

# DEMOCRATIC GOVERNANCE THROUGH INTERMEDIARY BODIES: A CASE STUDY OF THIRD SECTOR INTERFACES IN SCOTLAND

**Dr Jane Cullingworth**  
cullingworthjane@gmail.com  
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## Summary

This document is a summary of PhD research undertaken at the University of Glasgow from 2015-2020. The research was supported by [What Works Scotland](#). The research explored the relationship between the *third sector* (broadly defined as charities, community organisations and social enterprises) and the *state* (focusing on the Scottish Government and a local authority). This summary is written primarily with a third sector audience in mind. What follows is an introduction to the research, an outline of the approach taken, four key findings and four recommendations - two of which are targeted at the third sector and two at the state. At the end there is a glossary as well as a list of references. Words or terms that are italicised are in the glossary.

## Introduction

Over the past 20-30 years it has become commonplace for third sector organisations (TSOs) to work in close partnership with government and statutory bodies in collective planning and decision making. The involvement of third sector organisations with government and statutory bodies (referred to in this document as *state actors*) is part of a broader societal movement called *democratic governance*, involving citizens and civil society organisations in decision making with the state. It is widely held that society's 'wicked problems', like poverty and homelessness, can be better addressed when all relevant stakeholders work together (Cornwall, 2004; Speer, 2012). In this research, the term *governance networks* is used to describe the structures that bring together state actors and *non-state actors* (third sector, private sector and citizens) to address collective issues. Often the third sector is represented through *intermediary bodies*, organisations that are connected to and support the wider third sector, providing an interface between the third sector and the state.

This PhD research set out to explore the nature of an intermediary body's active participation in governance networks in Scotland. In particular the research considered if there was an impact on the independence of the intermediary body (its ability to speak out and pursue its mission) and what the involvement meant for its relationships with the broader third sector. This research focused on a particular type of intermediary body, a third sector interface (TSI). TSIs exist in each local authority area in Scotland; one of their roles is to represent the third sector in governance networks such as *Community Planning Partnerships (CPPs)* and *Integration Joint Boards (IJBs)*

## Approach

A case study approach to the research was used, focusing on a TSI in an urban local authority in Scotland (referred to by the pseudonym Wychwood). The first phase of data collection was a scoping exercise that included semi-structured interviews with 13 national stakeholders; the second phase focused on Wychwood where 12 interviews were conducted with the TSI and 19 with stakeholders, for a total of 44 interviews. Stakeholders in both phases included intermediary bodies, third sector organisations, civil servants, politicians and community members. In addition, 16 community planning and related meetings were observed in Wychwood; some of these included state and non-state actors, some were exclusively with third sector stakeholders. A commitment to anonymity was provided to individuals and to the TSI to enable everyone to speak freely.

The data was analysed through an iterative process and from this process common themes emerged. The findings presented here reflect some of the key ideas and concerns that were made by participants. This research was based on the experiences and perceptions of participants; it also drew on published research. The data collected and research referenced were, in turn, interpreted by the researcher. As is the case in qualitative research that explores people's experiences and perceptions, this research does not claim to present "an objective reality" or to claim that there is one truth.

Throughout the next section participants' quotes are used. A note about the numbering system: "N" refers to a national level participant, "S" to a local stakeholder in Wychwood and "TSI" to a staff member of the Wychwood TSI.

The next section highlights the key findings

## Key findings

### 1. There are risks for the third sector in participating in governance networks

The TSI faces risks as a result of its participation in governance networks, such as the CPP and IJB, impacting on its relationship with the third sector. One risk is the influence and impact of differences in statutory culture on the TSI; another is the TSI's involvement in decisions that have a negative consequence on third sector organisations.

#### Statutory culture

CPPs and IJBs were created by the state and reflect more bureaucratic ways of working. A number of people referred to these networks as being "top-down rather than bottom-up". The culture of these networks required the TSI to participate in a way that reflected more rule-driven ways of working rather than the more relational approaches typically associated with the third sector, as described by a former chair of a national intermediary body:

*So, you've got that top-down structure basically, meeting energy that is coming up from the bottom, and I think that one of the problems is that the community planning partnerships don't speak the language of the community groups that they're trying to bring in... there's that feeling of freedom that comes from the grassroots organisations, that then, it faces the cold water of a table where everybody else is speaking the same language and has the same kind of expectations (N1).*

The power of culture and norms of practice was poignantly expressed by the deputy director of the TSI who stated, "Culture eats strategy for breakfast" (TSI8), highlighting the power of culture and its potential destructive impact on strategic goals. Many of the local TSOs interviewed felt distanced from the TSI, viewing it with some suspicion because of its active involvement in governance networks.

This sentiment was reflected in the comments from a third sector worker:

*I'm always very aware [the TSI] works with certain confines in that it's trying to represent the third sector to the best of its ability, but there's always an element of the third sector where there's gonna be a mistrust because [the TSI] is basically an agent of the council, I mean it's seen as that quite often (S11).*

## Decision making

Another challenge of bringing civil society organisations into shared decision making is the potentially negative consequences that arise from those decisions. An example was provided of the TSI's involvement in funding decisions for a particular programming area across the city, putting the TSI in a position of conflict when some third sector organisations lost funding. A senior civil servant spoke about the difficult position this put the TSI in:

*Recent cuts from statutory services were between two third sector agencies, hard to be the bearer of that news and to say you were part of that decision, so I see the conflict there for the TSI (S13).*

The findings suggest that there is a real conflict for the TSI in its participation with the state. On the one hand its involvement ensures that a third sector perspective is brought to bear on critical and strategic choices about services, but it does then implicate the TSI in state decision making and statutory ways of working, which in turns distances it from the third sector.

## 2. "Managed talk" can get in the way of real conversation

The term "managed talk" was used by a community member to describe the way conversations were held around shared decision-making tables. This way of talking was constructive, professional and careful; it was generally not confrontational. Working towards consensus was often a goal, seen as a positive reflection of how diverse stakeholders work together. However, this underlying commitment to consensus and the professional culture was identified by some as a concern, particularly from third sector participants who worried that this way of engaging prevented difficult issues from being tackled head on and making it difficult to be outspoken. A third sector worker described the culture of the CPP and IJB as "non-confrontational" (S11); another third sector leader reflected:

*The public sector doesn't like hearing from activists because they stop hearing what they're saying ... the nice calm voice - the professional voice - they like that (S4).*

There were differences in the expectations of the TSI and how it was viewed. All but one of the seven statutory stakeholders interviewed in Wychwood viewed the TSI as an active partner and were complimentary about the TSI's engagement. In comparison, most third sector organisations wanted the TSI to be more of an advocate for the sector and some were critical that the TSI was not more outspoken. The leader of a local third sector organisation in Wychwood highlighted the focus on process in governance networks:

*It overemphasises process and makes everything pending on process. So something is only good if the process is amicable and you're sitting round the same table and people become part of something that is like ... managed voices (S19).*

Some of the third sector participants involved in planning tables also raised concerns about the use of language and how issues were framed and reported. One sector leader described the “packaging” of issues as leading to dishonesty:

*It's actually such a huge lack of honesty and that lack of honesty becomes greater the more packaged things become. So there was a whole report at the end of the meeting again where all the performance, every single performance indicator - green, green, green, green, green (S7).*

A live example of this happened during the data collection period where a Public Service Partnership was portrayed as a success by a senior civil servant, despite the process having been quite contentious within the third sector. In their presentation they described the process as one that had “people involved” and would “de-clutter the landscape, get more for less, and do what works” (taken from researcher’s observation notes, meeting 16). The participants were given the impression that the initiative was a straightforward example of good partnership working, and congratulations were expressed by the chair and some members. In this example, the way

issues were discussed and recorded differed significantly from what third sector organisations felt was happening on the ground.

### **3. The TSI is a “civil servant construct”**

Throughout the interviews, both at the national and local authority level, the development of the TSI model stood out as a significant theme. The model was devised by the Scottish Government in 2007-2008, in part to rationalise complex funding arrangements and increase accountability, but also to create a vehicle through which the sector could participate in community planning. The new model required there to be a TSI in each local authority with a fourfold mandate to support volunteerism, build the sector’s capacity, encourage social enterprise, and represent the sector in community planning. Existing CVSs (centres for voluntary service), volunteer centres and social enterprise networks had to reorganise themselves along the government’s mandate and geographical boundaries. The model reduced the number of contracts from 120 to 32 (Scottish Government, 2016), resulted in 22 single entity TSIs and 10 partnership structures, and saw the closure and merging of a number of organisations. There was much critique of and resistance to the model from the third sector at the time and its ongoing reverberations were evident throughout the research.

While a number of third sector participants acknowledged there were problems with the existing network of CVSs and volunteer centres, overwhelmingly there was criticism of the way the model was implemented. There was consensus amongst third sector participants and a number of the statutory participants that the model has been designed to meet the needs of the Scottish Government and not the third sector, albeit that part of the goal was to create a mechanism for the third sector’s involvement in community planning. This critique was captured by a third sector chief officer who stated:

*[The TSI is] a construct, that's a construct by civil servants that actually has bugger all to do with real people and real service (S2).*

Connected to the creation of the TSI model, one of the themes that emerged from participants was the drive to professionalise the sector. The Scottish government made subsequent funding dependent upon TSIs achieving the European Foundation for Quality Management (EFQM) certification, a globally recognised management designation, developed primarily for the private sector but used increasingly by the public and third sectors. While it is hard to argue against strengthening management systems and increasing professionalisation there is a concern, expressed through this research and noted in other studies, that this can redirect organisations away from their mission and ethos to a focus on private sector management practices (Macmillan, 2017; Milbourne and Murray, 2017). A further shift noted by participants, not necessarily specifically related to the TSIs but to the sector more broadly, was a movement away from activism against the state. This is colourfully expressed by a development worker who stated:

*It's a very human thing, if you're trying to maintain an organisation with staff you've got to try to get new funding streams in, so you will change and you will get sucked into things – should I be inside the tent pissing out on participatory budgeting and youth work or should I be on the outside railing against the state (S14).*

The creation of models (such as the TSI) and opportunities (like participatory budgeting) highlight some of the risks of closer engagement with the state as increased professionalisation may contribute to a reluctance to be activist.

#### 4. Representing third sector voices is “fraught with tension”

Across all participants there was recognition of the very difficult role the TSI had in attempting to represent the third sector, even amongst organisations that were critical about the TSI. Despite attempts to use language carefully (the TSI spoke about representing “third sector interests” rather than representing *the* third sector), often statutory partners viewed the TSI as speaking on behalf of the sector. The chief executive of a national third sector body expressed this frustration stating:

*We are a sector, not an organisation, we don't have a single policy. In fact we probably have hundreds. So we don't generate a singular view. But they always want to generate a single view because that makes their life easier (N3).*

For statutory partners, it is difficult to navigate the complexity and enormity of the third sector and hence the TSI model provided a welcome route into the third sector, as reflected by a civil servant in Wychwood who saw the TSI as a “single point of contact to then open it up to a lot wider constituency” (S6). While the model of having an organisation serve as a “single point” of contact to the third sector is efficient, it does pose challenges for the TSI, and not just because of the difficulty of representing a wide diversity of organisations and perspectives.

For example, some local third sector organisations in Wychwood expressed a concern that the TSI was in a conflict of

interest because of its proximity to and relationship with statutory partners. Organisations perceived the TSI to be benefitting from its position in community planning, enabling it to “hoover up all the funding” (S8). This perception was acknowledged by a civil servant who acknowledged that at times they put the TSI in a difficult position by contracting work directly to them (S16). This conflict of interest was compounded when the work that the TSI took on was viewed to be ‘service delivery’ which was the purview of its member organisations. The civil servant in question reflected:

*There have been challenges for the TSI, we don't always help... we've put pressure on them to do or asked them to do things that have made it hard for them, does it tip them into being a provider? ... we wanted to put in community navigators and asked the TSI to manage them, once they agreed to do it some of the other third sector organisations that were doing that kind of work made life very difficult for them (S16).*

The closeness of the TSI to statutory partners raised questions about its legitimacy in the eyes of some third sector organisations. In part this related to information flow and a concern that not enough information was fed back to the sector about the discussions happening at a strategic level. Additionally, some organisations raised concerns that at times the TSI was not outspoken enough, for example with contentious issues such as procurement that ultimately resulted in the loss of funding to local organisations. However, the challenge for the TSI of “biting the hand that feeds” was acknowledged by some of the local TSOs, as reflected here by a third sector worker:

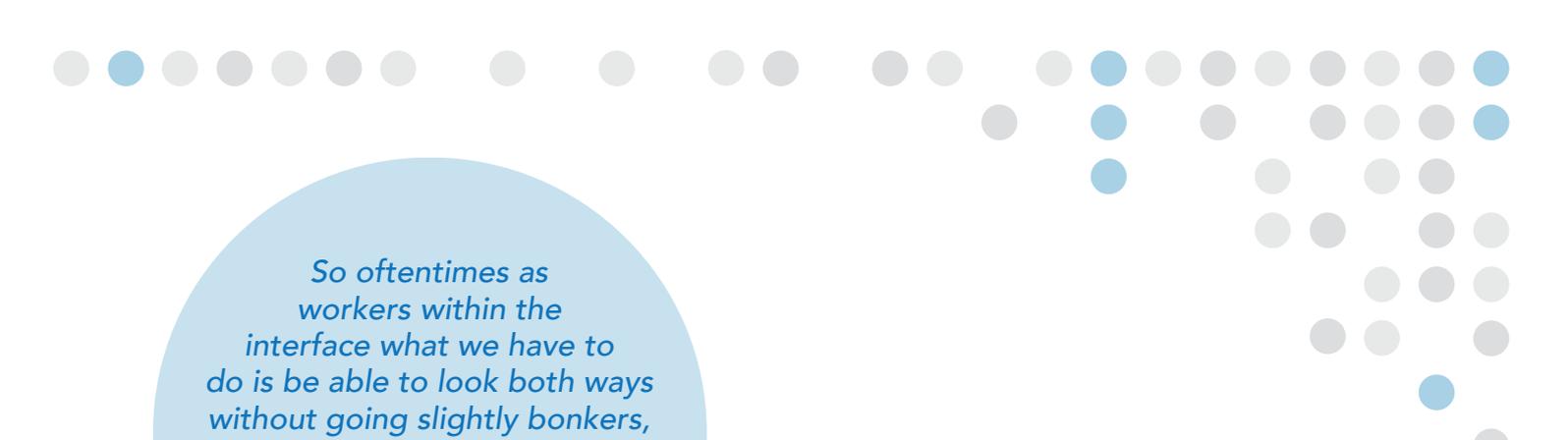
*I think they're hamstrung to an extent in that they're funded the way they are. They're no, they cannae be truly independent because I think they have to be careful about ... their perception might be that they do not want to bite the hand that feeds (S11).*

## What do the findings mean?

Although the study was limited to one TSI and cannot be generalised to all intermediary bodies, it provides insights into the challenges presented by the current approach of bringing third sector organisations into governance networks. While the findings of this study are particular to Wychwood, there is a strong probability that some of the dynamics and issues are common beyond the boundaries of this particular case; they are certainly evident in other research studies (for example, Chapman et al, 2018; Rochester, 2013). Hence, the findings raise questions for intermediary bodies (such as the TSI), for third sector organisations and for the state.

### For the TSI

The study highlighted the difficulties for the TSI in navigating its relationship between the third sector and the state. It walks a fine line in trying to engage effectively both with state actors and TSOs. These tensions were summarised by the TSI's deputy director:



*So oftentimes as workers within the interface what we have to do is be able to look both ways without going slightly bonkers, because it is very difficult to try to mediate on both sides the aspirations of various different people (TS11).*

The director also reflected this tension, stating, “so we find ourselves in that middle space quite often” (TS19). The TSI has to navigate a tightrope, where it tries to retain its legitimacy in the eyes of both statutory partners and TSOs. While its constituency is the third sector, its funding comes primarily from government, creating tensions in how it negotiates its relationships and maintains its independence.

### **For the third sector**

The overwhelming evidence from TSOs in Wychwood was that the TSI was seen as being too closely associated with the state. This had consequences, then, on how the TSI could legitimately represent the sector. This sentiment was also echoed in the national level interviews with stakeholders commenting more broadly on issues for intermediary bodies; it is also evident in the literature (for example, Sinclair, 2008; Taylor, 2011).

### **For the state**

The findings also raise questions for the state about how it engages the third sector in decision-making tables. The development of the TSI model was a top-down exercise that strongly intervened in Scotland’s third sector, contributing not only to tensions between the sector and the state, but also to challenges between TSIs and their local third sector organisations, as well as amongst TSIs. It is important to note that since this time there have been a number of Scottish Government initiatives that reflect more bottom-up ways of working, such as the Community Empowerment Act (2015) and the Local Governance Review (Scottish Government, 2017).

## **What can be done?**

All the research participants thought it was important for third sector organisations to work closely with government and other statutory partners. Given this, how do TSOs, particularly intermediary bodies, engage in networks in a way that does not compromise their relationship with the broader third sector, while also maintaining their independence? Four recommendations follow: two for the state and two for third sector intermediary bodies. The ideas reflected here come from research participants, from my own experience as a practitioner in the sector and from academic research and studies. While there are many challenges and constraints that can be raised in response to these recommendations, they are posed as a starting point for conversation.

## **Recommendations for the state**

### **1. Co-create governance spaces**

Currently many of the spaces that bring together non-state actors (like the third sector) with state actors are designed by the state; non-state actors are then invited into them. Many participants suggested that this top-down approach hampered the effectiveness of these shared governance arrangements, creating spaces that were quite alien to third sector ways of working. In order to create meaningful participation and to support more organic engagement, spaces are needed that are ‘co-created’. Third sector bodies, including but not limited to intermediary bodies, along with citizens, could work in partnership with state bodies to develop, design and pilot collaborative ways and structures of engagement. While these bodies may not be able to replace the more formally constituted bodies like CPPs and IJBs, there could be real strength in enabling co-created spaces to feed into these more formalised structures.



## 2. Enable the third sector to organise its own models of delivery and engagement

The TSI model was an expression of the state's needs, rather than an expression of the third sector's, which carried risks as demonstrated through this research. While government has every right to be prescriptive about what it requires through the services it funds, it is recommended that it let third sector organisations develop their own models of cooperation and coordination in response. In other words, models (such as the TSI) should not be imposed from above. The third sector is at its best when it creates its own models. Third sector organisations are rooted in and reflect their communities. The connection to and legitimacy with community can be lost when organisations have to reorganise themselves to respond to the needs of the state.

### Recommendations for third sector intermediary bodies

#### 1. Facilitate rather than represent voice

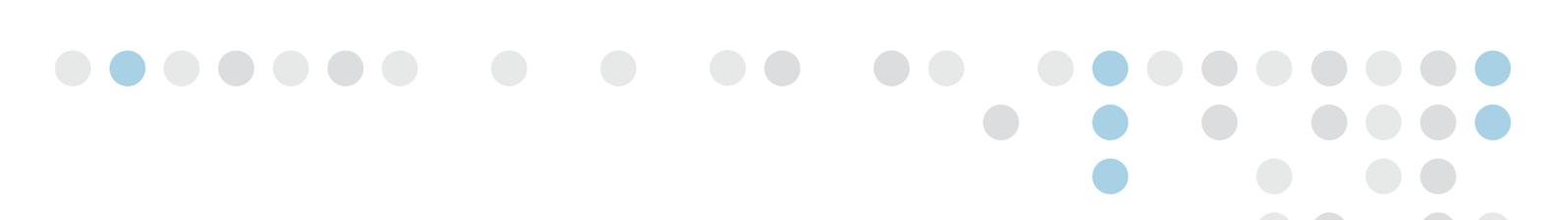
This research highlights the difficult role that intermediary bodies play in mediating between the third sector and the state. While navigating this space will always be challenging, it is recommended that intermediary bodies play a clearer advocacy role, focusing on their primary constituency of third sector organisations. A more activist interface role would clarify the relationship between the sector and the state and has the potential of increasing the legitimacy of the intermediary body with the broader third sector that it aims to represent. It would also, then, be a more legitimate representative of the sector with state actors. Improved communication with the wider third sector would equally increase the intermediary body's awareness of the challenges experienced on the front lines, strengthening its role in conveying these issues to the state.

There is, in addition, much scope for intermediary bodies to reflect on how they engage the third sector in participatory mechanisms, both to inform how intermediary bodies represent the sector, but also to involve third sector organisations directly in

representation. In other words, there is strong potential for intermediary bodies to focus more on facilitating voice than directly representing voice. Terms used by participants included "broker", "enabler", and "facilitator" to describe the potential role of intermediary bodies.

#### 2. Assert independence

The third sector plays a fundamental role in society. It is at the front lines of community, something that has been powerfully highlighted by the COVID19 pandemic. The need for third sector bodies to speak out about what they witness on the ground and to feed in to policy discussions is essential. In order for the third sector to fulfil its role in society, it needs to be independent. While it is easy to argue for the sector's independence, there are many challenges for the sector in actually asserting its independence. The risk of "biting the hand that feeds" is always a concern. In governance networks there is a risk, as demonstrated through this research, that consensus-based ways of working and the use of "managed talk" can make it difficult to speak "truth to power". The recommendation of this research is that third sector intermediary bodies actively assert their independence and that they view their role as advocates rather than mediators in governance networks. Conflict and dissension are signs of a healthy partnership and should be welcomed rather than avoided (Taylor, 2011).



## Final words

While a commitment to anonymity means that I cannot name the individuals that participated in this research or the TSI that welcomed me in as a PhD researcher, I want to say a heartfelt thank you to everyone who so generously gave of their time and their insights. A particular thank you to the staff at the TSI, who despite being extremely stretched in their work, embraced my exploration of their complex role in Wychwood. It is my sincere hope that this research will contribute to some thoughtful consideration of the role of the third sector in governance networks and that strategies can be employed that enable third sector bodies, such as the Wychwood TSI, to participate fully, independently and, where necessarily, forcefully to ensure that third sector voices can truly shape shared decision making and planning.

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## Glossary

*Community planning partnership (CPP)* - term to describe a particular partnership-based body through which local needs are addressed in each local authority; membership prescribed by Scottish Government legislation, includes state actors (for example, local authority, NHS, Ambulance Service) and non-state actors (for example, the third sector, community councils, the private sector)

*Democratic governance* – the involvement of non-state actors in state decision making

*Governance networks* – a body that brings together “institutionalised formal and informal resource exchange between government and non-government actors” (Davies, 2011, p.3); in Scotland, CPPs and IJBs are both examples of governance networks

*Integration joint board (IJB)* – term to describe a particular body in a local authority that oversees integrated health and social care services; membership prescribed by Scottish Government legislation, includes representatives from local authorities, NHS, the third sector, carers and citizens

*Non-state actors* - third sector, private sector and citizens

*State* – related to government (in this study, Scottish Government and local government)

*State actors* – individuals and organisations that represent government (in this study, Scottish Government, local government) or statutory bodies (such as NHS, Scottish Fire and Rescue Service)

*Third sector* – broadly defined as civil society organisations such as charities, community organisations and social enterprises

*Third sector intermediary bodies* – bodies that support third sector organisations through activities that can include representation, communication and networking; information and support; organisational development and capacity building; intelligence and evaluation; research, monitoring and evaluation; and promoting good practice (Rochester, 2012; SCVO, 2017)



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