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**Localism and the third sector:  
New relationships of public service?**

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**Abstract**

Using interview and documentary empirical evidence from leaders of a local community group that took on the running of a leisure facility after its threatened closure by the local authority, this paper examines the relationship between third sector and state sector, the role of volunteers, the changing role of third sector organisations and the theoretical and practical limitations of ‘localism’ in making sense of these changes. It is suggested that localism is to be understood in relation to continuing central influences over policy, that community and voluntary organisations are inextricably bound up with the public sector rather than being a discrete and independent sector in their own right, and that the extant academic literature on networks, agencies and partnerships does not adequately describe these emergent new relationships of public service.

**Keywords**

Third sector, localism, leisure services, volunteers, social enterprise

**Introduction**

In the UK, active third sector provision of public services is not new. It long predates the transient rhetoric of a Big Society (Gibson 2015). However, the prevailing political focus on a greater role for the third sector continues to pose difficult practical and theoretical questions about the uncoded nature of third sector provision and its capacity to occupy the territory vacated by an ostensibly retreating state. Our discussion will specifically address the changed role of the third sector through the policy prism of ‘localism’. With detailed reference to the empirical case of a community organisation that took on the provision of a leisure facility following the withdrawal of direct local authority control, this paper aims to address two key themes:

- first, it considers how far a thriving third sector requires the support of a strong public sector if it is to prevail as practice; this will be assessed with detailed reference to interview and documentary information from an empirical case where some of the themes, challenges and ambiguities of local third sector provision, considered over an extended period of time, will become evident
- secondly, it provides a critical account of the nature of third sector provision wherein localism will be regarded as reflecting a changed relationship with the public sector rather than a simple enhancement of voluntary and community provision

### **The third sector within UK public policy**

#### *Definitions*

There are considerable differences of perspective in defining the third sector. Alcock and Kendall (2010) point to the inadequacy of negative definitions which essentially define the third sector as ‘not the public sector’ and ‘not the private sector’. The third sector may variously include volunteer community groups which expend time and effort, charitable organisations which raise funds, or philanthropic organisations which dispense (perhaps considerable) funds of their own. The third sector as a whole is complex and multi-faceted. Typically characterised by an associational form of organisation (Billis 2010), the third sector constitutes what Lohmann (2007) refers to as a social economy, pursuing a range of objectives. Within this diverse social economy may reside forms of social entrepreneurship quite distinct from received notions of philanthropy (Lohmann 2007). The third sector will be regarded within this paper as a contested terrain for local service provision rather than a discrete entity wholly separate from private and public sectors.

Definitions of localism permit differing shades of meaning too. The term will be understood to denote the ‘new localism’ of New Labour (1997 to 2010) and the localist perspective of the subsequent Coalition government (2010 to 2015). Under New Labour, there was both an academic and a policy discourse around localism, emphasising user engagement, participation and partnership (Pratchett 2004, Aspden and Birch 2005, Corry and Stoker 2002, Stoker 2004, Lodge and Muir 2010; Kelly 2007). There was an active interest in

expanding the role of the third sector as an essential component of the new localism, as exemplified in these words of Ed Miliband:

*“There is a lifecycle of third sector involvement in public services and...this lifecycle is changing. The old way of thinking...would be the third sector has done its bit..., it has done the campaigning, it has done a bit of voluntary stuff and now it can all be run by the state. That is not the route we have chosen to go down because we think there are various expertise and skills that third sector organisations can bring to this”.* Ed Miliband (Select Committee on Public Administration 2007)

During the New Labour years, the Office of the Third Sector (established 2006) had a powerful remit to develop this active third sector. The establishment of the Office, with its associated indicators of success, was the “symbolic high point” of Labour’s policy support for the third sector (Alcock, Kendall and Parry 2012: 348). A greater emphasis upon the third sector was a live issue at the 2010 General Election (Alcock, Kendall and Parry 2012) and was enthusiastically pursued by the subsequent Coalition government. Localism reflected a broad policy stance wherein local public services could be restructured, the role of the central state ostensibly reduced, and third sector organisations increasingly involved in direct service provision. It was consistent with the move from traditional bureaucratic government of public institutions to a more diffused pattern of governance characterised by networks and overlapping patterns of influence amongst different organisations and actors (Rhodes 1997; Bevir 2009).

Under the Coalition, the focus of government on the potential of the third sector intensified, with renewed rhetorical force:

*“Localism localism localism”*

*The government is overseeing a fundamental shift of power away from Westminster to councils, communities and homes across the nation. A radical localist vision is turning Whitehall on its head by decentralising central government and giving power to the people”* (DCLG 2011)

This bold statement neatly summarised the Coalition vocabulary of localism, represented in the Open Public Services White Paper (2011: 12) which specified the following five key ‘principles’:

*Choice:* from a range of providers;

*Decentralisation*: denoting local control over local services in place of public sector provision;

*A diversity of providers*: including public, private and third sectors;

*Fairness*: recognising that additional (public) resources need to be directed toward disadvantaged citizens;

*Accountability*: both to the public who use services and the taxpayers who fund them, eschewing centralist measures of performance.

These five principles resemble words that could have been used by the modernisers of New Labour, but with a rather ambiguous recalibration of their underlying meaning.

### *Ambiguities of meaning*

Alongside fluidity about what the third sector is, and what it does, ‘localism’ has also shifted meaning to become a contested and ambiguous concept. For Lowndes and Pratchett, the biggest difference between the New Labour and Coalition approaches to localism lay in the latter’s “zero-sum concept of the relationship between civil society and the state, whereby more ‘society’ involvement equates to less ‘state’ activity” (2012: 32). The localist agenda under the Coalition had become a choice: third sector *or* state. Lowndes and Pratchett (2012: 22) discerned some remaining “traces” of a commitment to localism and an “understanding of local self-government” in the approach of the Coalition but saw this as incoherent, and constrained by factors including internal political conflicts within government and the expediency produced by severe budget cuts. Some public sector leaders judge localism as merely a vehicle for more centralisation, not least in the very high proportion of local public funding uniquely retained by UK central government (Pipe 2013).

The Coalition philosophy of localism in England was enacted in the Localism Act 2011. Two key elements can be drawn out here:

### *A general power of competence*

The granting of a ‘general power of competence’ to local authorities has long been advocated by local government lobbyists. It is a formal embodiment of one kind of localism: hitherto,

local governments could only perform a function when they were statutorily required to – such as education or environmental health – or when they were specifically permitted to do so by legislation, such as economic development. A general power of competence does not mean that local authorities can do whatever they want: freedoms remain subject to existing statutory constraints (DCLG 2011b: 4).

This change removes many restrictions from local authorities in leading new initiatives, including establishing joint initiatives with the third sector, other local authorities and the Local Enterprise Partnerships (LEPs) which are significant elements of a private-sector led approach to economic growth. The power of competence was accompanied by the abolition of regional planning infrastructure, thus placing responsibility for planning at the most local level, albeit – a continuing theme of localism – alongside the centralisation of key planning responsibilities (Holman and Rydin 2013). Although the Act provides for a specific “duty to co-operate” in relation to “sustainable development” (Localism Act 2011, Part 6, Chapter 1) the overall effect significantly weakens planning controls on local development, a move reinforced by the first Budget of the Conservative government elected in 2015.

#### *A community right to challenge*

This provision is the key section of the Act for localism and the third sector. It allows a ‘relevant body’ to ‘challenge’ the local authority in seeking to provide a service directly, seemingly reinforcing the commitment to a diversity of providers. Specifically the Act (Localism Act 2011, Part 5, Chapter 2) states:

“In this Chapter “relevant body” means—

- (a) a voluntary or community body,
- (b) a body of persons or a trust which is established for charitable purposes only,
- (c) a parish council,
- (d) in relation to a relevant authority, two or more employees of that authority, or
- (e) such other person or body as may be specified by the Secretary of State by regulations.

(7) For the purposes of subsection (6) “voluntary body” means a body, other than a public or local authority, the activities of which are not carried on for profit.”

This part of the legislation, effective from June 2012, directly provided for third sector organisations to provide local services as *alternatives to* local authority provision. It sits alongside complementary provisions including the ‘Community Right to Build’ and the

‘Community Right to Reclaim Land’. It is also complemented by the ‘Community Right to Bid’ which came into force in September 2012 and allows community and voluntary groups to bid for the running of, for instance, local buildings as community facilities. It is in the right to challenge that the clearest and most important link between localism and the third sector can be made.

## **Challenges and ambiguities**

### *Boundaries and partnerships*

We have suggested that realisation of the five principles of open public services is problematic in the context of a changed and ambiguous relationship between third sector and public sector, alongside a centralist conception of localism. This is reinforced by subsequent legislation. In particular, the Public Services (Social Value) Act 2012 requires “public authorities to have regard to economic, social and environmental well-being in connection with public services contracts”. A guide to the Act urges community and social organisations to “measure the social value” they create, to consider indicators of “success” and to specify the added social value they provide (Social Enterprise UK 2012). Teasdale, Alcock and Smith (2012) discern some “tensions” in Government thinking about the way community organisations and social enterprises serve to add ‘value’. From a local authority perspective, the Centre for Local Economic Strategies offered guidance on how local councils might change their ways of procuring services in accordance with the 2012 Act (implemented in 2013) which “...requires certain public authorities to consider at the pre-procurement stage how what is being procured might improve the *economic, social and environmental wellbeing of their locality*; therefore pushing procurement decision making beyond cost to consider *social value*” (Jackson and Harrison 2013:1, emphases added). The economic benefits of local procurement (eg, Williams 2014) are an important part of these debates, not least because local procurement may entail supply from the voluntary and community sector (Greenhalgh and Harradine 2014). It may well be, of course, that the contemporary focus upon ‘commissioning’ from third sector suppliers of services is just old-fashioned contracting-out in different language (see Rees 2014).

Procuring and supplying public services, and measuring ‘success’, imply close inter-relationships between public, private and third sectors. Within the public sector are the actors

and institutions of central and local government and various arms-length agencies and public bodies. Within the private sector are local sole traders and multinational corporations. Within the third sector are voluntary and community groups, national charities and small or large scale social enterprises. Billis suggests that the cumulative literature has found the third sector to be distinctive in its "...independence, use of voluntary labour, sensitivity and closeness to users" as well as being "mission driven" (2010, 52). The boundaries of public and private sectors may objectively be identifiable on the basis of, for instance, their governance or ownership but the composition and boundaries of the third sector are more fluid.

Indeed, looked at more closely, the boundaries of a third sector become less clear, and 'partnership' across the sectors more difficult to unravel. Such partnership working was an enduring feature of the New Labour years (Fenwick et al 2012). It involved formal arrangements such as Local Strategic Partnerships which locked partners together within performance and funding mechanisms but which generated lasting issues around accountability and collaboration (eg, Jacobs 2009; Jones and Stewart 2009). These were not a new development (e.g. Kernaghan 1993; Osborne 1998) but they did have increasingly problematic implications. First, new forms of community and voluntaristic provision were assumed to arise readily alongside a retreating state. Secondly, as overall funding of public services is currently subject to stringent reductions, it is assumed that the enhanced role of the third sector will occur at no significant cost to central government. Thirdly, the value of public service becomes more important for local provision, but its meaning changes in political conditions where the state is withdrawing from areas of previous activity: that is, third sector provision is substituted for local public provision, not added to it. If the third sector occupies this enhanced position in direct provision then it faces the normative problem of maintaining commitment to its own founding values in the face of operational pressures (Nevile 2010).

Complex sectoral overlap is not easily reduced to generalisations about community provision. Areas where public, private and third sectors overlap in their remit and, moreover, their organisation and structure mean that hybridity is increasingly important (Brandsen, van de Donk and Putters 2005). Sectoral boundaries are porous. This is not a recent phenomenon: UK examples of hybrid organisations include, for instance, the BBC, NHS trusts and the John

Lewis Partnership (Billis 2010, 58). Mutual and co-operative organisations also have a long history. Additionally, Williamson (2014) refers to “intermediary organisations” as important elements in public sector reform, mediating the relationship between individual and service-provider, including (in his examples) the collection and storage of personal data. Social enterprise is an “...organizational form that has emerged as the boundaries between the private, public and non-profit sectors have become blurred and more fluid” (Doherty, Haugh and Lyon 2014, 418). Within the space that is not truly part of the public or the private realm there is a diverse range of organisations: including the community organisation from which we draw our empirical reference point for this paper.

### *Volunteerism*

Major charities and social enterprises may employ paid staff on much the same terms as parallel public sector employees, for instance in health and social care, but volunteers remain crucial components in third sector provision. The relationship between volunteering and a “public service motivation” may be complex (Steen 2006) and there are a number of ways of conceiving of the volunteer role in third sector and hybrid organisations (see Ellis Paine, Ockenden and Stuart 2010). Overall, however, the contribution of volunteers to such provision, if ‘valued’ philosophically, is not generally valued in any sense of measurable impact. The reporting of volunteer input is usually invisible (Cordery, Proctor-Thompson and Smith 2011). While there are reasons for being sceptical about the use of performance measurement in relation to the effectiveness of voluntary organisations (Moxham 2013), methods of measuring volunteer impact do exist, relating for instance to targets and desired outcomes (Dacombe 2011). As well as outputs, the cost of volunteer inputs could readily be calculated – but is generally not. For example, it would be a simple task to cost the time spent by unpaid school governors in England on the development of policy, staff selection and financial oversight at the commercial rate typically charged by a private consultant or university. However, for government to advance this uncosted agenda for local provision as the future for local services is politically tricky, for it involves recognising that such work is reliant on the unpaid efforts of individuals for which no government can reasonably claim any credit.



In a climate of austerity the governmental story of localism continues to embrace the expectation that individual voluntarism and third sector organisations have the capacity, ability and will to step in and provide where the public sector can no longer do so or where it is constrained (by government funding restrictions) from doing so. Yet this falsely presupposes a choice between public sector and third sector. The latter is closely bound up with a continuing role for the state: specifically, in the following empirical case, the local state.

### **Public service and the third sector: an empirical case**

In order to address our two key themes, we will consider how far a thriving third sector needs a strong relationship with the public sector if it is to succeed as practice. In making detailed reference to a specific empirical case, some of the challenges of local third sector provision will be highlighted. The following case refers to local authority leisure services, starting with the closure of a local swimming pool in 1990 and its subsequent reopening under **community trust** leadership. We suggest that the lessons of this case lie in the detail of how it originated, how it developed and, not least, how it was led: over a long period.

### **Empirical data and method of analysis**

The longitudinal study used a substantial archive of material as a resource of qualitative information (Bowen 2009). The data were gathered from both Annual Report and Accounts for a twenty year period (1994 -2014) and biannual Social Accounts over ten years (2004-14). The archival material is triangulated using interviews with the Chief Executive of the organisation over two years (2012-13). The documents were **analysed in order to address the key aspects of funding and local authority support, organisational relationships, leadership and strategy, and diversity of providers over a period of operation well in excess of 20 years so far.**

#### *Local authority support and funding*

**When the local authority announced its intention to close the local pool and its associated leisure facilities, a group of volunteers – users and supporters of the pool – met in order to**

organise an alternative basis for continuing provision rather than merely to express their opposition. The group agreed to take on the running of the facility, using the skills and experience of members. From the outset, this was to be on a zero subsidy basis from the LA, with whom the organising group maintained cordial relations. Alternative income streams came from a variety of sources, changing over the years. From the start a regular cash-income was derived from the sale of goods and services to users of the pool and from classes delivered within the building. During start-up much of the income was pledged by the community, and made through regular donations by standing order. The local council handed over the 1930s building under the explicit understanding that there would be no cost incurred by the local authority. Fundraising was thus a key part of income-generation from the outset. It was used to support operational running costs and included local company sponsorship and individual supporters within the community, some of whom were not users of the pool.

During the 1990s the group was not only successful in managing the pool and increasing trading income, it also obtained Sport England funding through the National Lottery. The transfer of the premises, including the pool, to the community group was on a leasehold basis and is still today not a true asset transfer insofar as ownership of the asset was retained by the local authority. Therefore the community group - now a social enterprise - could not borrow against the value of the asset. Raising finance for necessary renovation was difficult and presupposed a continuing relationship with the local council. Finance was eventually found in the form of a short term loan from the local authority, not from a commercial bank.

From the outset it was clear that the agreement on the lease of the building was central to grants and fund-raising, representing longevity and stability: *“the most important step was to renew our lease of the building from the City Council”* (Chair of Trustees, 1994). Renewal of the initial five year lease was agreed in principle in March 1995 *“but the detailed negotiations have taken much longer than we would have wished.”* (Chair of Trustees, 1995).

The protracted negotiations took nearly ten years to agree, resulting in:

1. Initial granting of a five year lease (to March 1997)
2. Negotiation of a 25 year lease at a notional rent of £1,000 p.a. (from March 1997)
3. Extension, during 2000, of the lease to 99 years (with fixed rent of £1,000 p.a.).

A lottery grant, used to refurbish and rebuild the pool during 2002, would not have been available **without the signed and extended lease**. The LA demonstrated support throughout this bid process from 1998 onwards in a number of ways. During 1998 *“the LA leader and Officers helped to identify other methods of finance, make the bid more attractive and to support...overall cost.”* (Building Group Chair, 1998) and the communications group received a grant of £500 to help with production of a fund raising pack. Later on during the bid process the LA was also supportive when granting planning permission for the development in April 2001 and provided a grant of £40,000 to help match funding along with a repayable loan of £125,000 in 2002.

During 1996 the Chair of Trustees stated *“in terms of support, we must refer to...[the]City Council. The Pool’s relationship with the Council has not always been easy...Yet there have always been supporters of the pool within the Civic Centre... And it is a great pleasure to report that, at the end of our first five years, the City Council has shown its support in the most substantive way possible, by offering ...[the] Swimming Project a new 25 year lease, at a fixed rent of £1,000 p.a.”* (Chair of Trustees, 1996).

Other sources of finance at start-up included grants from trusts, foundations or from the public sector, and during the early years of the organisation these served to support capital costs for replacement of plant and machinery. Other income came in the form of revenue subsidy. **The initial peppercorn rent of £1,000 per annum, although not insignificant, was much lower than a market rent.** Additional subsidy was provided by purchase of lower priced electricity and gas through the local authority (LA), using their bulk purchasing discount.

#### *Organisational relationship with the LA*

**To what extent did the development of this community-led facility reflect the politically fashionable emphasis upon a ‘Big Society’?**

*“I see Big Society as having been happening as ‘small society’ for a long time. The Trustees of (this facility) would not want Cameron here talking about Big Society when we’ve been doing this for over twenty years. It wasn’t due to the current Government”* (Chief Executive, 2013).

The experience of **this** key actor – the CEO of the community leisure trust involved – sheds further light on connections with the localism agenda. Prompted to comment on whether the localism agenda obscures or illuminates the relationships between central and local government, it was suggested that *“I don’t know what the agenda is, it is not clear, it has never been explained... Communities get involved but it is not clear how. Devolve but it is not clear why... It is a by-product of cost savings and cut backs – under the guise of efficiency.”* (Chief Executive, 2013).

The relationship with the LA, in the early days of the project, was helpful. *“Our dealings with Senior Management in the Leisure Department (of the LA) have been very positive and professional.”* (Pool Manager, 2001). The support was appreciated where *“one of our Councillors has gone that extra mile to help in the progress through the maze that is typical of LA bureaucracy.”* (Pool Manager, 2001). **Since reopening the pool this relationship has remained positive.**

A development worker was employed for six months during 2003, supported through SRB6 funding, to improve contact with the community and increase knowledge of fundraising for community benefit. One initiative resulting from this was the early adoption of a GP referral programme. During 2006 the pool was part of the LA ‘YES’ campaign with all city pools freezing admission prices. Where relevant sports funding was available this was passed on by the LA, **including during 2011 central government funding for free children’s swimming in school holidays.** The supportive relationship of the LA was demonstrated in granting planning permission for the building redevelopment in 2002, to allow a solar panel installation in 2007 and for a gym extension in 2012. The pool Trustees or staff regularly attend local Ward Councillors sub-committee meetings. The relationship between the pool and the LA during the planned closure of the local library was collaborative and the option of running the facility in partnership with the LA was explored. The final solution was a separate group of volunteers who took over running the library.

**Yet there remain questions about governance of local services in this changed environment. When asked about continuing governance arrangements, the response of the Chief Executive was unequivocally that provision should be led through the local authority: *“why don’t local authorities have catalysts in post working between the local authority and the community? I***

*am not aware of anyone...(they) could offer help to local groups - instead it is expected, and the reality is, that the sector helps itself which is ad hoc and fairly random...The lead seems to be coming from the third sector not from the local authority” (Chief Executive, 2013).*

**In formal terms**, governance follows a membership association model with an elected board of voluntary Trustees who are responsible for leadership, strategy and accountability. The Trustees report through five sub committees. All sub committees and the project manager report monthly and annually through meetings that are open to the public, the annual reports are also available on the website. During 2004 the organisation also began biannual reporting of their Social Accounts, an important tool of effective self-evaluation.

### *Leadership and strategy*

The leadership of community organisations has come under scholarly scrutiny (Haugh and Rubery 2005). This important theme was developed at interview with the Chief Executive. “What are the leadership issues associated with a localism agenda at a local level. Who leads?” Again the answer offered was that leadership should be coming from the local authority, but in practice *“no-one is leading it, no-one is driving it forward and no-one is selling it...there is no overriding or overarching strategy. There is nothing in the strategic documents that refers to who is looking into and considering the third sector to share provision in culture and leisure...The aim is not clear as there is no direction.”* When asked “who leads on localism?” the answer was *“no-one”*.

**Some imperatives of the Localism Act were also considered at interview.** Regarding the challenge of “lifting the burden of bureaucracy” there was perceived to be a *“mixed response”* from the local authority. A planning application for the site was *“whisked through very quickly whereas in the past we would have waited weeks...”* but a relatively simple requirement for a letter of support remained costly and time-consuming. Interestingly, different departments of the same local authority had a differing awareness of the demands of localism. As for community “empowerment”, *“no, there is no empowerment”* and certainly not in the area of increasing local control of finance. As for opening up government to public scrutiny, this was thought to be the case only *“inadvertently”*. Localism has made the local authority *“more open to **central** government through their examination of costs”* but less so

to the public. *“The lack of a ‘can do’ culture reinforces the reluctance to hand over facilities...the entrenched culture is deep and I can’t envision how it is going to change”* (Chief Executive, 2012). Accountability was similarly seen as running from local authority to the government rather than to the public.

The bi-annual ‘strategy days’ demonstrate the operation of leadership within the organisation. The strategy days included all staff, volunteers and Trustees in the long term planning process, including a programme of activities for staff development and training. During 1999 the organisation undertook Investors in People **accreditation** and committed to staff training and development with a focus on individual skills. The strategic planning process identified the refurbishment of the building as a *“vital long term issue – securing lease and maintaining / improving the building”* (Project Manager, 1994).

### *Diversity of providers*

Regarding the government view of the third sector as willing and competent providers to step in where the public sector will no longer do so, this was regarded as an *“optimistic statement”*. Specifically, *“there may be ability but there might not be capacity - this is a problem”* (Chief Executive, 2012). It is in reference to the diversification of providers of public services that more optimism was to be found: *“yes this will be the case if provision is made through the third sector. We have a twenty-year history to prove this even though the localism bill is recent.”* (Chief Executive, 2013). Even here however there was some reservation about “selling the idea” of greater diversification of providers.

Looking toward the future, and a long-term role for the third sector in acquiring a greater presence in local provision, the response provided a perspective which is absent from the government narrative: *“ultimately the finance will come back to the local authority and the control will go back into the local authority. Obstacles will be put back in - I can see the cycle will be that of it coming back to local authority”* (Chief Executive, 2013).

The discussion finally moved to what localism may add to what already existed in this facility, given the longevity of community involvement. The response suggested that *“it highlights social enterprises - puts the spotlight on them in a positive way and on community*

*organisations. The negative is if it is only done as a cash opportunity. Naive people might think this is due to Government, whereas it has been happening for a long time to look at alternative solutions. The positive is that there is more recognition of good case studies”* (Chief Executive, 2013).

### *Summary*

This single case is instructive in a number of ways. Importantly, it refers to a mature example of third sector provision which has proven successful over more than two decades, through governments (local and central) of different parties. It has a stable existence and is a thriving example of community organisation and leadership. In relation to localism, however, it suggests that the relationship with the local public sector is not as straightforward as government narratives suggest, as the actual working relationship between the community organisation and the local authority remains complex, nuanced and subtle in relation to support, finance and interaction.

This case also suggests some practical issues in how local leadership may be enacted from a community base. How far can this case be said to illustrate convincingly the government’s conception of localism? The evident success of this ‘willing provider’ was underwritten by the financial support (including peppercorn rent, small grants, loans and discounted energy costs) of the local public sector, as well as the work of local volunteers. This was not the model envisaged by the government conception of localism which envisaged, in a strange caricature of Marxist terminology, a withering away of the local state whilst alternative providers spontaneously arise to take on the task of service provision. It is quite the opposite. A willing third sector provider presupposes an active and supportive local state.

### **The nature of the third sector under localism**

A theme of this paper has been the extent to which localism reflects and facilitates a changed third sector relationship with the public sector rather than merely enhancing community and voluntary provision.

In exploring the meaning of localism in managing the local economy, Hildreth (2011) rightly finds its definition somewhat elusive, before identifying three distinct strands: conditional

localism (a central government commitment to decentralise, so long as central government's policy positions are accepted locally), representative localism (devolution to independent local democratic bodies, following the European model of subsidiarity, more common in Western European countries beyond the UK) and community localism (devolving from the centre to local communities, possibly bypassing local government institutions - characteristic of early conceptions of a Big Society). This useful typology illuminates the ways in which the language of localism is employed. It is clear to see elements of conditional localism in the New Labour years. Community localism, or at least lip service to it, more readily evokes the current approach. It is striking however that both sub-definitions are led by, and dependent upon, the centre. This neatly inverts the meaning of 'local' in localism. Representative localism – the most 'local' of all - is the model least likely to be found in the UK.

Crouch (2011) refers to 'interdependence' in the relationship between voluntary and state sectors. This interdependence encompasses commissioning, procurement, tendering and, in some cases, policy development. It is worth noting that the Chief Executives of voluntary organisations interviewed by Crouch were "rather dismissive" of the idea of being independent of the public sector (2012: 252). They *sought* a positive interdependence rather than a free-standing status. Macmillan (2013) however saw a countervailing trend, suggesting a move away from partnership between the third and state sectors toward a "decoupling" of the two. This could be summed up perhaps as more society and less state, a view based in part on perceived state failure.

These differences in interpreting the relation of public and third sectors may reside in the belief that the third sector not only steps in because the public sector can no longer afford to do so; it steps in because in some way it is preferable to state involvement. It is morally superior, and it costs less, underwritten by voluntary and uncoded public service. Woolvin and Hardill (2013) refer to the different layers through which such voluntarism is enacted: perhaps through an organisation (as in our empirical case), through less formal community groupings, or through purely individual actions. For localism to represent an intelligible discourse it must recognise the diversity of voluntaristic activity. Government policy, however, has tended to focus upon "formal acts of voluntarism" through organisations rather than the more informal aspects of volunteer action (Woolvin and Hardill 2013: 278). They perceive a "spectrum" of volunteering, perhaps varying over time, from informal helping



through to involvement in more formal organisations. In our terms, this reinforces the characterisation of the third sector as a fluid and multi-faceted category, different in essence from public or private sectors as it lacks a fixed boundary. It includes a range of activities by individuals, groups and organisations. In our empirical case, the range of volunteer activities was captured within an all-embracing grouping which became, essentially, a third-sector organisation. Not all such voluntary work is so readily defined as part of a ‘sector’ however: it is just what people do to help, or to influence the course of policy, or challenge a decision they disagree with such as the closure of a leisure pool.

In this context, the language of localism starts to look a little vacuous. It signifies little more than activity or intervention being at the local level. Positive or negative outcomes alike can be defined locally. Voluntary and community activities can occur locally. This tells us nothing about the nature of such interventions, their desirability or their efficacy. “Localism” as a political stance rather than a concrete policy initiative offers a vocabulary to talk about public, private, third sector and hybrid activity, but this has little meaning in an environment where resources have been centralised rather than localised.

### **Conclusion: the third sector and localism**

Following the UK General Elections of 2010 and 2015, the third sector looked set to acquire a pivotal role in provision instead of being one of the three pillars, alongside public and private sectors, of a mixed economy of welfare. This could, it seemed, reap the rewards of the social capital – “social networks, trust and connections within communities” – that underwrites the social and economic wellbeing of communities (Westwood 2011: 691). Yet even this would require an active role for the state in overall co-ordination and regulation (Sullivan 2012), a role which could be dysfunctional in its implementation. It has been suggested for instance that the flow of government funds to the Big Society Network merely served to cut off funding to established charitable and voluntary groups (Milmo 2014).

Superficially, localism appears to be a decentralist position. Yet in the context of a weakened local public sector and the challenge of financial austerity, it may in practice denote greater centralist influence (Buser 2013: 8) over what is provided, by whom, and in relation to who pays. Changes made in the name of community and local participation may default to a greater role for government or corporate institutions, a point made by Ball (2005; 2009), for

instance, in discussing the school academies programme. In the UK (especially the English) policy context – where political decentralisation is subject to unitarist central authority and regulation – localism is, at best, partial.

Many conceptual models have been used to describe the changing relationship between local and central governments and wider civil society. Within the narrative of a growing third sector as partner to government “...the third sector is perceived as an alternative to state bureaucracy and professional elitism and as a public space between government and market, where the spirit of altruism can flourish” (Powell 2013: 56). Power-dependence models have portrayed the central-local relationship as one where local and central actors possess resources which can be deployed against each other; agency theory has described local authorities as substantially the local agents of central policy. The move from hierarchical government of public sector institutions to a more diffused policy community/network model has encouraged a focus upon the complexities of bargaining, competing interests, and exchange relationships (Rhodes 1999). These perspectives have been taken further through a ‘de-centred’ approach which argues that patterns of governance may in fact increase actors’ dependence on the state (Goodwin and Grix 2011). To extend this, it may be that governance network theory permits hybrid practices not readily contained within prior theoretical approaches (Klijn and Koppenjan 2012). Certainly, existing models point to the conflicting stances within localism which simultaneously emphasise the local but draw us back to the omnipresent centre, but as yet there is no readily applicable theoretical framework that elaborates upon this.

The enduring problem for critical analysis of the relationships between the public sector and the voluntary and community sector is their fluid nature and overlapping boundary. Localism within the government’s perspective appears to envisage that a community/voluntary sector can be an uncoded alternative to local public provision, stepping in, perhaps through a community right to challenge, in place of the local state. Ideological support for voluntaristic community provision as an alternative to the public sector is offered through invoking notions of civic responsibility and altruistic public service. There is government “enchantment” with philanthropy (Jung and Harrow 2015). On the basis of this, replacing the public with the voluntary sector can be presented not only as a necessity in times of austerity but also as something desirable and noble in itself: of benefit to the giver as well as the

receiver. Yet if relationships between the public sector and the third sector continue to be read in such an uncritical way, attention is diverted from the real context of service reduction and the withdrawal of central government funding to the local public sector.

In order to advance a more critical approach to the new relationships of public service, and to address the themes stated at the beginning of this paper, we suggest, first, that understanding the third sector role within localism must be based on detailed accounts of real experience over a period of time, as in the empirical case we have analysed; secondly, that willing providers from the voluntary and community sectors require a healthy and active relationship with the local public sector in order to succeed; and, finally, that localism is to be comprehended in relation to central government actors and institutions even though an academic literature to account for these new relationships engendered by localism has not yet been fully developed. In sum:

***Understanding the third sector role within localism must be based on detailed accounts of real experience.*** The empirical account presented here provides a detailed story of third sector provision over the longer term. This gives insight into successes, shortcomings and relationships with the local public sector. It is such experience over decades, rather than the rhetoric of government policy statements on the role of the third sector, that provides the basis for understanding localism in practice.

***Willing providers from the voluntary and community sectors require a healthy and active relationship with the local public sector.*** Third sector provision is not a cost-free substitute for a retreating public sector; it requires an active long-term mutual relationship, whether this includes adherence to TUPE and other formal requirements or building active relationships with public bodies. The importance of these relationships is demonstrated in our empirical case where rent, premises and initial operations could not have been secured without a continuing local authority links. The leisure facility has developed over a lengthy period on the basis of such relationships to become one of the most successful examples of its kind.

***An academic literature to account for the relationships engendered by localism is not yet fully developed.*** Although the established debates around policy networks and governance were valuable in addressing the New Labour era of partnership working, and the preceding years of hierarchies and markets, this literature does not provide the means for understanding

the new relationships between third sector and public sector. A conceptual framework to engage with the new relationships of localism has not yet been elaborated. Relationships are indeed decentred but the nature of these relationships has not yet been conceptually developed in the literature.

***Localism is to be comprehended in relation to central government actors and institutions.***

The mechanisms of influence from centre to locality differed under New Labour and Conservative administrations (moving from a performance management regime to a financial control regime) but in both cases ‘localism’ cannot be understood without analysis of the changing relationship between central and local governments. The political culture and constitutional relationships within the UK, irrespective of party in power, have allowed for no real autonomy for local state actors: ‘localism’ is mediated from the centre. Localism may have dismantled the regional planning infrastructure, or the New Labour regime of local performance measurement, but in both cases the powers have defaulted to the centre not the locality.

We suggest that under conditions of localism, the role of central government – in matters of finance, regulation, approval and implementation – is, paradoxically, increased. The theoretical lens through which to interpret such changes cannot view the third sector as a discrete entity, separate from other sectors. Its interrelations with the public sector are crucial.

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