations** to be used in writing up the research?

YES ☐ NO ☐

In **interpreting and writing up** the research I will make every effort to maintain **anonymity** by omitting names of individuals when using the interview material.

If you have understood and are happy with these arrangements, **please tick** this box: ☐

Alternatively, if you would like to discuss concerns about anonymity and confidentiality in more depth, please ask me.



Signed..... Date ..... Organisation.....

Print Name ..... Position .....

I very much hope that this project will produce information that will be of interest to voluntary organisations and statutory agencies, and therefore would be very happy to provide you with a summary of the findings.

**Please tick** if you wish to receive this: ☐

If you have any further questions regarding the project, or think of something particularly important after the interview that you would like to mention, please contact me:

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## **Appendix 13: Coding Scheme**

1. Organisation and services
  - a. Services provided
  - b. Access or referral
  - c. Attributes or characteristics of organisation
    - i. Being business like
    - ii. Being innovative
    - iii. Being proactive
    - iv. Catering for chaotic individuals and complex needs
    - v. Flexibility
    - vi. Specialisms
  - d. Buildings and facilities
  - e. Clients
  - f. Geographical extent
  - g. Moving-on
  - h. Organisational identity or 'self image'
    - i. Distinctiveness
    - ii. Type of organisation
  - i. Origins of organisation and service
2. Contracts
  - a. Competitive tendering
    - i. Factors affecting success in tendering
    - ii. Impacts of tendering per se
    - iii. Local authority's approach
    - iv. Organisation's involvement in tendering
    - v. Tender process for organisations
  - b. Reallocation of contracts - impacts and processes
3. Monitoring, evidencing and targets
  - a. Accountability and transparency
  - b. Flexibility and control
  - c. Impacts (positive or negative)

- d. Limitations of measurable outcomes
  - e. Practical requirements
- 4. Organisational scale, scope and size
  - a. Advantages and disadvantages related to size
    - i. Cross subsidy
    - ii. Knowledge and expertise
    - iii. Local connectedness
  - b. Geographical scope and organisation size
  - c. Organisational growth
- 5. Professionalism
  - a. Boundaries in relationships with clients
  - b. Branding or reputation
  - c. Level of structure to service
  - d. Policies and procedures
  - e. Professional staffing
- 6. Relationships
  - a. With local community
  - b. With local government
    - i. Government control
    - ii. Influence of organisation on local government
    - iii. Nature of relationship
    - iv. Responsibility and accountability
  - c. With other organisations
    - i. Competition
  - d. Within organisational hierarchy
  - e. Within service itself
- 7. Resources
  - a. Employees
  - b. Funding
  - c. Volunteers

## 8. Values

- a. Faith based aspects
- b. How values are enacted (or not)
  - i. Built environment
  - ii. By example
  - iii. Recruitment and values
  - iv. Training
- c. Individual values
- d. Organisational values

## 9. Broader context

- a. Changes in demand and need
- b. Changes in organisation
- c. Homelessness as a social problem
- d. Other policy changes

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